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Congress of the United States
House of Representatives

January 13, 2014

**Online Gambling: A Vehicle for Money Laundering by
Terror Groups, Cheating and Fraud**

*The FBI confirms that groups may exploit legal online gambling to engage in
organized crime.*

Dear Colleague:

I wanted to make sure you were aware of a troubling article reported on Yahoo News last week:

"The FBI recently wrote Congress for the second time expressing the Agency's concern that online gambling - including Internet poker - is vulnerable to money laundering and cheating and is a vehicle to bribe public officials and others. Online players can disguise both their location and identity and thereby fleece unsuspecting innocent participants."...

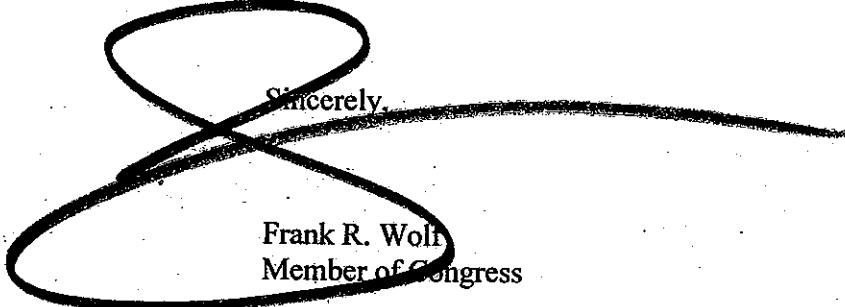
"Online poker attracts big money. As recently demonstrated by American player Brian Hastings and his Swedish competitor half a world away, a single online poker game facilitated the international transfer of \$5 million in mere hours. Accordingly, an established al-Qaida poker network could extract enough untraceable money from the United States in just a few days to fund several 9/11-sized attacks."

Nevada, Delaware and New Jersey have already legalized Internet poker. California may legalize as early as February of this year. Many other states will follow suit. Despite the benefits that gambling advocates claim, these new developments raise serious questions about the consequences of legalized online gambling.

Millions of Americans suffer from pathological gambling and addiction that can destroy lives and lead to bankruptcy, suicides, corruption and the breakup of families. Bringing gambling to every computer, iPhone and iPad in America will only exacerbate these problems and, as we have recently learned, compromise our national security. Reports like this and others must encourage Congress to block any expansion of Internet gambling.

Best wishes.

Sincerely,


Frank R. Wolf
Member of Congress

Internet Poker Vulnerable To: Money Laundering By Terror Groups; Cheating; And Fraud, Warn Four Experts And FBI



PRNewswire

Press Release: Jim Thackston – Tue, Jan 7, 2014 9:11 PM SGT

NEW YORK, Jan. 7, 2014 /PRNewswire/ -- Joint statement by: Michael K. Fagan, career federal prosecutor and post-911 anti-terrorism coordinator active in investigating and prosecuting illegal offshore online commercial gambling enterprises; Earl L. Grinols, distinguished professor of economics at Baylor University, former senior economist for the President's Council of Economic Advisers; Jim Thackston, software engineer with a background in the aerospace, manufacturing and energy industries; John Kindt, Professor of Business and Legal Policy, University of Illinois, Senior Editor, U.S. International Gaming Report.

The FBI recently wrote Congress for the second time expressing the Agency's concern that online gambling - including Internet poker - is vulnerable to money laundering and cheating and is a vehicle to bribe public officials and others. Online players can disguise both their location and identity and thereby fleece unsuspecting innocent participants. In its September, 2013 letter, the FBI stated "Transnational organized crime (TOC) groups might exploit legal online gambling to generate revenue, steal personally identifiable information (PII), and engage in public corruption." (<http://bit.ly/1dOvbI9>) The FBI's correspondence confirms what we have known for several years -- that, despite the gambling industry's claims to the contrary, there exists effective and non-detectable methods which can be used to anonymize a player's identity and geo-location in order to corrupt a game and these threats will become more prevalent as more states race to embrace online gambling. As the FBI confirmed, "Individuals may use a wide variety of mechanisms to conceal their physical location, or give the appearance of operating in a different jurisdiction. ..." This statement is easily proven using scientifically verifiable and undetectable methods to demonstrate how a person located in Pakistan can play poker on a system located inside New Jersey. We know because we have done it. Despite what the poker websites and online gaming activists claim, this science is irrefutable and has been peer reviewed by top computer experts and law enforcement.

Online poker attracts big money. As recently demonstrated by American player Brian Hastings and his Swedish competitor half a world away, a single online poker game facilitated the international transfer of \$5 million in mere hours. Accordingly, an established al-Qaida poker network could extract enough untraceable money from the United States in just a few days to fund several 9/11-sized attacks.

The website www.undetectedlaundry.com illustrates how this is accomplished, as does the statement of Jim Thackston (<http://bit.ly/1a1TDT5>) which was included in the record of a recent US House Subcommittee on Commerce, Manufacturing and Trade hearing regarding a bill seeking to legalize online poker nationwide.

We urge Congress to carefully consider all the consequences of legalized online gambling. No benefits outweigh these consequences. Online gambling's legalization solves none of the problems cited by advocates and is sure to create many—including existential ones for America.

Additional research:

Kindt, J. , J. Kindt, Sr. Editor (Ed.), 2012, *The Gambling Threat to National and Homeland Security: Internet Gambling*, 1-1,232. Buffalo, New York: William S. Hein and Company, Inc.

Grinols, E. and Thackston, J., " Column: Online gambling is a strategic national threat (op-ed)," *Tampa Bay Times*, (November 2013)

Grinols, E., 2004, *Gambling in America: Costs and Benefits*, New York: Cambridge University Press.

Written Testimony of Michael K. Fagan, House Financial Services Committee Hearing, "H.R. 2267, Internet Gambling Regulation, Consumer Protection, and Enforcement Act." - 07/21/2010 (<http://bit.ly/1cJ9VkB>)

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