

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



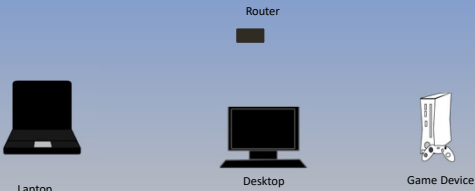
This clip is for non-commercial use only

- <https://youtu.be/7NpczI5nLU>

Computing + Communications

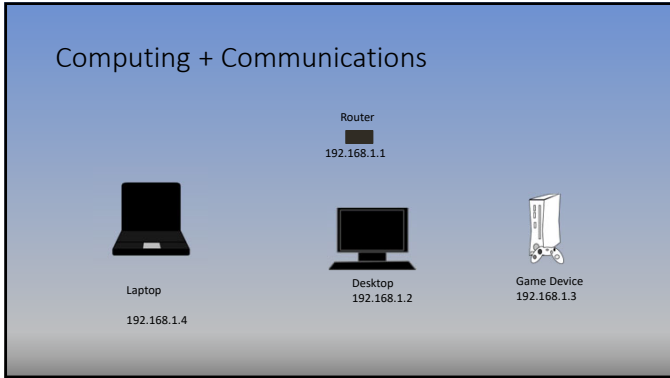
- On a packet switched network, every device has an IP address
 - MAC Terminal `ipconfig getifaddr en1`
 - Win CMD `ipconfig`

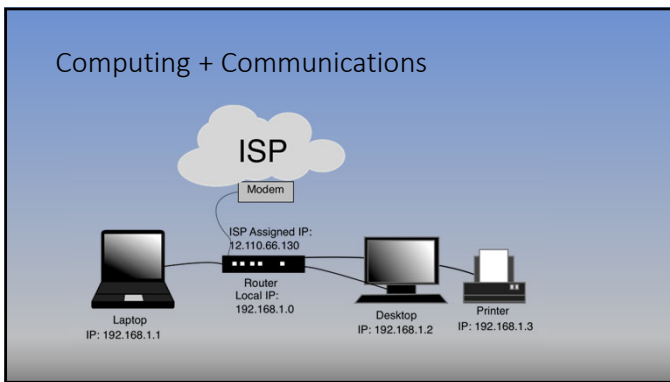
Computing + Communications

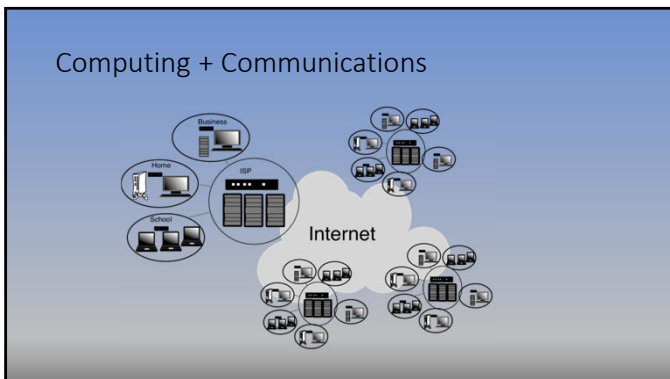


Router

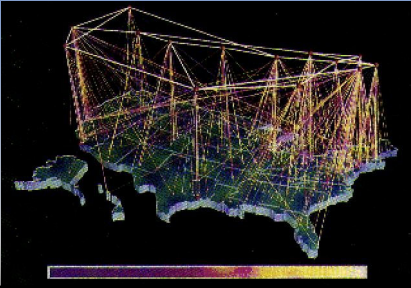
Laptop Desktop Game Device



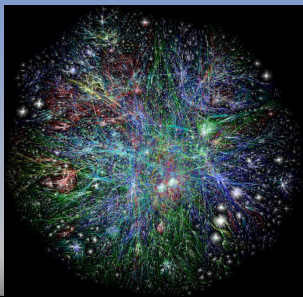




Computing + Communications



Computing + Communications



TENSION

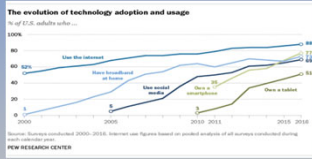


Online Gaming in the U.S.

