

## UNLAWFUL INTERNET GAMBLING ENFORCEMENT ACT OF 2006

### An overview of recently passed U.S. anti-Internet Gambling Bill

This article will attempt to give an overview of the recently passed U.S. anti-internet gambling bill and explain why the new law might not have expanded its definition of prohibited gambling. Any gaming operator who accepts U.S. betting customers may seriously consider postponing travel plans to the U.S. and avoid any stopover flights with a U.S. connection.

It is unclear what impact the recently-passed anti-internet gambling bill might have on online gaming operators. As of October 2, 2006, companies such as PartyGaming plc have decided to no longer accept U.S. customers. Similarly 888 Holdings recently suspended U.S. activities. Playtech Ltd., a software developer for online gambling, stopped licensing software to gaming operators who accept U.S. customers and has asked its licensees to block access to U.S. gamblers. FireOne Group plc, a global payment processing company, announced on October 10, 2006 that it would continue to “offer its multi-currency credit and debit card and FirePay electronic wallet processing to the online gambling industry originating from **non-U.S.** consumers and not prohibited by the Act”. (emphasis added) (“FireOne Group plc – Further re US Legislation”, AFX News Limited, October 10, 2006). World Gaming even declared it may be forced out of business because of the new U.S. law. (“World Gaming suspended amid fears of imminent collapse”, The Independent, October 10, 2006.)

Is the sky really falling? Publicly-traded companies might conclude termination of U.S. gamblers would be legally advisable. Private companies may not, however, conclude the new law will mandate withdrawal from the U.S. market.

**What is the legal impact of the Unlawful Internet Gambling Act on an interactive privately held offshore gaming operator?**

The UIGE was attached to an unrelated bill, the Safe Port Act, just before the U.S. Senate recessed for a national election campaign and passed both Houses of Congress on September 30, 2006.

**Does the Act broaden the definition of prohibited online gambling?**

The definition of gambling in the UIGE Act is located in §5362.

*“(A) 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;*

*“(B) includes the purchase of a chance or opportunity to win a lottery or other prize (which opportunity to win is predominantly subject to chance);*

*“(C) includes any scheme of a type described in section 3702 of title 28; (This pertains to the Professional and Amateur Sports Protection Act, which in effect prohibits sports betting except for Nevada)*

At first glance, this language would seem to prohibit all internet wagering except for exemptions specified in §5362 such as free games, fantasy sports, intrastate transactions, intratribal transactions and Interstate Horseracing.

The bill, (§ 5362) however, contains the following provision.

*“(10) UNLAWFUL INTERNET GAMBLING.-*

*“(A) In General- 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.** (emphasis added)”*

Because of the wording in §5362(10) and since Representative Bob Goodlatte has made public statements that it is still his intention to seek the adoption of a bill amending the Wire Act (18 U.S.C. § 1084) this bill does not add any additional prohibited forms of gambling that were not present prior to the passage of the UIGE. This would bring us back to the legal status prior to the passage of the UIGE where most legal scholars and case law indicated that non-sports betting transactions were in a grey area of law and the consensus was that only online sports betting was prohibited by the Wire Act while other types of online gambling such as poker or casino style games were not. Notwithstanding the aforementioned consensus, the U.S. Department of Justice has always insisted that all internet gambling is illegal.

The uncertainty of whether this bill expands the definition of legal gambling is further exacerbated by a statement in the “Congressional Findings and Purpose (§5361)”.

*“(b) Rules 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.”*

The UIGE is specific in that §5363 specifically states, *“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.....”* financial payment through methods such as credit cards or other forms of credit, electronic fund transfers or

other means of money transmitting, checks or similar instrument and any other means set forth in the still to be drafted regulations. The UIGE sought to prevent these methods of funding for Internet gambling but did nothing to amend the Wire Act (18 U.S.C. § 1084), which the Department of Justice relies upon in support of its opinion that all online gambling is illegal. Thus it could be argued that the sole purpose of this bill was to penalize gaming operators who accepted credit cards and electronic cash for prohibited gambling, i.e., sports betting and only sports betting.

