

ILLEGAL GAMBLING BUSINESS ACT	
• 18 U.S.C. §1955 the Statute	
• (a) Whoever conducts, finances, manages, supervises, directs, or owns all or part of an illegal gambling business shall be fined under this title or imprisoned not more than five years, or both	



maintaining slot machine lotteries, policy, bolita o • (3) "State" means any S			
ILLEGAL GAMBLII • 18 U.S.C. §1955 the Sto			
• What do you think the p	nue "conducts, finances, manages, supervises, rt of an illegal gambling business" means?		



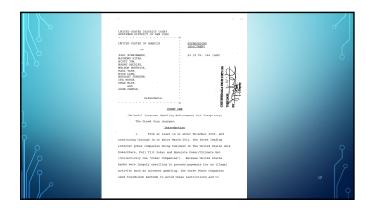
ILLEGAL GAMBLING BUSINGS ACT	
The Box Opinion The IGBA doesn't apply to mere bettors	
Taking an occasional bet encouraged by a bookie is does not cross the line from being a mere bettor to being in the business Taking an occasional bet encouraged by a bookie is does not cross the line from being a mere bettor to being in the business	
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ILLEGAL GAMBLING BUSINESS ACT	
• Merrell Opinion	
*Sweeping floors, stacking chairs and occasionally servig coffee = conducting	
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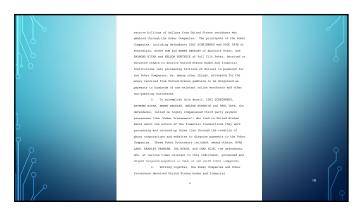


ILLEGAL GAMBLING BUSINES ACT		
Mick Opinion Even line service subscriptions can be deemed to be conducting		
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<i>P</i> ₈	ع	
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III		
ILLEGAL GAMBLING BUTTESS ACT		
The Follin Opinion You don't need to be employed or be paid to be conducting		
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	/ T	
FWA & IGBA		-
1 6		
 Both require being in the business of betting or wagering. How do they differ in determining whether one is in the business of betting or wagering? 		
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FWA & IGBA • BABBORIAN In enacting s 1935, Congress did not intend to make all genetising businesses subject to federal prosecution, rather than the starter was intended to reach only from persons who prey systematically upon our citizens and whose syndicated operations or sea continuous and substantial as to be of intended control. In regard to s 1084(a), however, there is nothing to indicate that Congress intended only to punish large-scale gambling businesses. The basis of federal jurisdiction underlying s 1084(a) is the use of intenstrate communications facilities, which is wholly distinct from the connection between large-scale generaling publicless and the flow of control of the control of the connection between large-scale generaling business and the flow of entered the control of the control	
ILLEGAL GAMBLING BURNESS ACT • The Truesdale Opinion • Cannot be convicted under the IGBA if not charged with a crime that was actually committed under state law	
ILLEGAL GAMBLING BUSINESS ACT • The Poker Indictments	