- 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/uo10re/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 Powel 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-Assemblymen Leslie, Parks, Parrilli, Gibbons, Anderson, Brown, Chowling, Freeman, Grunichillan, Hunkle, Smith and Tilley

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 the commission first obtains certain information, providing that a license to operate interactive gaming may be issued only to certain kinds of certain other establishments, listing prohibited forms, providing for certain forms for wagering on interactive gaming, providing that the gross revenue received from interactive gaming, subject to certain conditions, shall be used to provide certain other benefits, including the creation of certain funds for the commission and the commission of education and training, providing a permit from operating interactive gaming, and the commission shall maintain and make the permit records and minutes of hearings received pursuant to the regulations, providing for the enforceability of gaming rules, requiring payment of interactive gaming system provided to the licensee, and regulation of manufacturers of interactive gaming system and manufacturers of equipment associated with interactive gaming, requiring payment of money to certain state or certain local government or a public school district, in payment with its commission, including the definition of "gaming equipment" and "manufacturer." As the purpose of this Nevada Gaming Code "and" the minimum percentage percentage appropriate for certain licensees, providing for the issuance of certain work orders to gaming operators, establishing a maximum fee for the issuance of such work orders, listing various provisions governing the filing, negotiation and disposition of payment of a labor organization for gaming operators, prohibiting certain transfer with an existing gaming, providing penalties, and providing that certain provisions relating thereto.

THE PEOPLE OF THE STATE OF NEVADA REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Chapter 463 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 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 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, radio, 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, Parrilli, Gibbons, Anderson, Brown, Chowling, Freeman, Grunichillan, Hunkle, Smith and Tilley

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Online Gaming in the U.S.

- AB466 - 2001
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 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 ¹⁰⁰	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. <ul style="list-style-type: none"> ◦ 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. 	<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 patrons • 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 Group 1 licensee pursuant to Commission regulations • Operates either more than 50 rooms for sleeping accommodations 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

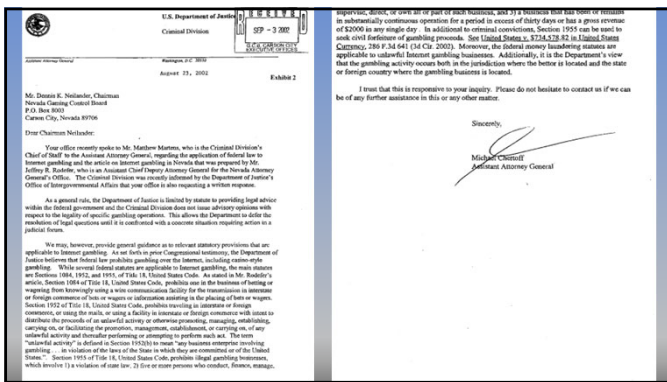
Online Gaming in the U.S.

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.

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
 - 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...

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.ihtml?articleID=215801153>

Online Gaming in the U.S.

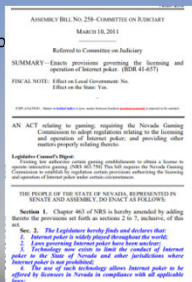
- Time marches on...
 - 2006 – UIGEA is enacted
 - 2007 – Publicly traded companies in the U.K. abandon the U.S. online poker market
 - 2008 – While the major providers of online poker exited the market, demand was strong and it was filled by three major private companies – Poker Stars, Full Tilt, and 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

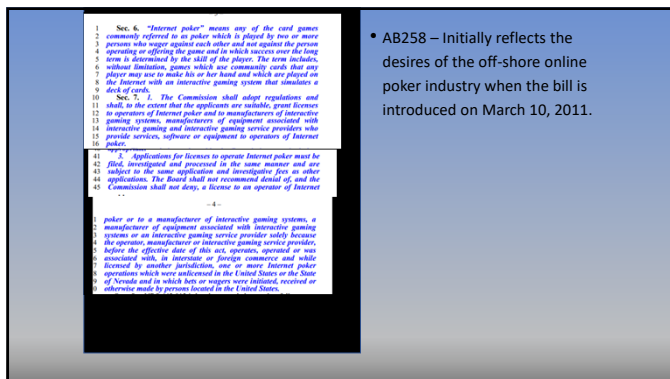
Online Gaming in the U.S.