Under the UIGE Act the financial transaction provider is not considered to be in the business of betting or wagering (§5362) (2) unless it operates, owns or controls an Internet wagering site (§5367). These provisions should have no realistic impact on any offshore provider as long as it remains totally offshore and its executives do not visit the United States.

Legal experts that have been involved in the field of Internet gambling such as I. Nelson Rose have serious doubts as to the expansion of criminal liability. In commenting on the Act, Rose opined “That’s a major weakness of the new measure.... It left out expanding the reach of the Wire Act, so poker sites can say “we’re not covered by that””. (“Bad Luck for Online Gaming” Los Angeles Times, Oct. 3, 2006). Similarly, Anthony Cabot, an internet gaming expert, in an opinion for Fun Technologies Inc. (AIM:FUN) stated,

“If skill games are not unlawful under applicable state or Federal law, then they are not unlawful under this Act. The sponsors of this legislation repeatedly asserted that nothing .... in this Act converts currently legal activities to unlawful activities. “Fun Technologies – Statement”, October 9, 2006. AFX News Limited

Unfortunately for skill-based gaming providers, the UIGE did not expand permitted gambling. The original Goodlatte bill (HR 4777, the Internet Gambling Prohibition Act), attempted to amend the Wire Act, and might have significantly expanded the definition of permitted gambling,

*“Section 2, Definitions...*

*(6) The term ‘bets or wagers’-*

*“(A) 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 predominantly subject to chance**, upon an agreement or understanding that the person or another person will receive something of greater value than the amount staked or risked in the event of a certain outcome;”(emphasis added)*

The Department of Justice testified before a Congressional subcommittee on April 5, 2006 that it had concerns with some of the Goodlatte bill definitions and stated,

*“For example, since the definition of the term ‘bet or wager’ requires that the activity be ‘predominately subject to chance,’ we are concerned whether this definition is sufficient to cover card games, such as poker.”*

While this language was not in the final bill adopted by Congress, it does indicate, however, that the Department of Justice may be aware of the distinction between games of skill and games of chance and may explain why there has been minimal federal interest in interactive poker.

**If the Act does not expand prohibited gambling, what is the present legal status of an online gaming site located outside the United States with regard to Federal law?**

The issue is complicated by the fact that the U.S. Department of Justice’s opinion has been that all interactive gambling, including interactive, interstate, state-licensed

horseracing is illegal. Furthermore, advertisers and suppliers may be in violation of the United States Code for aiding and abetting online gaming operators.

The U.S. Justice Department warned the U.S. Virgin Islands (January 2, 2004) that its present interactive gambling law would violate federal law. It also informed the State of North Dakota (March 7, 2005) that its proposed legislation, which would have regulated interactive poker, would be a violation of federal law. The Department of Justice has even asserted in a letter to Rep. John Conyers, dated July 14, 2003 that the December 2000 amendment to the Interstate Horseracing Act did not legalize interstate interactive horserace wagering between states that have licensed companies such as Youbet. Thus, according to the Department of Justice, Youbet and other companies accepting interactive horserace wagering from different states are in violation of federal law. The Justice Department in support of their opinion relies primarily on three federal statutes that were passed long before the development of interactive gaming, viz., the Wire Act (18 U.S.C. § 1084), the Travel Act (18 U.S.C. § 1952), and the Anti-Gambling Act (18 U.S.C. § 1955).

#### **(A) The Wire Act**

An Internet gaming operator might be liable under the Wire Act if it participates in offshore sports betting, e.g., *U.S. v. Cohen* (260 F.3d 68, 2<sup>nd</sup> Cir. 2001), but likely would not be liable if it engaged in a contract concerning a U.S. bettor that involved offshore casinos, poker or lotteries. While the Justice Department may insist the Wire Act prohibits all Internet gambling, the Wire Act was specifically found by the Fifth Circuit Court of Appeals to apply only to sports betting. In *In Re MasterCard International Inc.*,

(132 F. Supp. 2d 468 (E.D. La. 2001), aff'd 313 F.3d 257 (5<sup>th</sup> Cir. 2002)), a district court had to determine in multidistrict litigation whether numerous plaintiffs who lost money while wagering at offshore casinos could recover losses from their credit card companies. The plaintiffs had hoped to obtain class status to pursue a civil Racketeer Influenced and Corrupt Organizations Act (RICO) claim against credit card companies such as MasterCard. In order to assert a RICO claim, the plaintiffs would have to show, inter alia, “that Internet gambling violates the several federal and state statutes as alleged in the complaint” (*In Re MasterCard* at 478).

