

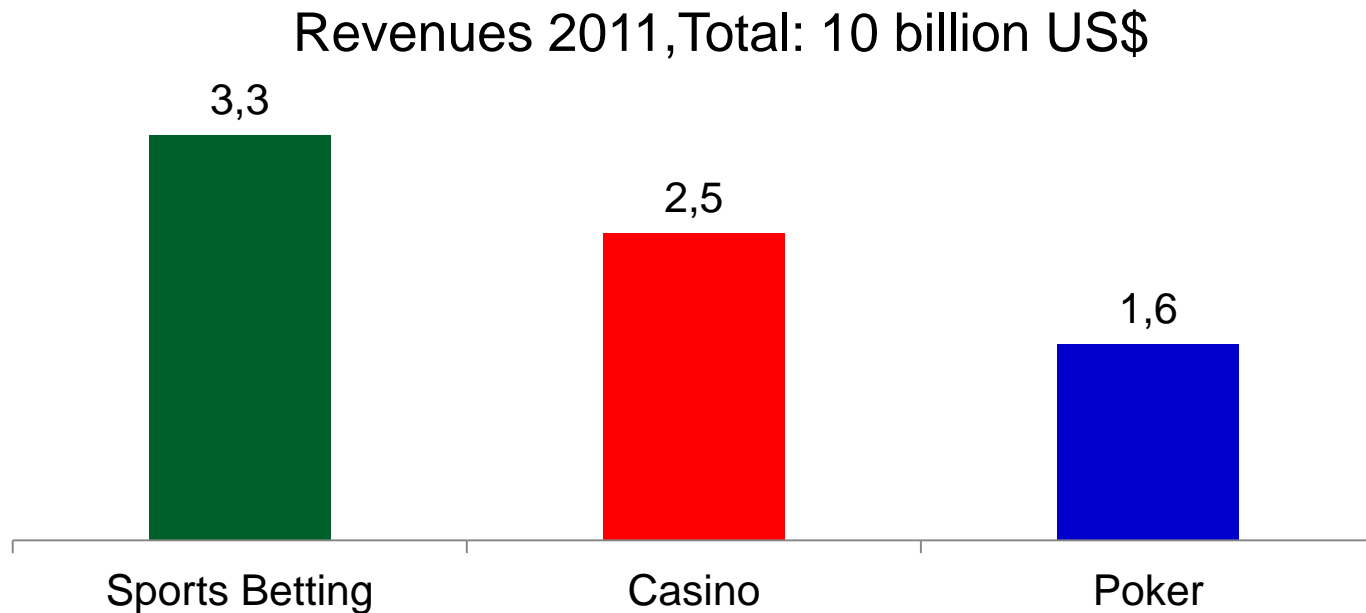
Online Gambling and Money Laundering

S&D Seminar on Online Gambling
European Parliament
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