- ABA258 – Atmosphere
 - Gaming in NV is financial on the ropes from the financial crisis
 - PokerStars, Full Tilt and Absolute Poker are lobbying openly in Congress
 - A federal online poker bill was likely to be imminent
 - Off-shore operators like PokerStars, Full Tilt and Absolute Poker were looking to do a deal with Nevada operators paying a premium to Nevada operators to partner up.
 - AB258, largely sponsored by off-shore poker operators sought to require Nevada to license online poker and issue licenses to such poker operators and turn Nevada gaming regulation upside-down for poker.

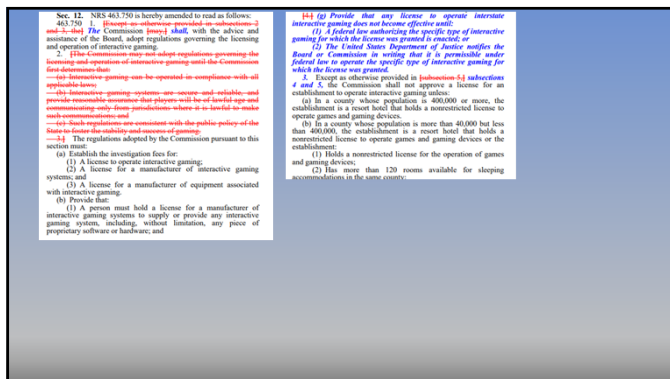
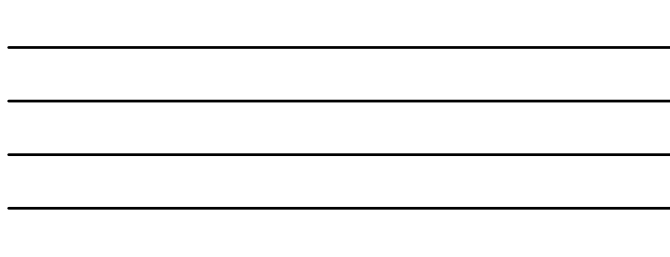
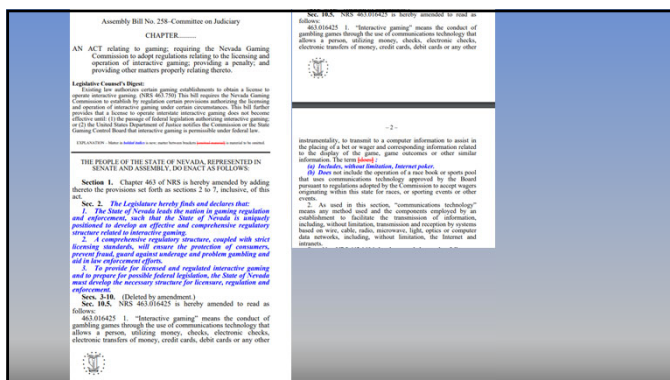
Online Gaming in the U.S.

- ABA258 – 2011 Session



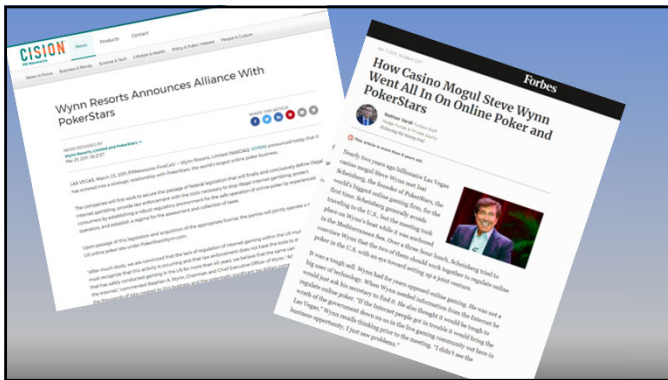



• AB258 – Initially reflects the desires of the off-shore online poker industry when the bill is introduced on March 10, 2011.



Online Gaming in the U.S.

- ABA258 – Key Provisions
 - The Board would be compelled to draft and the Commission compelled to adopt online poker regulations
 - The Commission would be compelled to issue online poker licenses
 - The Board cannot recommend denial of an online poker license due to illegal activities of off-shore poker operators
 - The Commission cannot deny an online poker license to an applicant due to illegal activities of off-shore poker operators
 - Online poker licenses would not require a brick-and-mortar gaming license
 - Any denied applicants for an online poker license would have the right to appeal to the courts




United States Attorney
Southern District of New York

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APRIL 15, 2011

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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*



194 *The Commission may*

(a) issue a license to operate interactive gaming to an affiliate of an establishment if:

(1) The establishment satisfies the applicable requirements set forth in subsection 194.02(2);

(2) The affiliate is located in the same county as the establishment; and

(3) *The establishment has held a unrestricted license for at least 1 year before the date on which the application is filed; and*

(b) Require an affiliate that receives a license pursuant to this subsection to comply with any applicable provisions of this chapter.

