

# Money Laundering and Online Gambling

CRIM Hearing / European Parliament  
12th November 2012

Dr. Ingo Fiedler

# Introduction

---

- Gambling as a perfect tool for money laundering
  - Huge volume of transactions/cash flows
  - No physical product
  - Often tax free „winnings“

Three different cases of money laundering:

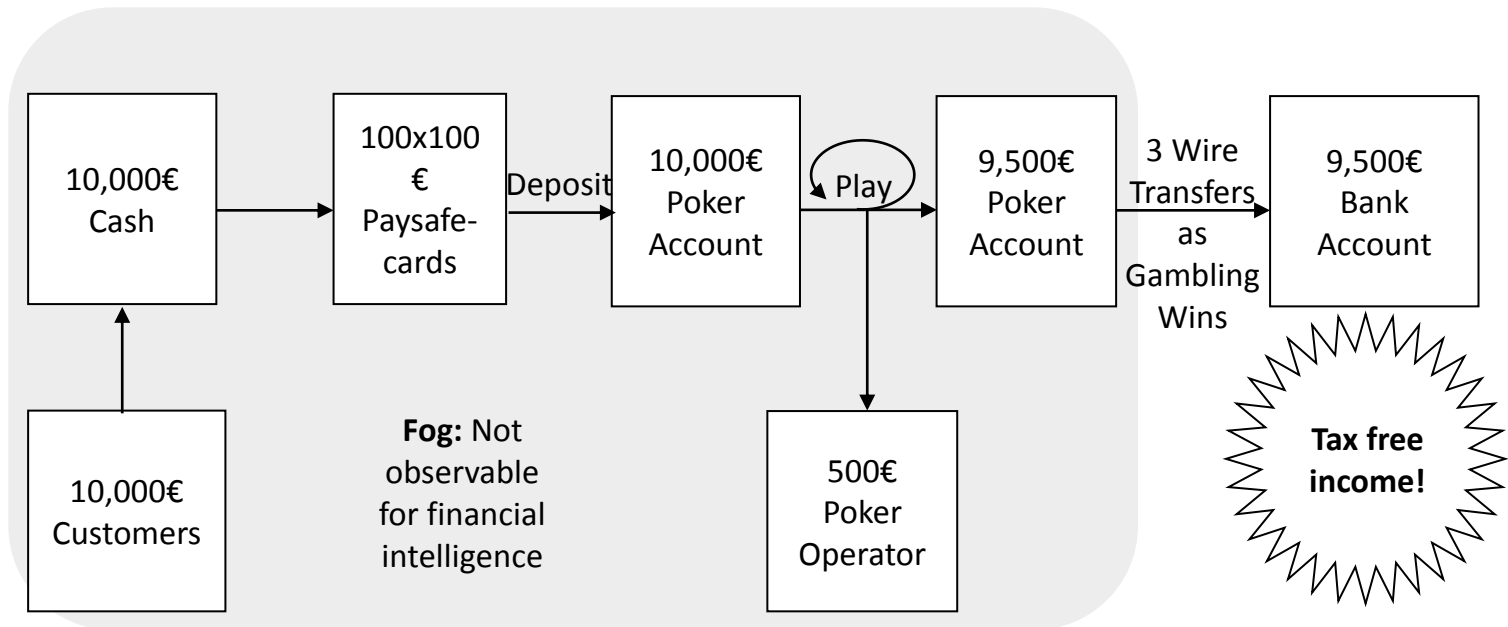
- 1) Illegal gambling as an illegal transaction and a money laundering offense per se
- 2) Illegal transaction occurred ex ante: Deposit of illegal funds via anonymous method and payout as (tax free) gambling win
- 3) Use of gambling as a payment tool for illegal transactions

# Analyzing different scenarios

## Case A: Small cocaine dealer

Objective: Transfer €10,000 of illegal drug funds to legal bank account

→ Use a prepaid card (e.g. Paysafecard)