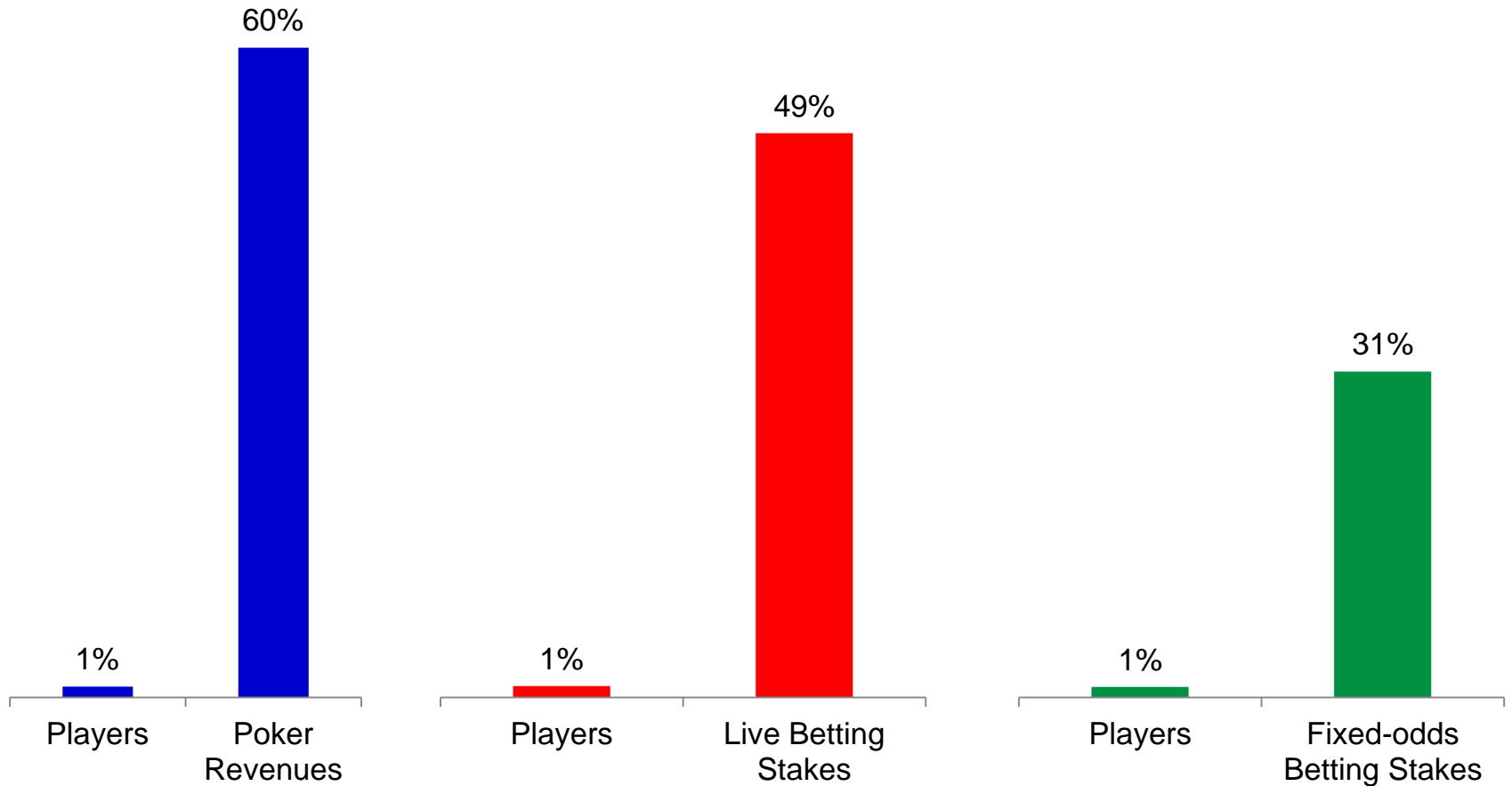


The European Market for Online Gambling



- Most of the revenues in illegal/unregulated markets
- Payout rates: illegal online >> legal online > offline

