



U.S. Department of Justice
Federal Bureau of Investigation

Washington, D. C. 20535-0001

SEP 20 2013

The Honorable C. W. Bill Young
U.S. House of Representatives
Washington, DC 20515

Dear Congressman Young:

I am writing in response to your August 7, 2013, letter to the FBI. You requested information regarding money laundering via online gambling.

Online casinos are vulnerable to a wide array of criminal schemes. For example, criminals may participate in games with exclusively criminal players, exchanging money to launder criminal proceeds; or a criminal might intentionally lose a game to a public official in order to effect a bribe payment. Transnational organized crime (TOC) groups might exploit legal online gambling to generate revenue, steal personally identifiable information (PII), and engage in public corruption. TOC groups could hire hackers to rig games in favor of TOC members playing a particular game—depriving the game operators of revenue. TOC groups could also use intrusions to steal PII from players, which the groups could employ in future financial fraud schemes.

Money launderers are resourceful and find innovative ways to exploit any medium available to launder illicit funds. Even well-regulated entities, such as US banks, are commonly unwitting conduits for money laundering. Similarly, physical casinos remain popular venues for money laundering, despite regulation and the implementation of anti-money laundering and compliance programs. Online gambling, therefore, may provide more opportunities for criminals to launder illicit proceeds with increased anonymity. Individuals may use a wide array of mechanisms to conceal their physical location, or give the appearance of operating in a different jurisdiction, when accessing a website. Many of these methods could be detected and thwarted by a prudent online casino, for example, by blocking software designed to enable online anonymity. However, some sophisticated methods would be difficult to readily identify or deter.

Many US-based groups have experience running their own illegal gambling operations, including offshore operations, and some have leveraged new technology to conduct complex multimillion dollar illegal online gambling ventures. If legalized gambling expands to more states, TOC groups may draw upon their experience with their illegal gambling operations to legitimize at least a portion of their enterprise.

The Honorable C. W. Bill Young

If you have any additional concerns, please contact the FBI's Office of Congressional Affairs at (202) 324-5051. I thank you for your inquiry, and I hope this information will be helpful to you.

Sincerely,

A handwritten signature in blue ink, appearing to read "J. Britt Johnson", with a long horizontal flourish extending to the right.

J. Britt Johnson
Deputy Assistant Director
Criminal Investigative Division