



Washington State Gambling Commission

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

Headquarters: 4565 7th Avenue SE, Lacey, WA 98503

360.486.3440 ♠ 800.345.2529

FAX 360.486.3631

Website: www.wsgc.wa.gov ♠ E-mail: CLD@wsgc.wa.gov

Illegal Internet Gambling

Internet gambling has always been illegal in Washington State and in the United States.

Washington State Internet Gambling Law

A bill was passed during the 2006 Legislative Session changing the penalty for Internet gambling from a gross misdemeanor to a class C felony. The bill became effective June 7, 2006.

Before the bill was passed, the law (RCW 9.46.240) said it was illegal to knowingly send or receive gambling information by telephone, radio, or any other similar means. The bill added the Internet and telecommunications transmissions to this list. This includes gambling on the Internet, operating an Internet gambling site, installing or maintaining equipment for transmitting or receiving gambling information, or facilitating Internet gambling in any way.

Gambling has a history of connection to crime and corruption and as a result is strictly controlled virtually everywhere. Just because gambling occurs on the Internet doesn't change this potential or the concern. The Washington State Gambling Commission was created to keep the criminal element out of gambling and to protect the public. The new law supports the Commission's efforts at fulfilling that responsibility.

What is Gambling?

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

If **one of these** elements is removed, it is no longer a gambling activity. For example, if you pay a **fee** to play a game of **chance** (such as poker, blackjack, bingo, roulette, craps, slots, etc.) for a **prize**, it is a gambling activity. However, if you play these games for free (no entry fee or wager) it is not a gambling activity and is okay to play on the Internet.

Gambling with free play points

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

Internet gambling is risky business

There are many risks when gambling on the Internet. Unlike other licensed and regulated gambling activities, Internet gamblers have no idea:

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

Players have no recourse if they are not paid or cheated.

Players put themselves at risk of credit card fraud, identity theft, or other financial crimes by disclosing information that should be kept secure.

Internet gambling creates an uncontrolled environment for those with gambling addictions and for minors.

Licensed and regulated gambling activities

Internet gambling is legal in a few countries; however, it is illegal to gamble on those sites while in the U.S. It is also illegal for operators of those sites to solicit players from the U.S. to gamble on their site. Some Internet gambling sites may say they are approved, secure, or regulated. Don't be fooled.

Businesses and individuals that have a Washington State gambling license:

- Undergo background checks to reduce the likelihood of criminal involvement.
- Must follow rules designed to keep games fair and honest.
- Must disclose all source of funds.

The Washington State Gambling Commission:

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

Enforcement

Enforcement is focused on larger, higher level Internet gambling activities, such as gambling sites and service providers.

Players gambling on the Internet, whether playing poker, slots or other gambling games, run a risk of a felony conviction. If players' names appear in an operator's seized records, the Gambling Commission would likely send the player a warning letter, notifying them that betting on the Internet is a felony. If a player's name appears again, charges may be filed. There is not an active campaign against regular players.

Penalties

Penalties for Internet gambling range from a gross misdemeanor to a felony, depending on the factual circumstances.

The actual punishment for any felony conviction is controlled by the State's sentencing guidelines. Punishment for a conviction is from zero days to one year in a county jail (the same possible jail sentence as a gross misdemeanor).

The standard range sentence that a court is authorized to impose on a "first offender," absent aggravating circumstances is 0 – 90 days in jail for a violation of the recently amended statute.

Violators could also be charged with Professional Gambling in the First, Second or Third Degree, depending upon the amount of money and the number of people involved.

Advertising

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

Advertising for Internet gambling is generally illegal. In most instances, advertising would be a gross

misdemeanor under the professional gambling statute (RCW 9.46.222). It is illegal to solicit Washington State citizens to gamble on the Internet when a fee is involved to play the games.

Internet Gambling Task Force

Washington State is part of a multi-state and federal task force that is looking into education, awareness, and coordinating enforcement activities, in order to deter Internet gambling.

If you have problems associated with Internet gambling or know of an Internet gambling site operating in Washington State, contact the Washington State Gambling Commission.