Revenues are highly concentrated



Gambling and Money Laundering

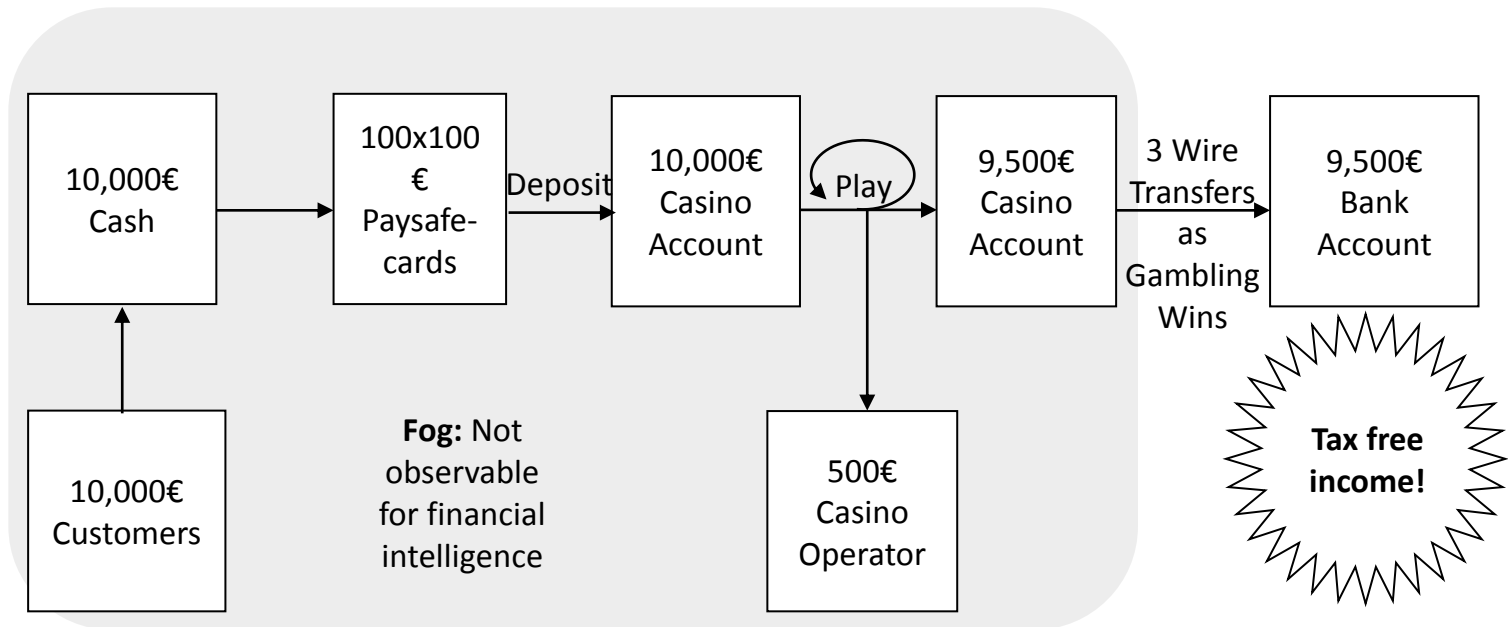
- Gambling as a perfect tool for money laundering
 - Huge volume of transactions/cash flows
 - No physical product
 - Often tax free „winnings“
- Three different cases of money laundering:
 - 1) Illegal gambling as an illegal transaction and a money laundering offense per se
 - 2) Illegal transaction 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)

