



Written by [Dave Bohon](#) on April 21, 2011

## Feds Target Online Gambling With Shutdown of Three Poker Sites

In a move that could spell the doom of some forms of online gambling in the United States, the FBI has shut down three of the largest offshore poker websites, citing a 2006 law that makes it illegal to process financial transactions related to online gaming. As reported by the Associated Press, the federal agents blocked gamblers from accessing the foreign-operated websites, “which are accused of tricking and bribing banks into processing billions of dollars in illegal profits.”



The AP noted that in addition to blocking recreational gamblers, the move prevents those who make a living playing poker, many with substantial sums banked on the sites, from plying their trade or even accessing their winnings.

“It just cut the head off of everything,” Las Vegas poker pro Robert Fellner told the AP. The 27-year-old gambler said he has an estimated \$250,000 bankrolled on [PokerStars.com](#), one of the sites shut down by the feds. “It’s scary,” Fellner said.

In addition to PokerStars, the FBI shut down the two other biggest online poker websites accessed by gamblers in the United States, [FullTiltPoker.com](#) and [AbsolutePoker.com](#). Visitors to the websites now see an official notice explaining that the domains have been seized by the FBI and warning that “conducting, financing, managing, supervising, directing, or owning all or part of an illegal gambling business is a federal crime.”

The warning also puts online gamers on notice with this message: “For persons engaged in the business of wagering or betting, it is also a federal crime to knowingly accept, in connection with the participation of another person in unlawful Internet gambling, credit, electronic fund transfers, or checks.”

The warning implies that, although no action has been taken against illegal gambling in the five years since the 2006 law was enacted, online poker players and their hosts have been making money unlawfully the whole time and now it is time to pay up. While federal authorities have said that players with assets frozen with the blocked sites will be able to get their money back, no one is quite sure when that will be.

What is certain is that, with the indictments of nearly a dozen bankers and gambling site operators in the takedown, the online poker industry, estimated to generate \$6 billion annually, is in jeopardy, along with other gambling venues such as televised poker tournaments, which have helped to fuel the craze in poker nationwide.



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The AP reported that, according to one agent who represents several high-stakes professional poker players, owners of the Full Tilt and PokerStars websites have spent an estimated \$200 million per year on marketing, “directly or indirectly funding almost all poker-related television shows, news websites, magazines, and several live tournaments.” The agent said that the two sites alone “were wholly responsible for the poker economy and its growth over the last five years.”

Following the shutdowns, online poker traffic worldwide dropped 22 percent, with the average number of individuals playing online poker for real money dropping by between 15,000 and 20,000 participants in the four days after the bust.

In announcing the indictments, U.S. Attorney Preet Bharara said those charged “concocted an elaborate criminal fraud scheme, alternately tricking some U.S. banks and effectively bribing others to assure the continued flow of billions in illegal gambling profits.” Bharara said that foreign firms doing business in the United States “are not free to flout the laws they don’t like simply because they can’t bear to be parted from their profits.” The federal case seeks an estimated \$3 billion in penalties and alleged gambling proceeds from scores of bank accounts in 14 countries.

Among those indicted by federal prosecutors was Bradley Franzen, a “payment processor” who federal agents said helped to create “fake companies and websites that purported to sell such items as golf balls and jewelry to disguise payments and lied to banks about the transactions,” reported [Reuters News Service](#).

Also indicted was John Campos, a vice chairman at SunFirst Bank in St. George, Utah, who prosecutors said “agreed to process gambling transactions in return for letting co-defendant Chad Elie and an associate invest \$10 million in SunFirst, giving them a more than 30-percent stake in the privately-held bank,” continued Reuters. Elie was also charged in the fraud scheme.

Proponents of online gaming say the poker sites have operated for years with no discernable harm to anyone. In fact, the AP noted that while there aren’t many studies on the correlation between online gaming and gambling addictions, “a Harvard Medical School study from 2009 said most people who gamble online do so moderately.”

But with the dramatic increase in gambling addictions among teens and young adults, opponents of online gaming were understandably relieved by news of the shutdown. Among those hailing the move were the editors of the [Christian Science Monitor](#), who noted, “Internet gambling isn’t like going to a casino. Compulsive gamblers and teenagers can’t be screened at the door. And it’s all too easy to click away a few thousand dollars in an instant. That’s why Congress decided to outlaw it.”

One prominent pro-family organization, [Focus on the Family](#), has for years pointed out the devastation gambling can cause to both individuals and families. The group’s analyst for gambling research, Chad Hills, applauded the indictments, calling them long overdue. “Foreign gambling operations are not supposed to be soliciting U.S. gamblers,” he said, “and yet they’ve been mocking U.S. law. This shows them that the FBI and the Department of Justice mean business. This is going to send a message to other online gambling sites, and I am extremely excited to see this happen.”



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