194.03 *The Commission may issue a license to operate interactive gaming to an applicant that meets any qualifications established by federal law regarding the licensure of interactive gaming.*

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 operate interactive gaming.

(a) Limit 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.

- ABA258 – Final Key Provisions
 - The Board would be compelled to draft and the Commission compelled to adopt online poker regulations
 - ~~The Commission would be compelled to issue online poker licenses~~
 - ~~The Board cannot recommend denial of an online poker license due to illegal activities of off-shore poker operators~~
 - ~~The Commission cannot deny an online poker license to an applicant due to illegal activities of off-shore poker operators~~
 - ~~Online poker licenses would not require a brick-and-mortar gaming license~~
 - ~~Any denied applicants for an online poker license would have the right to appeal to the courts~~

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; power and duties of Commission; regulations, conditions, limitations; penalty.

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

- (1) The issuance and operation of interactive gaming; and
- (2) The registration of persons to perform any actions described in paragraph (b) of subsection 6 of NRS 463.477.

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

- (a) Establish the reciprocity fee for:
 - (1) A license to operate interactive gaming;
 - (2) A license for a manufacturer of interactive gaming systems;
 - (3) A license for an interactive gaming service provider to perform the actions described in paragraph (a) of subsection 6 of NRS 463.477; and
 - (4) Registration as a service provider to perform the actions described in paragraph (b) of subsection 6 of NRS 463.477.
- (b) 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 hardware or software.
- (c) 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
- (d) A person must be registered as a service provider to perform the actions described in paragraph (b) of subsection 6 of NRS 463.477.

3. Except as otherwise provided in subsections 4 to 10, inclusive, set forth standards for the suitability of a person to be:

- (1) Licensed as a manufacturer of interactive gaming systems;
- (2) Licensed as an interactive gaming service provider as described in paragraph (a) of subsection 6 of NRS 463.477; and set as an integral part of the standards for a unconnected license;
- (3) Registered as a service provider as described in paragraph (b) of subsection 6 of NRS 463.477; and set as an integral part of the standards for a unconnected license;
- (4) Set forth provisions governing:
 - (1) The initial fee for a license for a manufacturer of interactive gaming systems as described in paragraph (a) of subsection 6 of NRS 463.477;
 - (2) The initial fee for registration as a service provider as described in paragraph (b) of subsection 6 of NRS 463.477;
 - (3) The fee for the 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;
 - (4) Any portion of the license fee paid by a person licensed to operate interactive gaming pursuant to subsection 1 of NRS 463.770, for which an interactive gaming service provider may be liable to the person licensed to operate interactive gaming;

4. Provide that gross revenues received by an establishment from the operation of interactive gaming in subject to the same license provisions of NRS 463.477 as the games and gaming devices used in the establishment, unless otherwise stated in the license and approval of hardware and software used in connection with interactive gaming.

5. Set forth standards for the suitability of a person to be licensed as a manufacturer of interactive gaming systems, "operator of interactive gaming" and "proprietary hardware and software" as the terms are used in this section.

6. Define "interactive gaming system," "manufacturer of interactive gaming systems," "operator of interactive gaming" and "proprietary hardware and software" as the terms are used in this section.

7. Except as otherwise provided in subsections 4 and 5, the Commission shall not approve a license for an establishment to operate interactive gaming unless:

- (1) In a county whose population is 700,000 or more, the establishment is a resort hotel that holds a unconnected license to operate games and gaming devices on the establishment;
- (2) In a county whose population is 45,000 or more but less than 700,000, the establishment is a resort hotel that holds a unconnected license to operate games and gaming devices on the establishment;

Online Gaming in the U.S.

NRS 463.760 Initial license fee for manufacturer of interactive gaming systems.

1. Before issuing a license for a manufacturer of interactive gaming systems, the Commission shall charge and collect a license fee of \$120,000 for a license for a manufacturer of interactive gaming systems.