The district court concluded that the Wire Act (18 U.S.C. §1084) was applicable only to sports wagering.

“However, even a summary glance at the recent legislative history of Internet gambling legislation reinforces the Court’s determination that Internet gambling on a game of chance is not prohibited conduct under 18 U.S.C. § 1084. Recent legislative attempts have sought to amend the Wire Act to encompass “contest[s] of chance or a future contingent event not under the control or influence of [the bettor]” while exempting from the reach of the statute data transmitted “for use in the new reporting of any activity, event or contest upon which bets or wagers are based.” See S. 474, 105<sup>th</sup> Congress (1997). Similar legislation was introduced in the 106<sup>th</sup> Congress in the form of the “Internet Gambling Prohibition Act of 1999.” See S. 692, 106<sup>th</sup> Congress (1999). That act sought to amend Title 18 to prohibit the use of the Internet to place a bet or wager upon “a contest of others, a sporting event, or a game of chance ...” (*Id*) As to the legislative intent at the time the Wire Act was enacted, the House Judiciary Committee Chairman explained that “this particular bill involves the transmission of wagers or bets and layoffs on horseracing and other sporting events.” See 107 Cong. Rec. 16533 (Aug. 21, 1961). Comparing the face of the Wire Act and the history surrounding its enactment with the recently proposed legislation, it becomes more certain that the Wire Act’s prohibition of gambling activities is restricted to the types of events enumerated in the statute, sporting events or contests. Plaintiffs’ argument flies in the face of the clear wording of the Wire Act and is more appropriately directed to the legislative branch than this Court.” (*In Re MasterCard* at 480-481).

The United States Court of Appeals affirmed the district court’s analysis of the inapplicability of the Wire Act to anything other than sports wagering. “The district court

concluded that the Wire Act concerns gambling on sporting events or contests and that the plaintiffs had failed to allege that they had engaged in Internet sports gambling. We agree with the district court's statutory interpretation, its reading of the relevant case law, its summary of the relevant legislative history, and its conclusion. The plaintiffs may not rely on the Wire Act as a predicate offence here .... Because the Wire Act does not prohibit non-sports Internet gambling, any debts incurred in connection with such gambling are not illegal." (*In Re MasterCard Int'l Internet Gambling Litig.*, 313 F.3d 257, 262, 263 (5<sup>th</sup> Cir. 2002). In *In Re MasterCard*, the standard of proof was a preponderance of the evidence. In a criminal case, the federal government would have to prove a violation of the law beyond a reasonable doubt. If the Court rejected the argument in *In Re MasterCard* because they could not show a violation of a statute by a preponderance of the evidence, then how could the government prove a Wire Act violation beyond a reasonable doubt? It should be noted that the U.S. Department of Justice was not a party in the *In Re MasterCard* case.

### **(B) Travel Act and Anti-Gambling Act**

The Justice Department also relies on the Travel Act and the Anti-Gambling Act which provide harsh criminal penalties. The Travel Act states in relevant part:

18 U.S. @ §1952. Interstate and foreign travel or transportation in aid of racketeering enterprises

- (a) Whoever travels in interstate or foreign commerce or uses the mail or any facility in interstate or foreign commerce, with intent to - -
  - (i) distribute the proceeds of any unlawful activity; or



- (ii) commit any crime of violence to further any unlawful activity; or
- (iii) otherwise promote, manage, establish, carry on, or facilitate the promotion, management, establishment, or carrying on, of an unlawful activity.

The Anti-Gambling Act states in relevant part:

18 U.S. @ §1955. Prohibition of illegal gambling businesses

- (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.
- (b) As used in this section - -
  - (1) “illegal gambling business” means a gambling business which - -
    - (A) is a violation of the law of a State or political subdivision in which it is conducted; (emphasis added)
    - (B) involves five or more persons who conduct, finance, manage, supervise, direct, or own all or part of such business; and
    - (C) has been or remains in substantially continuous operation for a period in excess of thirty-days or has a gross revenue of \$2,000 in any single day.

