

## Editorial: Betting with Bitcoin

Infiniti Poker, which is set to launch in February, will offer online poker players, including those in the US, the opportunity to pay with Bitcoin and they certainly aren't the first, so what does this mean for US regulators?

Online gambling has been illegal in the US since 2006, but this hasn't stopped US players dabbling in the grey market. The US government has cracked down on offshore sites by stunting the flow of money via traditional payment channels. However, the risk posed by Bitcoin stems from the very nature of this decentralised peer-to-peer currency, which avoids going through banks. In addition to this, the fact that Bitcoins are identified by an address made up of strings of numbers and letters rather than pertaining to any real

identifiers makes verifying the location of the user difficult.

"For players looking to play on a US facing site, Bitcoins offer an opportunity to avoid detection and having their transaction denied. In addition, perhaps the most powerful tool used by prosecutors is seizure and forfeiture of gaming related proceeds. How does a prosecutor seize and forfeit Bitcoins?" asks Jeff Ifrah, Founding Member of Ifrah Law. On Black Friday, the US DOJ seized almost \$3 billion in assets from player and operators accounts, so the ability to store Bitcoins on your own computer may prove very appealing.

Undoubtedly this hard to detect digital currency that likely does not fall under any specific banking laws poses many issues for regulators. That said continues Ifrah,

"US prosecutors could initiate an action based on the location of the player regardless of whether that player engaged in a financial transaction in the US. Thus, a US player using a Bitcoin to play on an online site could get caught up in a federal or state prosecution based on their location in the US. But, is that likely to happen? Probably not."

So it's a grey area? "It is certainly true that online operators who accept Bitcoins as payment by US based customers will not have to fear a charge of Bank or Wire Fraud. But that does not mean that such operators would escape liability altogether. There are federal and state laws that prohibit unlicensed gaming, and operators could still face liability under those laws regardless of the form of payment used to engage in the gaming transaction."

It is our pleasure in welcoming Jeff Ifrah, Founding Member of Ifrah Law, to the *World Online Gambling Law Report* editorial board.

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