2. Each license issued pursuant to this section must be issued for a 1-year period that begins on the date the license is issued.

3. Before renewing a license issued pursuant to this section, but in no case later than 1 year after the license was issued or previously renewed, the Commission shall charge and collect a renewal fee for the renewal of the license for the immediately following 1-year period.

(Added to NRS by 2003-2029; A 2011-1483)

NRS 463.760 Initial license fee for operator of interactive gaming; renewal fee; regulations relating to increasing and decreasing fees.

1. Before issuing a license for an establishment to operate interactive gaming, the Commission shall charge and collect the establishment a license fee of \$500,000.

2. Each initial license fee for an establishment to operate interactive gaming must be issued for a 1-year period beginning on January 1 of the first year and ending on December 31 of the second year.

3. Notwithstanding the provisions of paragraphs (a) and (b) to the contrary, a license for an establishment to operate interactive gaming may be issued after January 1 of a calendar year if a person requesting the license is a person who is not a resident of the state on the second December 31 following the date of issuance of the license. Before issuing an initial license pursuant to this subsection, the Commission shall charge and collect from the establishment a license fee of \$500,000 prorated by 1/24 for each full month between January 1 of the calendar year and the date of issuance of the license.

4. Before renewing a license issued pursuant to this section, but in no case later than the second December 31 after the license was issued or previously renewed, the Commission shall charge and collect a renewal fee of \$700,000 for the renewal of the license for the immediately following 1-year period.

5. The Commission may, by regulation, increase the license fee pursuant to this section to not more than \$1,000,000 and the renewal fee to not more than \$500,000 if the Commission determines use of the following:

- (1) A higher fee is necessary because of costs associated with the issuance of a license;
- (2) A higher fee is necessary because of costs associated with the issuance of a license;
- (3) A higher fee is necessary because of costs associated with the issuance of a license;
- (4) A higher fee is necessary because of costs associated with the issuance of a license;
- (5) A higher fee is necessary because of costs associated with the issuance of a license;
- (6) A higher fee is necessary because of costs associated with the issuance of a license;
- (7) A higher fee is necessary because of costs associated with the issuance of a license;
- (8) A higher fee is necessary because of costs associated with the issuance of a license;
- (9) A higher fee is necessary because of costs associated with the issuance of a license;
- (10) A higher fee is necessary because of costs associated with the issuance of a license;
- (11) A higher fee is necessary because of costs associated with the issuance of a license;
- (12) A higher fee is necessary because of costs associated with the issuance of a license;
- (13) A higher fee is necessary because of costs associated with the issuance of a license;
- (14) A higher fee is necessary because of costs associated with the issuance of a license;
- (15) A higher fee is necessary because of costs associated with the issuance of a license;
- (16) A higher fee is necessary because of costs associated with the issuance of a license;
- (17) A higher fee is necessary because of costs associated with the issuance of a license;
- (18) A higher fee is necessary because of costs associated with the issuance of a license;
- (19) A higher fee is necessary because of costs associated with the issuance of a license;
- (20) A higher fee is necessary because of costs associated with the issuance of a license;
- (21) A higher fee is necessary because of costs associated with the issuance of a license;
- (22) A higher fee is necessary because of costs associated with the issuance of a license;
- (23) A higher fee is necessary because of costs associated with the issuance of a license;
- (24) A higher fee is necessary because of costs associated with the issuance of a license;
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- (95) A higher fee is necessary because of costs associated with the issuance of a license;
- (96) A higher fee is necessary because of costs associated with the issuance of a license;
- (97) A higher fee is necessary because of costs associated with the issuance of a license;
- (98) A higher fee is necessary because of costs associated with the issuance of a license;
- (99) A higher fee is necessary because of costs associated with the issuance of a license;
- (100) A higher fee is necessary because of costs associated with the issuance of a license;

6. Federal legislation requires a higher fee or imposes requirements concerning the higher fee or making it not to high.

7. The Commission may, by regulation, reduce the license fee pursuant to this section to not less than \$150,000 and the renewal fee to not less than \$75,000 in the amount provided in this subsection. Any regulation adopted pursuant to this subsection must be adopted in accordance with the provisions of chapter 218B of NRS, and the Commission must not charge the fee unless it determines that the fee is not to high.