Both acts require either a violation of state law or alternatively, the Travel Act would require a violation of some other federal law or some state law. In other words, the activity must already be illegal prior to prosecution under either statute. An interesting case was *Casino City v. Justice Department* where the advertising entity sought a declaratory judgment (an advisory opinion) that its First Amendment rights were in jeopardy because it might be found to be aiding and abetting a criminal activity. One commentator, in discussing this case, stated: “Due to this inherent limitation, the DOJ has not relied heavily on these statutes [Travel Act and Anti-Gambling Act]. In its motion to

dismiss Casino City's complaint, the DOJ did not offer any justification as to why it believed Internet gambling was illegal under the Travel Act or the Illegal Gambling Business Act," (Megan E. Frese, "NOTE: Rolling the Dice: Are Online Gambling Advertisers 'Aiding and Abetting' Criminal Activity or Exercising First Amendment-Protected Commercial Speech?" 15 *Fordham Intell. Prop. Media & Ent. L.J.*, 547,552).

At a minimum, it would seem that under current federal laws interactive gaming such as poker, and casino style gaming may not be illegal as a result of the *In Re MasterCard* case.

**Would state law or prohibition pose a significant risk to an online poker operator?**

Except for sporadic criminal action by states, such as Wisconsin, Missouri, and Minnesota in the late 1990's, action since 2000 in states such as New York and New Jersey has been limited primarily to respective civil proceedings against financial transaction providers such as Citibank or offshore sports operators. Interestingly, 49 state attorneys general supported federal prohibition of Internet gambling which is most unusual since states are often wary of federal encroachment on their jurisdiction. ("Attorneys General for 4(9) States Seeking Congressional Help." *Journal Record Legislative Report*, March 23, 2006) Approximately eight states (Illinois, Indiana, Louisiana, Michigan, Nevada, Oregon, South Dakota, and Washington) have passed legislation to prohibit Internet gambling. The most extreme was a Washington state bill (S.B. 6613) which amended a state statute in 2006 to make Internet gambling, even by a punter, a Class C felony which would be similar to a sexual assault allegation. There

have been few prosecutions under state statutes and the only player to be charged was a North Dakota resident who received a \$500 fine and a one-year deferred sentence.

Recently, Louisiana has taken action against an online gaming operator. The Louisiana statute is so broad that it might be considered to include everyone involved in Internet gambling except passive investors or players. It states:

“E. Whoever designs, develops, manages, supervises, maintains, provides, or produces any computer services, computer system, computer network, computer software, or any server providing a Home Page, Web Site, or any other product accessing the Internet, Word Wide Web, or any part thereof offering to any client for the primary purpose of the conducting as a business of any game, contest, lottery, or contrivance whereby a person risks the loss of anything of value in order to realize a profit shall be fined not more than twenty thousand dollars, or imprisoned with or without hard labour, for not more than five years, or both.” *La Rs 14:90 (3)(E) "Gambling by Computer"*

Unlike Louisiana, Michigan has realized the futility of proceeding against online gaming operators. In March 2006, a Michigan resident won a 1.7 million dollar jackpot at an online Caribbean based casino. The Michigan Attorney-General had threatened to confiscate the winnings because the player had violated Michigan's 1999 Anti-Internet Gambling Law. The Attorney-General did not consider taking action against the online casino. “The gray area lies in determining which jurisdiction's laws apply. (The attorney-general's) office said that because Casino Tropez is based in the Caribbean, the state has no authority in the matter and should be handled by the federal government.” (Interactive Gaming News, March 21, 2006).

One cautionary note, the UIGE Act §5362 (10)(A) defines unlawful Internet gambling to be the receiving of a bet where it is unlawful “under any applicable federal or state law...” (emphasis added). Thus it might be advisable to exclude players from those 8 states that have prohibited Internet gambling by statute. However, there are two

arguments against the assertion that the UIGE might have made a federal crime out of illegal state interactive gaming.

First, any state anti-internet gambling statute might be in violation of the commerce clause of the U.S. Constitution. Second, it could be argued that the federal government already has authority to prosecute illegal state gambling under the Anti-Gambling Act (18 U.S. @ §1955).