Federal Internet Gambling Laws

President Bush signed a new law on October 3, 2006, prohibiting businesses, including banks, credit card companies, interactive computer service providers, and telecommunications services, from accepting or transferring money to offshore gambling sites. This includes, credit cards, checks, and electronic fund transfers.

It is also illegal under the Federal Wire Wager Act (18 U.S.C. § 1084 (1994)), to operate a betting or wagering business using telephone lines or other "wire communication facility." Federal prosecutors have successfully prosecuted United States citizens with businesses based offshore under this law.

Federal Enforcement Actions

The federal government has taken several actions to crack down on Internet gambling.

- In 2003, the United States Department of Justice (DOJ) mounted a coordinated challenge to the advertising of Internet gambling sites. A DOJ official sent a letter to the National Association of Broadcasters stating that media businesses likely were "aiding and abetting" violations of federal law when they circulated such advertising.
- In 2004, the DOJ seized another \$3.2 million (from Discovery Communications) that ParadisePoker.com had prepaid for future advertising of its Internet gambling site.
- In a 2005 settlement, the parent company of The Sporting News agreed to pay a \$4.2 million fine and spend \$3 million on public service announcements that online gambling is illegal.

- In May 2006, the DOJ indicted two individuals and the corporations through which they operated their illegal, off-shore gambling websites (WorldWide Telesports, Inc.). Those individuals and entities are also charged with money laundering over \$250 million worth of illegal Internet gambling wagers. The indicted individuals are currently being sought as federal fugitives.
- In June 2006, eleven members of BetOnSports PLC management and three affiliated companies were indicted by a federal grand jury in Missouri on racketeering, conspiracy and fraud charges. BetOn Sports and its affiliates were closed down by a federal injunction. Eight arrests have been made and the individuals were released on bond pending trial.

Lottery and raffle tickets

Lottery tickets must only be purchased from licensees of the Washington State Lottery Commission. Citizens of other states should check with their local lottery regulatory agency. Additionally, Internet raffle and lottery activities are prohibited by the Federal Wire Wager Act.

Horse racing

In 2004, advance deposit wagering for horse racing was authorized by the Washington State Legislature. This is a separate law from the Internet gambling prohibition. The Horse Racing Commission has three licensed vendors that provide advance deposit wagering and these sites are legal. For more information, call the Horse Racing Commission at 360.459.6462.

Internet gambling is legal in some countries

Internet gambling is legal in some countries, such as the Great Britain, Dominion Republic, Australia, New Zealand, Sweden, Germany, South Africa, and Antigua. However, it is illegal for operators in these countries to solicit or accept wagers from people in the United States.

Internet fraud complaints

Once you choose to engage in illegal activities, there is very little, if any, recourse available.

Although you may file a complaint with various agencies, it is unlikely that you will be able obtain your winnings.

The Internet Fraud Complaint Center, a partnership between the FBI and the National White Collar Crime Center, operates a website and accepts complaints regarding Internet fraud. Their website is www.ic3.gov.

The United States Dept. of Justice's Computer Crime & Intellectual Property Section has a website www.usdoj.gov/criminal/cybercrime/crimes.html.

The Washington State Attorney General's Office operates a Consumer and Criminal Justice Cyber Clearinghouse website (www.atg.wa.gov) where you can find tips on what to do if you are a victim of Internet fraud.

You can also contact the regulatory and/or law enforcement agency responsible for overseeing Internet gambling in the country where the website operates its site from.

**If you or someone you know
have a gambling problem call
800.547.6133**

To inquire about the availability of this document in an alternate format,
please call 360.486.3466 or 800.345.2529, ext. 3466.
Teletype (TTY) users please call 360.486.3637

Internet Gambling - Relevant Washington State Laws

RCW 9.46.240 Gambling information, transmitting or receiving.

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

RCW 9.46.0245 "Gambling information."

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

RCW 9.46.0269 "Professional gambling."

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

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

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

RCW 9.46.220 Professional gambling in the first degree.

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

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

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

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

RCW 9.46.221 Professional gambling in the second degree.

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

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

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

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

RCW 9.46.222 Professional gambling in the third degree.

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

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

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

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