8. A license fee is necessary because of costs associated with the issuance of a license.

9. A license fee is necessary because of costs associated with the issuance of a license.

10. Federal legislation requires a lower fee or makes a license fee adjustable.

11. An increase or decrease in fees established by the Commission pursuant to this section applies to the issuance or renewal of a license on or after the effective date of the increase or decrease.

(Added to NRS by 2003-2029; A 2011-19)

**REGULATION 5A
OPERATION OF INTERACTIVE GAMING**

1. "This" means the traditional game of poker, and any variation of the game of poker as approved by the Chair and published on the Board's website, when two or more players play against each other and wager on the value of their hands. For purposes of interactive gaming, poker is not a betting game.

2. "Responsible gaming" means the incorporation of a "responsible gaming" program into a game and a program to monitor and communicate with players who are at risk of developing a gambling problem.

(Adopted: 12/11; Amended: 4/16; 5/17)

SA 330 License Required Applications.

1. A person may not be an operator of interactive gaming unless that person holds a license specifically issued for an operator of interactive gaming.

2. Applications for an operator of interactive gaming license shall be made, processed, and approved in the same manner as applications for nonretailer gaming licenses, using such forms as the Chair may require or require.

(Adopted: 12/11)

SA 340 Initial and Renewal License Fees. Before the Commission issues an initial license or renewal license for an operator of interactive gaming, the operator of interactive gaming shall pay the license fee established pursuant to NRS 463.760.

(Adopted: 12/11)

SA 350 Investigative Fees. Applications for an operator of interactive gaming license shall be subject to the application and investigative fees established pursuant to Regulation 4(2).

(Adopted: 12/11)

SA 355 Responsible Gaming System.

1. An operator shall not operate a new interactive gaming system in this state unless the interactive gaming system has been approved by the Commission.

2. Operators shall provide the Board, prior to commencing operations of their interactive gaming system, with a list of all persons who may access the user interface or data communications components of their interactive gaming system and any changes to that list shall be provided to the Board within 100 days.

(Adopted: 12/11)

SA 370 Internal Controls for Operators of Interactive Gaming. Each operator shall establish, maintain, implement and comply with standards that the Chair shall adopt and publish pursuant to the authority of Regulation 4(20). Such standards, controls and systems shall include, but not be limited to:

- (1) Controls over the Board's 600.100, 600.110, 600.120, 600.130, 600.140, 600.150, 600.160, 600.170, 600.180, 600.190, 600.200, 600.210, 600.220, 600.230, 600.240, 600.250, 600.260, 600.270, 600.280, 600.290, 600.300, 600.310, 600.320, 600.330, 600.340, 600.350, 600.360, 600.370, 600.380, 600.390, 600.400, 600.410, 600.420, 600.430, 600.440, 600.450, 600.460, 600.470, 600.480, 600.490, 600.500, 600.510, 600.520, 600.530, 600.540, 600.550, 600.560, 600.570, 600.580, 600.590, 600.600, 600.610, 600.620, 600.630, 600.640, 600.650, 600.660, 600.670, 600.680, 600.690, 600.700, 600.710, 600.720, 600.730, 600.740, 600.750, 600.760, 600.770, 600.780, 600.790, 600.800, 600.810, 600.820, 600.830, 600.840, 600.850, 600.860, 600.870, 600.880, 600.890, 600.900, 600.910, 600.920, 600.930, 600.940, 600.950, 600.960, 600.970, 600.980, 600.990, 600.1000, 600.1010, 600.1020, 600.1030, 600.1040, 600.1050, 600.1060, 600.1070, 600.1080, 600.1090, 600.1100, 600.1110, 600.1120, 600.1130, 600.1140, 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600.2150, 600.2160, 600.2170, 600.2180, 600.2190, 600.2200, 600.2210, 600.2220, 600.2230, 600.2240, 600.2250, 600.2260, 600.2270, 600.2280, 600.2290, 600.2300, 600.2310, 600.2320, 600.2330, 600.2340, 600.2350, 600.2360, 600.2370, 600.2380, 600.2390, 600.2400, 600.2410, 600.2420, 600.2430, 600.2440, 600.2450, 600.2460, 600.2470, 600.2480, 600.2490, 600.2500, 600.2510, 600.2520, 600.2530, 600.2540, 600.2550, 600.2560, 600.2570, 600.2580, 600.2590, 600.2600, 600.2610, 600.2620, 600.2630, 600.2640, 600.2650, 600.2660, 600.2670, 600.2680, 600.2690, 600.2700, 600.2710, 600.2720, 600.2730, 600.2740, 600.2750, 600.2760, 600.2770, 600.2780, 600.2790, 600.2800, 600.2810, 600.2820, 600.2830, 600.2840, 600.2850, 600.2860, 600.2870, 600.2880, 600.2890, 600.2900, 600.2910, 600.2920, 600.2930, 600.2940, 600.2950, 600.2960, 600.2970, 600.2980, 600.2990, 600.3000, 600.3010, 600.3020, 600.3030, 600.3040, 600.3050, 600.3060, 600.3070, 600.3080, 600.3090, 600.3100, 600.3110, 600.3120, 600.3130, 600.3140, 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The Internet