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	institutions - including banks insured by the Pederal Deposit	of		
	Insurance Corporation - into processing billions of dollars in gashling transactions for the Poker Companies. Approximately			
	one-third or more of the funds deposited by pamblers went directly to the Fotor Companies as revenue through the "take" the			
	Poker Companies charged players on almost every poker hand played			
	online. The befordants and Their Associated Entities			
	4. At all times relevant to this Indictment, ISAI			
	SCHIMBERG, the defendant, was a founder, owner, and principal decision-maker for roberstars, an internet poker company founded			
	in or about 2001 with headquarters in the Isle of Mann. Through			
	its velocite, pokerstars.com, FokerStars provided real-money gambling on internet poker games to United States oustomers. At			
	various himse relevant to this Indictment, PakerEtare did business through several privately held corporations and other			
	entities, including but not limited to Oldford Group 1td.,			
	National Entertainment Enterprises Ltd., Pyr Software Ltd., Stelekram Ltd. and Spheme International Ltd. (collectively,			
	"Pokerstaro").	0		
	 At all times relevant to this Indictment, RAYSOND BITAK, the defendant, was a founder, owner, and principal 			
	decision-maker for Full Tilt Puker, an internet poles company	(8		
	founded in or about 2004 with headquarters in Ireland. Through	19		
		II Y		
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	40. From in or about October 2006 up to and including in or about March 2011, in the Southern District of New York and			
	elsewhere, DCOTT TOM, BRIBHT BECKLET, RYAN LANG, BRADLET FRANCES,			
	IRA RIBIN and CHAD ELIE, the defendants, persons engaged in the business of betting and wagering and persons aiding and abetting			
	persons in the business of betting and wagering, did knowingly	0		
	accept, in connection with the participation of another person in unlawful internet combling, to wit, gambling through Absolute		•	
	Poker in violation of New York Femal Law Sections 225.40 and			
	125.05 and the laws of other states where Absolute Poker operated, credit, and the proceeds of credit, extended to and on behalf of			
	such other person, including credit extended through the use of a		•	
	credit card, and an electronic fund transfer and the proceeds of an electronic fund transfer free and on behalf of such other			
	an electronic fund transfer from and on behalf of such other yerror, and a check, draft and similar instrument which was drawn			
	by and on behalf of such other person and was drawn on and payable			
	at and through any financial institution. (Fitle 31, United States Code, Dections 5383 and 5366; Title 18 united scates code, Dection 2).			
	COURT PLYS			
2	(Operation of an Illegal Gambling Business: PokerStars)	Y		
/ 9	The Grand Jury further charges: 41. Paragraph 1 through 31 of this Indictment are			
/0	repeated and realleged as if fully set forth herein.	1 /		
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	 From at least in or about 2001 up to and including 			
	in or about March 2011, in the Southern District of New York and elsewhere, IRAI SCHEISEERD, MELSON BURNNICK, PAUL TATE, KYAN LAND,			
	in or about March 2011, in the Southern District of New York and elsewhere, ISBN SCHEDBERSS, MELSON HERTHICK, FAUL TATK, KYAN LANS, DEACCAY FRANKES, IDA NUSIS, CHAD HILE, and JOSE CAMPOS, the			
	is or shout Barch 2013, in the Southern Electric of Her York and elecebers, ISAN dORENDROW, MILLOW MERTICLE, PAUL TATE, KURL LAND, BULGET FRANKING, IDA NERS, CHOD LEER, and CHOS CAMPOS, the defendants, uninvolly, will Colly, and knowledy did conduct, finance, samage, approving, chreet, and one all and part of an			
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	in or thool March 2011, in the Scotlams Districts of the First and incomplex, Bill Scilitzelless, March 2017 (April 1757; WOM 1.009, MACCH FRIENDE, THE PRINC, CHIN ELEX, and DOWNSHOPS, One Owner, March 2017; Million 2018; And Downshops of Gordoner, finners, samps, supervise, directs, and none all and part of an illuping jointly positroner, assess, by besidence forth employed in and facilitated coline mirror. In violations of the Princ Parts Princip Section 2017, and 2012-10. and the low of other states to Main.			
	is or shoot New N. 2011. In the Southern Exercise of New York and Newmodern St. and SACHERMON, NAMES MERRICHE, NAME LAW, YORK LOW, SHALLES FRANCIS: UNI NUMBER, OND ELE, and ZOUT CHOUGH, the McCandern, uninerially, will(cally, and townership did conduct, Timunes, names, unpervise, direct, and one atl and part of an illegal specialize Southern, assety a business Cutt engaged in and Acetilizated Conductor, assety a business Cutt engaged in and Acetilizated Conductor, assety a business Cutt engaged in and Acetilizated Conductor, assety a business for You Tay Names. Formal Law Sections 25 to 3 and 25 to 3 and the low of other States in which the business apparent, and which therein Section Section 25 to 4 and 25 to 3			
	is on shoot factor 2011, in the Doublemo Districts of The Verk and temmelous, Dist SIGNEDHOMS, MINISTRES, MINISTRES, VIND LONG, MAGNET PROMESS, THAN THE CHARLES, CHARLES, AND CONCRETE, ON A DOUBLE OF THE COMMENT, AND CONCRETE OF THE COMMENT, AND CONCRETE OR COMMENT, AND			
	is or theel Nation 2.11. In the Scotters Districts of the Verk and scientific and SciENZEROM, SMEMBERS, MINISTRE, NOR LONG, MACKET PROMESS, THAN THEM, CHIN DELT, and ZONG CHOUSE, the defendances uniswifully, willingly, and horologically districts, considerably, finence, namenge, reportures, directs, and one call and part of an Illingal quantifies (mackines, namely) bestimens that employed in and facilitated online motors, in visitation of the Print District Panal law positions 227 to and 2270, and at the period of other datasets in which the horizons species of, and which functions involved five and once pursues who conducted, finances, importungly confirmed engineering and round all and part of that bestimes, and which business had been and the resimple In administration of each business had been and the resimple In administration.			
	is or thool Nation 2012, i.e. the Scotlams Districts of the Vert and scientific ARIS ASSESSMENT, MINISTRATION, AND SERVICE ARIS ASSESSMENT AND ASSESSMENT AND ASSESSMENT ASSESSM			
	is on shoot Beach 2013, in the Doublemo Districts of Two Yeak and Scientific and Scientific States 2013, 201			
	is or thool Nation 2012, i.e. the Scottern Districts of the Vert and scientific and Sci SCHERRORS, MINE SERVICE, MINI STATE, WAN LOOK, MINISTER, WAN LOOK, MINISTER, WAN LOOK, MINISTER, WAN LOOK, MINISTER, WAN LOOK, WAS CONTINUED, THE MINISTER, CALL OF LOOK LOOK CONTINUED, THE MINISTER, CALL OF LOOK LOOK CONTINUED, WAS CONTINUED, AND ADDRESS			
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	is on shoot factor first, in the Doublemo Districts of New York and Newmonth and Science (1998). The Science (1998) and Science			
	is on shoot factor first, in the procedure Districts of New York and telements and Sciences (New York Conf.) and Conf. (New York	2		