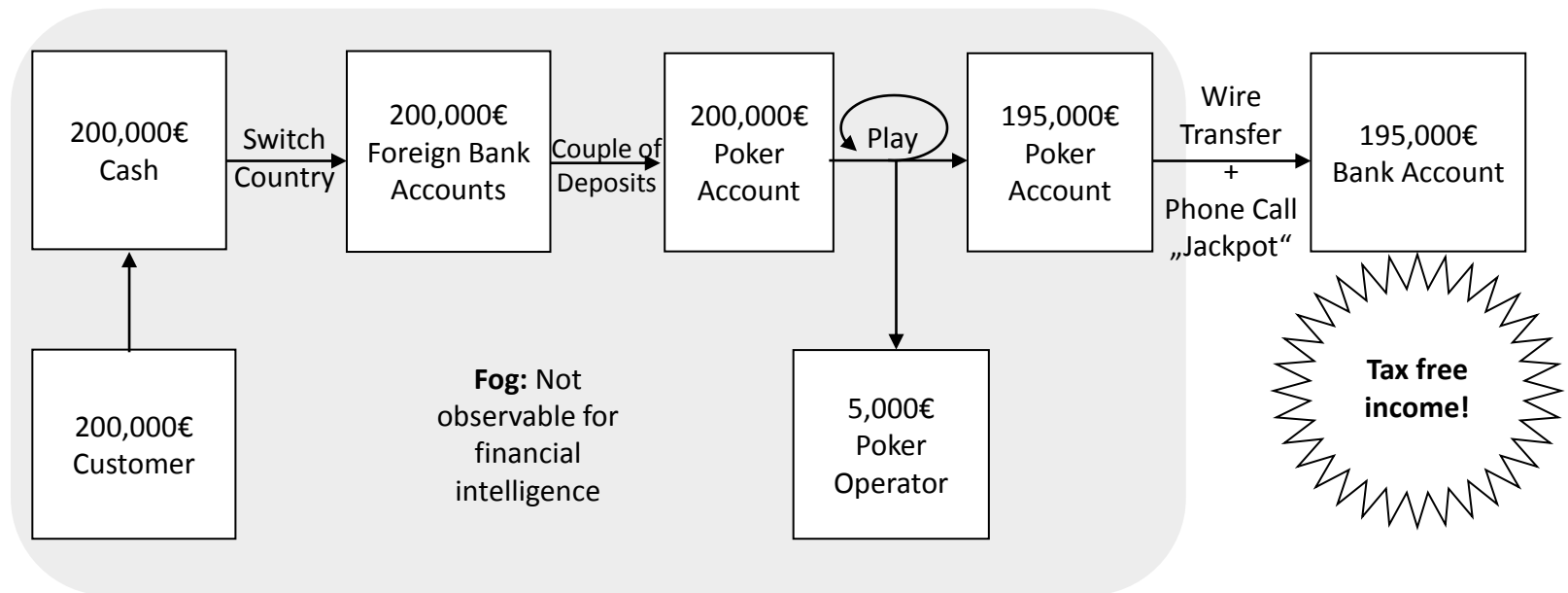


# Analyzing different scenarios

## Case B: Medium cocaine dealer

Objective: Transfer €200,000€ illegal drug funds to legal bank account

→ Deposit via offshore accounts

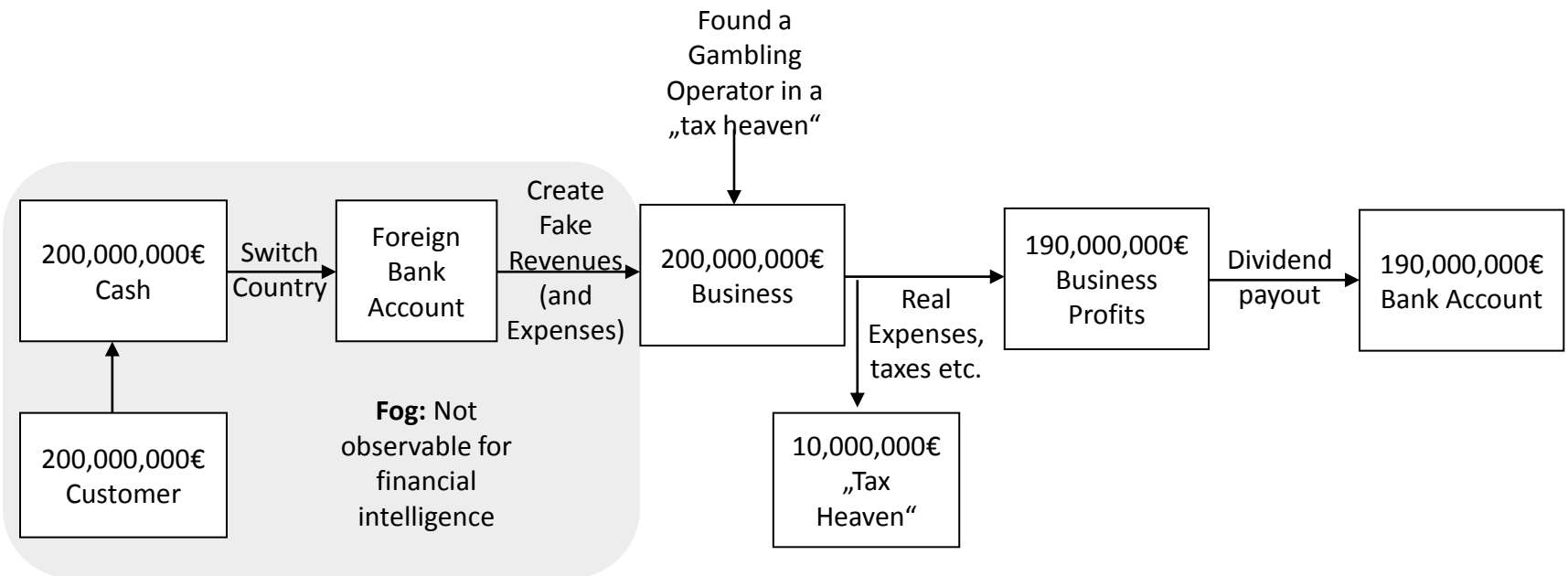


# Analyzing different scenarios

## Case C: Huge cocaine dealer

Objective: Transfer €200,000,000 illegal drug funds to legal bank account

→ Found an online casino



