# Op-Ed/Editorials – A Surge In The War (Of Intimidation)

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The latest news in the United States Department of Justice's war against Internet gambling is not good news for online poker players.

Up until 2006, most of the attacks by law enforcement were against sports betting sites. The DOJ has publicly taken the position that the Wire Act, the main federal anti-gambling law that might apply to the Internet, outlaws all forms of gambling. However, a couple of courts have ruled the Wire Act is limited to bets on sports events and races. The DOJ does not want to lose its power of intimidation by losing a case, so it has not brought any charges against pure poker sites.

But in April 2006, the House of Representative's Judiciary Committee and later the full House approved a bill to amend the Wire Act to cover all gambling, including poker.

At least it was limited to operators not players.

But in June 2006, the state of Washington passed a law to clearly make it a crime, even a felony, to merely play poker online.

Then there were the dramatic arrests. The CEO of *BetOnSports,* flying from England to Costa Rica, was nabbed while changing planes in Dallas and charged with violating the Wire Act. Then the CEO of *SportingBet* was arrested at JFK for violating a Louisiana state law, which seemed broad enough to cover poker.

In the last days of the Republican-controlled Congress, then-Senate-majority leader Bill Frist rammed through the Unlawful Internet Gambling Enforcement Act, designed to stop any "game subject to chance." Although the UIGEA, which I call "Prohibition 2.0," was the faulty act of a failed politician, it has scared everyone remotely connected with the industry.

The sites of the largest publicly traded operators, like *PartyGaming's PartyPoker*, immediately announced that they would no longer accept players from the U.S. Online poker players were forced to switch to one of the many privately-owned sites which continued to take bets from Americans.

Getting the money to the operator became more of a problem with payment processors like FirePay also cutting off the U.S. Fortunately, Neteller, the largest e-wallet, announced it would wait to see what the eventual regulations looked like.

Now Neteller is gone. Its founders, who no longer had active roles in the business, were arrested in the U.S. The company announced that, "Due to recent U.S. legislative changes and events, effective immediately, U.S. members are no longer able to transfer funds to or from any online gambling sites." This left the company's 640,701Amercian account holders supposedly able to get their money back from Neteller, but unable to get their money back to Neteller from the gambling sites.

Neteller claimed this sudden change was due more to the timing and content uncertainty of future regulations. But a few days later it was also disclosed that the financial banks, attorneys and accountants responsible for companies like Neteller going public had received subpoenas from the DOJ. Even Google was told to stop taking paid ads from Internet gambling sites (Yahoo had quit three years ago). Another payment processor, Citadel, read the writing on the wall and also cut off Americans.

The most recent skirmish was timed to coincide with the SuperBowl, by far the largest betting event of the year. And it worked: Pinnacle, the leading sports betting site, also pulled out of the U.S. market. American bettors now have to struggle to find a site they trust, and then figure out how to get the money there.

The only good news is that prosecutors will never go after mere players.

And in the long run, the government's war against Internet gambling will be merely a blip. The first Prohibition did not stop people from drinking. Prohibition 2.0 will not stop players from betting.

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