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

The Internet

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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

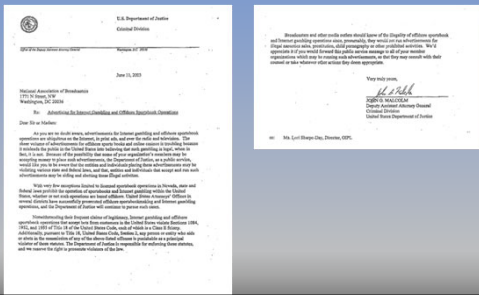
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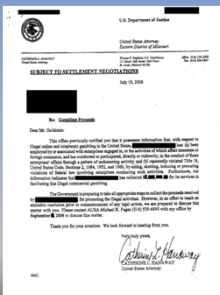
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- Can a U.S. company offer services to online gambling sites that take wagers from U.S. residents?

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- Peter Dicks:
- <http://www.ft.com/cms/s/d27d424a-c93f-11dc-9807-00007b07658.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>

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- 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
vs.
ANURAG DIXIT, Defendant.

Indictment.

CHARGE

The United States Attorney charges:

BACKGROUND

1. From in or about 1997 through in or about October 2004, Parityme Inc., a Gibraltar corporation, and its predecessor and affiliated companies collectively "Parityme", operated an internet gambling business that offered online and poker games, among other games of chance, to customers who wished to wager online. At all times relevant to this Information, a substantial majority of Parityme's online gambling customers, representing approximately 88 percent of Parityme's revenue in 2003, were located in the United States, including in the Southern District of New York.

2. Between in or about 1998 and October 2004, ANURAG DIXIT, the Defendant, developed a proprietary software platform for Parityme and directed Parityme's computer operations.

3. Beginning in or about 1997, and continuing up to and including October 2004, DIXIT was a principal shareholder of Parityme. At various times relevant to this Information, DIXIT served as a Parityme corporate officer and director.

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- Anurag Dikshit

THE OFFENSE

4. From in or about 1998, up through and including in or about October 2006, 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 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 offenses alleged in Count One of this Information, ANURAG DIKSHIT shall forfeit to the United States \$100 million dollars in United States currency pursuant to 18 U.S.C. §§ 981(a)(1)(C), 982 and 30 U.S.C. § 2461, 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.

Substitute Asset Forfeiture

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

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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 sentencing hearing, where he faced a maximum of five years in prison. He pleaded guilty in 2009 to one count of violating the federal wire act and agreed to forfeit \$100 million.

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

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 2009.

Indeed, Dikshit, who is married with two children, had reached out to federal prosecutors in the U.S. to ensure the regulations that resulted in his 2009 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 avoid it, several like the Justice Department had drawn a line in the sand against online poker and set a two-year time limit to go after industry players.

At Thursday's hearing, Judge Raloff challenged a government prosecutor wondering why there have been no other prosecutions, specifically mentioning Dikshit's fellow PartyGaming cofounder, American Rudy Parviz Dedeov and her husband Raoul Dedeov. "Nobody else has been indicted," said Judge Raloff. "It has been two years since this defendant began cooperating, what's going on?"

Assistant U.S. Attorney Aida Devlin Stone said that the investigation that involved Dikshit remains ongoing, pointing to sealed papers the government filed with the court. "There are challenges to the prosecution," said Devlin Stone, adding that Dikshit had asked to settle the case at an early stage. "It has been two years and there are

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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- Antigua, the WTO, GATS and other nations.