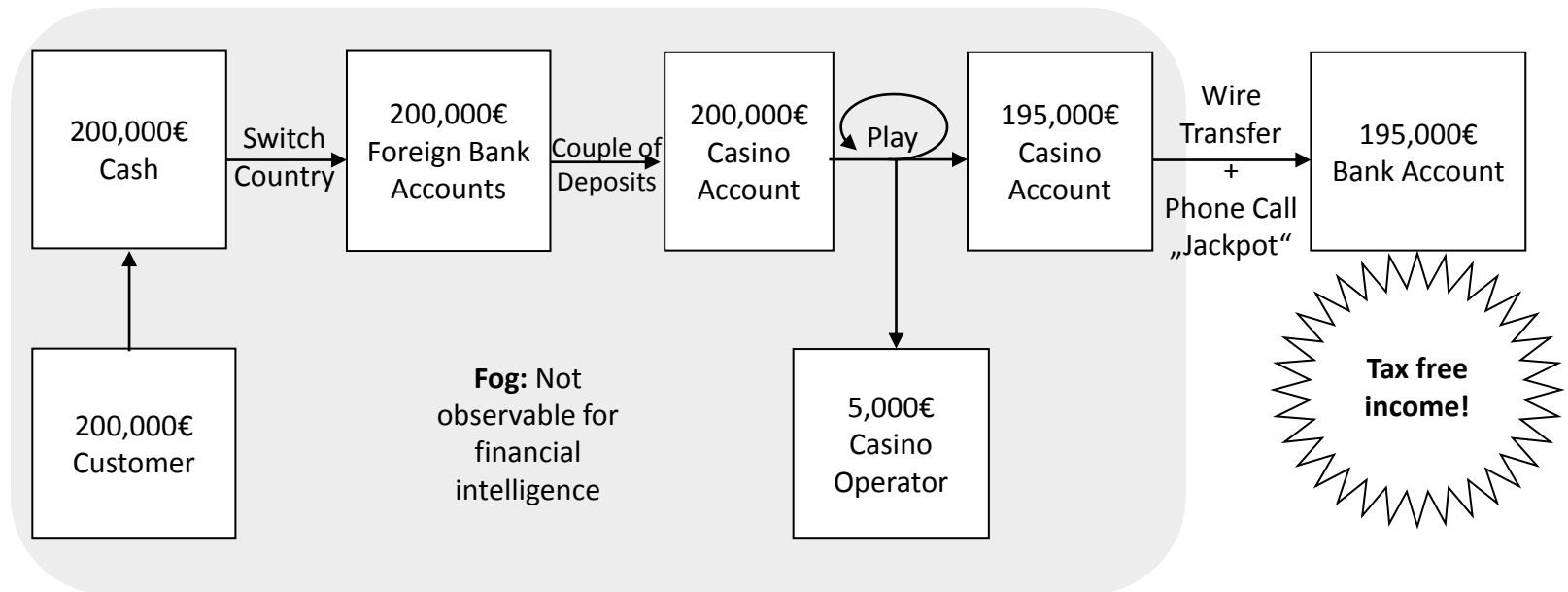


Analyzing different scenarios

Case B: Medium cocaine dealer

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

→ Deposit via offshore accounts

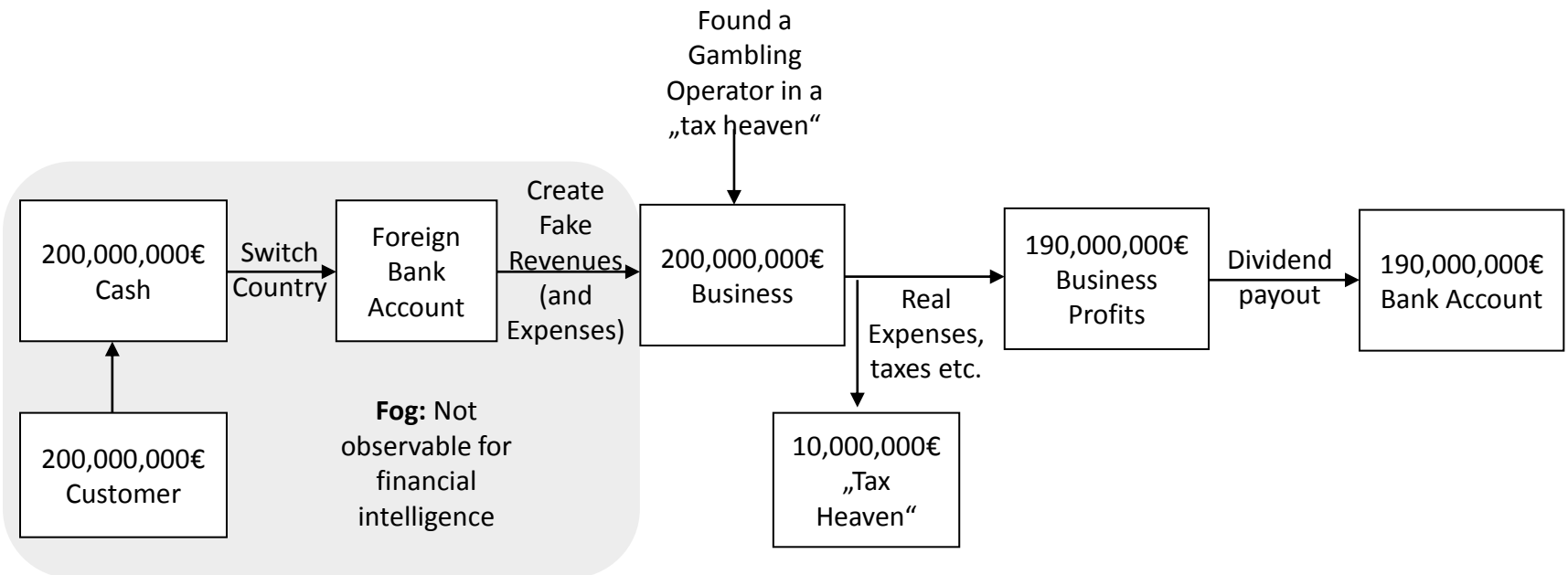


Analyzing different scenarios