		0.5	v. Sch	ninberg e	t al. (10	Cr. 336)				
	Defend	iant	Citize	iship	Residenc		Aqu			
	ISAI S	CARTMANC	Canada, Israel		Inle of	Man	64 (est.)			
	FAYNOS	S BITAR	United	States	Californ Ireland	ia	39			
	SCOTT	TOM	United	States	Costs Ri	CS.	31			
	THESE	BECKLEY	United	States	Costa Ri		31			
	NELSO		Casada		freland		60			
	PARE 1	PATE			Isle of	Man				
	RYAN I	ANG	Carada		Canada		36			
	HRADIA	TY FRANCES	United	States	Illinois Cost Ric		41			
	TRA BIL	78134	United	States	Costa Ri	OB.	52			
	CHAD E	STIE	United		Nevada		31			
	JOHN C	AMPOS	United	Distes	Utah		57			
	Count	Charge		Defendar	150	Maximum	Penalties			
	1	Conspiracy Violate th Internet of Enforcement (UIGIEA)	lawful ambling	SAYMOND SCOTT TO SERVIT BE NELSON B PAUL TAT BYAN LAN	OM, ECKLEY, BURTWICK, TE, 9G, PRANZES, IN, IE,	5 years fine of twice th gain or years su release	loss; 3	ı		
9	2	Violation Unlawful Cambling Enforcemen (UIGIEA) PokerStars	nternet t Ast	NELSON B PAUL TAT STAN LAN	DE, 65, FRANCIN, DE,	5 years fire of twice th gain or years su release				

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	Cou	t Charge	Defendants	Maximum Penalties	
	3	Violation of Unlawful Internet Cambling Enforcement Act (UIGIEA) - Pull Tilt Poker	RAYNCHO BITAR, NELSCH BURTNICK, RYAN LANG, BRADLEY FRANZEN, IRA BUBIN, CHAD ELIE, JOHN CAMPOS	5 years in prison; fine of \$250,000 or twice the gross gain or less; 3 years supervised release	
β b	d	Violation of Unlawful Internet Cambling Enforcement Act (UIGIEA) - Absolute Poker	SCOTT TOM, BRENT RECKLEY, BYAN LANG, BRADLEY TRANSIEN, DRAD ROLEN, CRAD RUIR,	S years in pricent fine of \$250,000 or twice the gross gain or loss; 3 years supervised release	
	3	Operation of Hilogal Gambling Business - PokerStars	ISAI SCHEINERS, NELSON BURTNICK, DAUL TATE, RYAN LANG, BRACLET FRANCEN, ISA BURIS, CHAD ELIE, JOHN CAMPOS	5 years in prison; fine of \$230,00% or twice the gross gain or lass; 3 years supervised release; forfeiture of proceeds of offense	
}	6	Operation of Illeyal Cambling Business - Pull Tilt Pober	RAIMCHD BITAR, NELSCH BURTHICE, HIBS LANG, BUACLET FRANCEN, IRA RUBIN, CHAO ELLE, JOHN CAMPOS	5 years in prison; fine of \$250,000 or twice the gross gain or loss; 3 years supervised release; forfeiture of proceeds of offense	
6	7	Operation of Hilegal Gambling Business - Absolute Poker	SCOTT TOM, BREST BECKLEY, RYAN LANG, BEAGLEY FRANCEN, ISA MUSIS, CRAD ELIE	5 years in prison; fine of \$230,001 or twice the gross gain or loss; 3 years supervised release; ferfeiture of prevental of offerse	