### **The Dormant Commerce Clause**

It is uncertain whether any state Internet gambling legislation might violate the dormant Commerce Clause of the United States Constitution. Joseph M. Kelly, one of the authors of this publication, asserted in an article entitled "*Internet Gambling Law*" 26 *Wm. Mitchell L. Rev.* 117, 170-171 (2000) that state regulation of the Internet may be a violation of the dormant Commerce Clause. Other authorities on Internet gaming have reached the same conclusion. Lawrence Walters Esq. concludes in an article "*Will the Commerce Clause Save Online Gaming?*"

“As individual states start enforcing online gambling restrictions against players and gambling enterprises, Commerce Clause issues are certain to be raised as a defence. Legal experts and the courts will likely debate these issues for years to come, but one thing is certain: The dormant Commerce Clause creates significant uncertainty regarding the ability of state governments to constitutionally regulate Internet gambling activities.” (Interactive Gaming News July 15, 2005)

In *American Libraries Association v Pataki*, (969 F. Supp.160, 168-169 S.D.N.Y.) (1997) a New York state law prohibiting Internet child pornography was challenged as unconstitutional because it was in violation of the First Amendment and the Interstate Commerce Clause of the United States Constitution. The judge did not reach the First

Amendment issue, because she concluded that the state law concerning the Internet violated the Commerce Clause. This decision is not binding on all US courts, but may be indicative of any judicial analysis of state Internet legislation.

### **The Anti-Gambling Act**

The Anti-Gambling Act may have already criminalized state anti-gambling law. It is worth noting that the Department of Justice has rarely prosecuted any criminal cases against a casino, poker or bingo site prior to the passage of the UIGE. Whether their position will change with the adoption of the UIGE is anyone's guess. However, unless it could be clearly shown that the law with regard to unlawful Internet gaming has changed to include poker and casino sites, prosecution may be unlikely under Federal statutes. This does not mean that they could not prosecute under the laws of one of the states that prohibit Internet gambling, though the Department of Justice could have prosecuted under state law pursuant to the Anti-Gambling Act (18 U.S.C. §1955) and never did so.

### **CAN YOUR JOB GET YOU ARRESTED**

If one works for an online gaming corporation that accepts bets from a prohibited jurisdiction, it is possible you and not the company will be arrested and even imprisoned. As explained by Lord Denning, Master of the Rolls in the mid 1960's, it is very difficult to take criminal action against gaming corporations because they have "no body to be imprisoned and no soul to be damned." This is especially true when the corporation is in a different country. For example, Betonsports has "principle offices in London and in Costa Rica." When the U. S. Justice Department brought civil charges against

BetonSports, it proved extremely difficult to serve process on BetonSports from the U.S. (U.S. v. BetonSports 2006 U.S. Dist. Lexis 55553, which concluded U.S. attempted service at that time was inadequate).

Recently, the gaming community was startled to discover that the U.S. Government had arrested David Carruthers, then C.E.O. of BetonSports and that Louisiana state had issued a warrant which resulted in the arrest of Peter Dicks, then a non-executive Director of SportingBet. The French Government also arrested two executives of BWIN. All four defendants were released on bail ranging from \$50,000 for Dicks, €300,000 each for the BWIN executives and \$1m for Carruthers.

What are the chances of imprisonment? It would seem that Carruthers is not a major character in the indictment of 11 persons and 4 companies by the U.S. attorney. In fact he is barely mentioned in the indictment and it would seem the federal authorities are really after Gary Kaplan, a bookie with an alleged shady past (“Carruthers May Strike Plea Bargain” August 22, 2006, I Gaming Business) When the U.S. government in 1998 had gone after 21 defendants for conspiring to violate the Wire Act, none of the defendants were sentenced to prison except for Jay Cohen, who voluntarily returned from Antigua to fight the charges. If Cohen had agreed to a plea bargain after failing to win dismissal of the charges in pre-trial motions, it is probable he would not have served prison time. For example, Allen Ross, one of the 21 defendants, tried to get the charges dismissed. When he failed (U.S. v Ross, 1999 U.S. Lexis 22351) he reached a plea bargain with the U.S. Government and served no jail time.