# E-cash Flows



## 235 payment methods

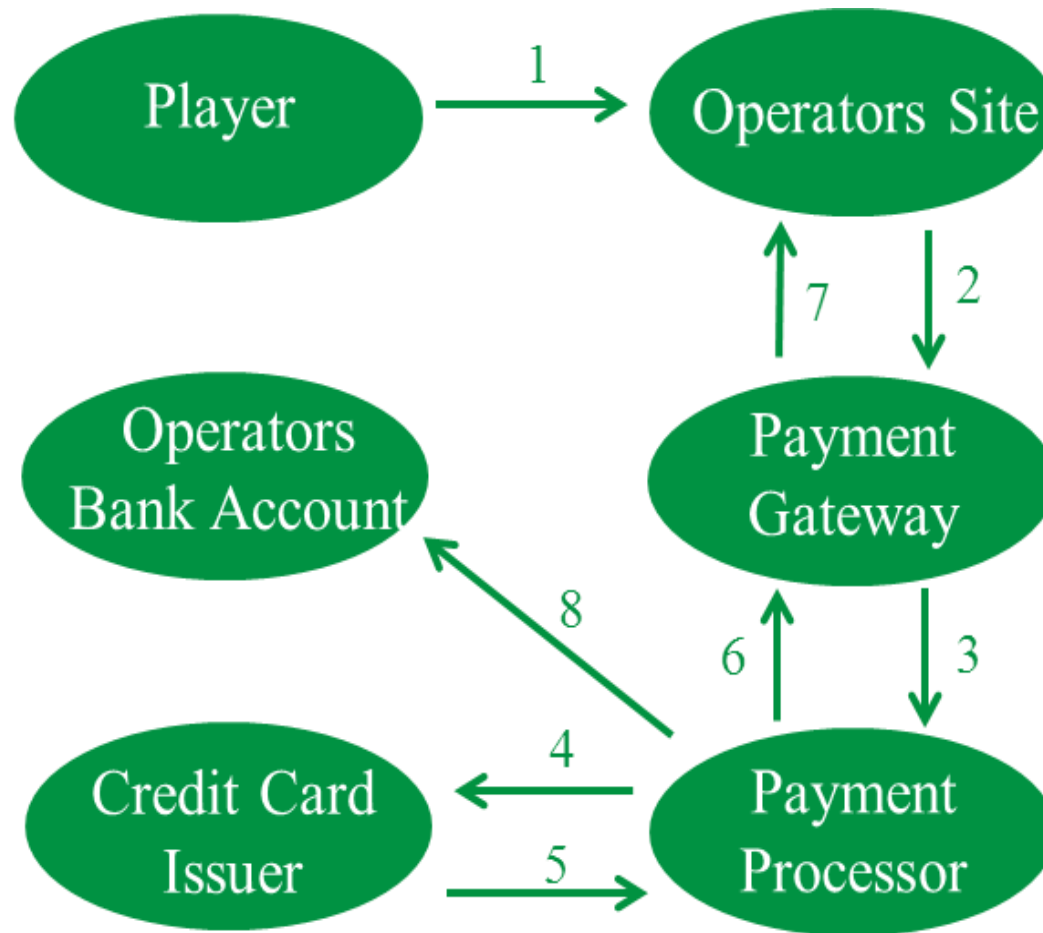
- Credit cards (physical/virtual)
- Debit cards (physical/virtual)
- Prepaid cards (physical/virtual)
- Bank wire
- ACH
- Cheque
- Gateways
- Player-to-Player transfer (P2P)
- (Mobil-)Telephone bill
- Cash

## 2.910 Operators

- Casinos
- Bookmaker
- Betting exchanges
- Poker
- Bingo
- Skill Games



# The Complexity of E-cash Flows with payment processors



# Online Gambling as a „Game-Changer“ to Money Laundering

---