S CAMPAINED IN CONTROLLED STATE OF THE PROPERTY OF THE PROPERT	Constitute France France Statement France Franc	Count	Charge	Defendants	Maximum Penalties	
Complete Street	Conspiracy ADMINDS RETAIN, If the of 2505,200 or READYR REFERENCY, READYR REFERENCY, READYR REFERENCY, READYR REFERENCY, READYR REFERENCY, READYR REA			RAYMCHO BITAR, SERRIT SECKLEY, NELSON BUNTNICK, PAUL TATE, BYAN LANG, SPADLEY FRANZES, LDS PORTH,	fine of \$1,000,000 or twice the gross gain or loss; 5 years supervised release; forfeiture of proceeds of	
1,000 00000	pass server	5	Conspiracy	BAYNOND BITAR, BERNT RECHLEY, BELON BURTHICK, PAUL TATE, BYAN LANG, MRADLEY FRANZES, IRA BUBIN, CHAD ELIE.	fine of 5500,000 or twice the amount laundered; 1 years supervised release; forfeiture of	
				CHAD ELIE.		

ILLEGAL GAMBLING BUSINES ACT • Questions		
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WAGERING PARAPHERNALIA ACT	
18 U.S.C. §1953 the Statute Interstate transportation of wagering paraphernalia (a) Whoever, except a common carrier in the usual course of its business, knowingly carries or sends in interstate or foreign commerce any record, paraphernalia, ticket, certificate, bills, slip, token, paper, writing, or other device used, or to be used, or adapted, devised, or designed for use in (a) bookmaking; or (b) wagering pools with respect to a sporting event; or (c) in numbers, policy, bolita, or similar game shall be fined under this title or imprisoned for not more than five years or both.	

WAGERING PARAPHERNALIA ACT	
18 U.S.C. §1953 the Statute Interstate transportation of wagering paraphernalia (b) This section shall not apply to (1) parimutuel betting equipment, parimutuel tickets wh materials used or designed for use at recerracks or other sp betting is legal under applicable State low, or the sp betting is legal under applicable State low, or the sp porting event ignortation in which such betting is legal und (3) the carriage or transportation in interstate or foreign similar publication, or (4) equipment, tickets, or materials used or designed for conducted by that State acting under authority of State low, (5) the transportation in foreign commerce to a destinat tickets, or materials designed to be used within that foreign by the laws of that foreign country.	orting events in connection with which the placing of bets or wagers on a or the statutes of that State, or commerce of any newspaper or use within a State in a lottery or

W.	AGERING PARAPHERNALIA ACT	
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	Mendelsohn and Bentsen developed an accounting program called SOAP	
	SOAP is tailored with features useful for bookmakers	
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Ĭ	Odds calculator	
	Quick erase feature	
177	Recovery program available	
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Mendelsohn Opinion * Basic Facts • They sell the program to Felix, an undercover policeman posing as a bookmaker • They send Felix the SOAP installation disk by mail from Nevada to California • They are convicted under the WPA



WAGERING	
The disk is pr SOAP retain The Statute is We will The disk qual SOAP informaccomput SOAP	

Mendelsohn Opinion What does the court think of the defenses? The software is not a device nor is the disk. Although Congress heard testimony regarding items used to record bets, such as blank lottery tickets, bookmaker's records, and flash paper, it did not limit § 1953 to those or similar items. On the contrary, Congress employed broad language to "permit law enforcement to keep pace with the latest developments." because organized crime has shown "great ingenuity in avoiding the law." *Whatever merit the defendants' argument may have with regard to such generic items as penals, it does not encompass their computer program that was far more narrowly targeted for use in bookmaking. The few, if any legal uses of SOAP by large bettors do not immunize SOAP's major, illegal use from the reach of § 1953.

Mendelsohn Opinion What does the court think of the defenses? No intent to violate the law "Knowing" usually connotes a general intent crime, especially when the words "willfully" or "with intent to" are absent. Consequently, the only court to face this issue held that a violation of §1953 does not require specific intent to violate the law. The defendants knew quite well what SOAP contained, because they designed it, marketed it, and instructed others on its use. They may or may not have known that selling SOAP outside of Nevada was illegal, but the statute does not require that knowledge.

WAGERING PARAPHERNALIA ACT		
Mendelsohn Opinion What does the court think of the defenses?		
Reliance on a Legal Opinion Mendelsohn told Detective Felix that his attorney said that selling SOAP was legal. He later told Felix that his attorney said he did not know what would		
happen if Mendelsohn sold SOAP interstate. Over defendants' objections, the district court found a limited waiver of the attorney/client privilege and permitted Mendolsohn's former attorney, Raby, to testify. Raby testified that he	P	
told Mendelsohn that sending SOAP outside Nevada violated federal law.	1	
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WAGERING PARAPHERNALIA ACT		
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Mendelsohn Opinion Thoughts?		
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GENERAL FEDERAL CRIMINAL GAVING LAWS		
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