Unlike the 1998 indictments, nobody really knows whether he/she may be on a secret list of individuals who might be subject to arrest even while travelling through the United States. Moreover, a supplier of online gaming services to an online operator could result in detention based on the charges of aiding and abetting. Concerning a passive shareholder, Louisiana law enforcement stated they were targeting “people directly involved in online gambling operations and ... shareholders in the companies were not at risk of arrest.” (“Dicks decision in balance” Financial Times, Sept. 22, 2006.) Yet even a janitor who only served coffee to bettors and stacked chairs was found guilty for participating in an illegal gambling business (U.S. v. Merrell, 701 F. 2d 53, 6<sup>th</sup> cir 1983).

While Carruthers is under house arrest while awaiting a January 22, 2007 evidentiary hearing, his lawyers will be waging an aggressive defence. For example, in an unsuccessful motion to compel the government to produce non public grand jury and petit jury material, at least 11 major law firms represented various defendants in the Carruthers/BetonSports proceedings. (U.S. v. BetonSports et al, 2006 U.S. Dist. Lexis 63824).

The Louisiana arrest of Dicks is a totally different situation from that of Carruthers. Unlike Carruthers, Dicks was a non-executive director of SportingBet who was arrested when arriving in New York for business unrelated to gaming. Louisiana is one of 8 states that has enacted anti-internet gambling legislation, but is the only state that has recently prosecuted an online gambling executive without allegations of fraud. Apparently there are over 50 outstanding warrants against online executives whose companies accept Louisiana customers. (The Times, September 15, 2006). Unlike almost any other jurisdiction, the decision to prosecute was made by a zealous state policeman who is not

a lawyer. Governor George Pataki of New York refused to extradite Dicks once it was disclosed that Dicks had not been in Louisiana for decades. However if Dicks were to fly to Dallas airport in Texas, for example, it is possible he could still be extradited to Louisiana pursuant to the outstanding warrant.

The French government, through at least ten police officers, and perhaps inspired by the U.S., has arrested two executives of the Austrian company BWIN. Unlike the U.S., the executives were arrested for violation of French legislation which only permits wagering by licensed monopolies. (“Number up for gaming executives, says French state Lottery” The Times, September 16, 2006.”) The executives were arrested in France while publicizing an agreement with a French soccer team. Most experts speculate the arrest was a result of pressure brought by state-owned monopolies, Francaise des Jeux (FdJ), which operates the national lottery, soccer (football) pools and scratch cards as well as Pari Mutuel Urbain (PMU) which has a horse racing wagering monopoly. In fact, an FdJ spokesperson stated: “We are doing exactly the same as the authorities in the U.S. who arrested the British executives.” (“French police arrest heads of Austria’s BWIN for allegedly marketing online gambling,” A.P., Sept. 15, 2006.)

Apparently the French magistrate had been investigating alleged illegal Internet wagering since November 2005 and PMU and FdJ had filed a complaint against BWIN in April 2005. The two executives were kept in jail over the weekend and released on €300,000 each and informed by the French magistrate that they could be imprisoned for up to three years if convicted of violating French gaming laws.



Unlike the United States, France is subject to the laws of the European Community. The *Gambelli* decision had prohibited member state discrimination concerning licensed wagering in other member countries without a good reason. *Gambelli* left uncertain what constitutes “necessary and not discriminatory”. By mid-September the European Commission announced it was scrutinizing France and seven other states for impermissible gaming discrimination. A spokesperson for the EU Market Commission, while refusing to comment directly on the arrest of the two executives, stated: “You cannot say to Operator A, which happens to be a state monopoly making a lot of money, ‘Yes, you can do this,’ and then tell Operator B, which is in the private sector, that it cannot do the same thing.” (Eric Pfanner, “Private-public clash on gambling; Detention of executives seen as move to protect state revenue,” International Herald Tribune, September 19, 2006.) France, along with Italy and Austria was informed in a “letter of formal notice” that its gambling laws may be in violation of European Union rules. (EU Nations Face Censure over Curbs on Gambling, Austria Today, October 10, 2006.)

Anyone connected with the online gaming business must take care when visiting the U.S. or France. It would appear that the spirit of 17<sup>th</sup> century Star Chamber and the Inquisition of Torquemada is alive and well.

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