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

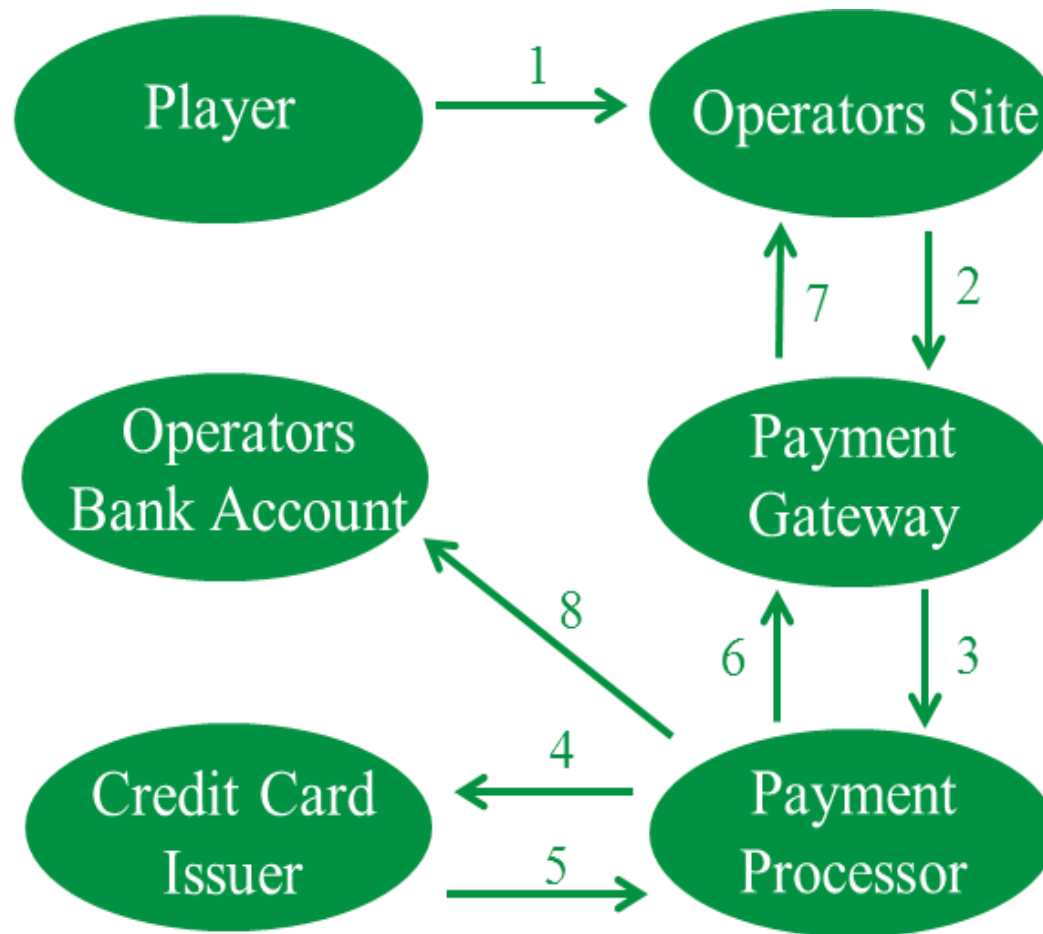
- Credit cards (physical/virtual)
- Debit cards (physical/virtual)
- Prepaid cards (physical/virtual)
- Bank wire
- ACH
- Cheque
- Gateways
- Player-to-Player transfer (P2P)
- (Mobil-)Telephone bill
- Cash

