

FBI Shuts Down 3 Top Poker Sites – arrests made bank accounts seized

On Friday 15th April 2011 The FBI and the US Department of Justice issues arrest warrants in the Southern District of New York to three companies (Poker Stars, Full Tilt, and Absolute Poker) engaged in the business of betting or wagering committing a federal crime to knowingly accept in connection with the participation of another person in unlawful Internet gambling, credit, electronic fund transfers, or cheques. Penalties range from five years imprisonment and up to USD 250,000 fine.

Poker Stars quickly guaranteed players deposits and it was business as usual outside the US.

Wynn Resorts immediately terminated their joint venture agreement with Poker Stars.

Quoted in the Kansas City Star The Kansas City Star Nevada Gov. Brian Sandoval said the allegations made by federal prosecutors against the three companies were of „grave concern.“ But he added that he remained committed to the possibility that federal legislation will eventually permit Internet gambling in a way that matches the same rigorous standards that apply to traditional gaming institutions.

Following the Unlawful Internet Government Enforcement Act(UIGEA) we saw a significant weakening of the stock exchange quoted companies as they grappled with a negotiated settlement with the Justice Department in New York and having to target a completely new market in Europe and elsewhere.

The irony is that the US federal government has been planning to introduce poker legislation and various states such as

Nevada, California, New Jersey and Florida have been planning to jump the gun with intrastate legislation.

Events of the last few days in the USA justify Party Gaming's stance on settling with the US and they are likely to be the main beneficiary assuming they will eventually win a license in the USA.

The arrests in the USA are a game changer – no question. We are moving toward a global high tax high regulatory regime. Some countries will be slow to join but as markets close down competition in countries such as Italy, France, Germany operators will target those that remain giving rise to complaints from land based operators who will see market share fall. As government tax revenues decline those countries will act and join the high tax high regulation low profitability club.

The so called grey market where a lack of law prevents the closure of Internet gambling companies will disappear. The market will be black or white.

It was not so long ago that e-gaming executives were sitting on CEO panels at conferences saying „We want to come on shore“ and „Yes, please tax us and let us apply for licences“. They could not have imagined in their wildest dreams (nightmares?) it would have been like this.

Be careful what you wish for. Governments might just give it to you with both barrels.