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Illinois Church Action on Alcohol & Addiction Problems

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Online Gambling & Money Laundering

OPPOSE and Vote NO on legislation to legalize online gambling, Advance Deposit Wagering (Internet betting on horse racing), and expansion of Internet Lottery.

Column: Online gambling is a strategic national threat

By James Thackston and Earl L. Grinols, special to the Tampa Bay Times
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Online gambling, now operating from U.S.-based websites, is the new face of gambling expansion. We should not be naive, however. **Beyond the known social costs of gambling, there is now the threat from online criminal activity, money laundering and, potentially, even al-Qaida funding.** What is happening?

Pandora's box was unwittingly opened by the Justice Department in a December 2011 opinion that - erroneously, we believe - declared that the Wire Act of 1961 applies solely to sports betting, and thus appearing to open the door to other online gambling.

Expansion followed. Nevada now has two online poker sites operating; Delaware launched its gambling website with blackjack, roulette, slots and poker on Oct. 31; and New Jersey will launch on Nov. 21.

Remote gambling is fundamentally different from brick-and-mortar casino gambling because the website operator never has complete control. Using technology undetectable to website operators and their regulators, it is possible for gamblers to play games from physical locations that are not what they seem. We know, because we have done it.

Recently, House Energy and Commerce Committee staff and others in the Capitol Hill office of U.S. Rep. Gregg Harper, R-Miss., witnessed a demonstration in which a single remote

computer took control of two computers and used them as alias machines to play poker online. **The Harper demonstration showed the technology and techniques that terror and crime organizations could use to operate untraceable money laundering built on a highly liquid legalized online poker industry** - just the environment that will result from the spread of poker online. One of us set up a website - undetectablelaundry.com - to help communicate the problem to a broader audience.

No one should doubt the ability of criminals to exploit the inherent weakness in online gambling. A drug cartel could arrange for buyers' machines to be remotely linked and lose to the aliased cartel machines. Drug buyers would not even need to play from their own machines. **Illegal drug money would appear to be legal online winnings.**

A single poker game takes just a few hours to transfer \$5 million as was recently demonstrated - legally - by American player Brian Hastings with his Swedish competitor half a world away. An established al-Qaida poker network could extract from the United States enough untraceable money in six days to fund an operation like the 9/11 attack on the World Trade Center.

The threat is real. Last month a Texas lawyer was found guilty of trying to launder \$600 million in drug money for a Mexican cartel. Caesar's Entertainment is currently under investigation by the Justice Department and IRS, accused of money laundering and Bank Secrecy Act violations.

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