

# Perhaps Not a Safe Bet After All - Questions Raised About DC's i-Gaming Law

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As we recently noted, in April 2011, the District of Columbia became the first American jurisdiction to legalize Internet gaming, or "i-gaming." The "Lottery Modernization Amendment Act of 2010," part of the District's fiscal year 2011 budget, re-defined "lottery" to enable the DC Lottery to run not only random-number "chance" games, but also skill-based games, such as poker. Because the act envisions an entirely intrastate online poker system, proponents argue that it does not run afoul of federal anti-gambling laws, such as the Unlawful Internet Gambling Enforcement Act (UIGEA), which regulate inter-state gambling. The District's plans to establish a private computer network run by the DC Lottery, however, have hit a snag. Ethical issues have been raised about a potential conflict of interest that existed at the time of the law's passage between the DC council member who championed the legislation and his then-employer. Some DC residents have also decried the lack of public input prior to the passage of the law. As a result, public hearings have been scheduled (and subsequently rescheduled, to allow for greater community participation) and two council members have threatened to introduce legislation that would repeal and prohibit the i-gaming measure.

The uproar in DC comes as regulators continue to crack down on gaming websites. In June, a gaming commission in Alderney, one of Britain's Channel Islands, suspended the license and shut down operations at one of the "big three" i-gaming websites. The commission stated that it was acting in response to the U.S. Department of Justice's (DOJ) indictment of top executives at that website and two other pay-to-play online poker sites, accusing them of illegal gambling, bank fraud and money laundering in violation of

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the UIGEA. Given that the effects of the DOJ's indictments are still rippling through the i-gaming industry (both at home and abroad), broadcasters should continue to be wary of accepting advertisement buys from online gaming companies.