2.910 Operators

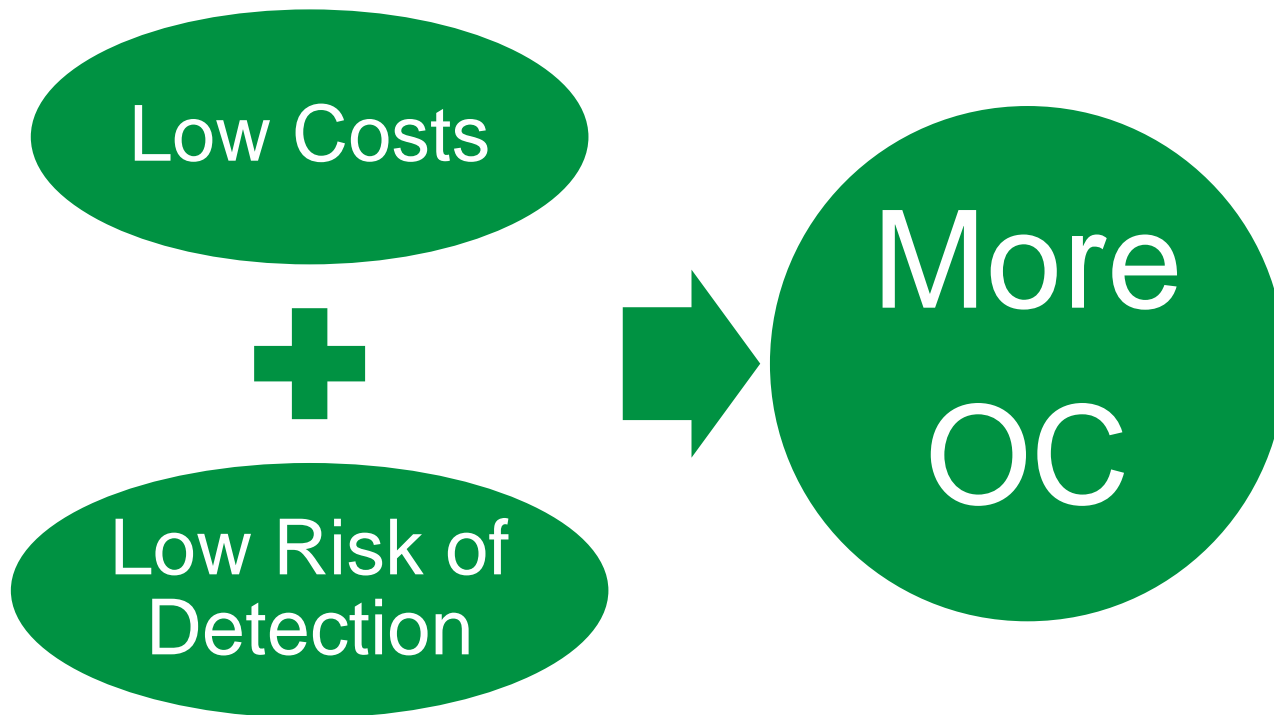
- Casinos
- Bookmaker
- Betting exchanges
- Poker
- Bingo
- Skill Games



The Complexity of E-cash Flows with payment processors



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



Recommendations

- Taxing Gambling Wins
 - Increases costs of money laundering
 - Decreases profits from crime
 - Decreases crime
- Law enforcement
 - Tackling illegal gambling = Tackling money laundering
 - Precondition for any regulation: No illegal gambling