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Online Gambling and Crime: Myths and Realities

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Gambling, Crime and Criminology

Ways in which gambling and crime intersect:

(1) Illegal gambling

(2) Crimes correlated to gambling venues

(3) Crimes correlated to (problem) gambling

(4) Crimes distinct to gambling operations.

Ways in which online gambling and crime intersect:

(1) Illegal Internet gambling

(2) Cyberextortion and distributed denial of service attacks

(3) Betting related match fixing

(4) Fraud and theft

Are 'new' virtual crimes simply 'old wine in new bottles'?

Computer mediated communication and new electronic media = 'force multiplier'

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A (Very) Brief Overview of Online Gambling

- InterCasino became the first internet gambling site to accept an online wager in January 1996 (Williams and Wood, 2007).
- Today, there are in the region of 2,347 listed gambling sites in existence, but many more that are unlicensed and unlisted (Casino City, 2017).
- Jurisdictions have adopted a range of responses to online gambling.
- A lack of consistency in law, regulation and policy prevails, with jurisdictions taking wildly divergent approaches to online gambling.

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Illegal Online Gambling

- Illegal gambling takes three principal forms:

    1. Internet gambling sites may accept bets from a resident in a country that prohibits (certain forms of) online gambling;

    2. Internet gambling sites may operate without an appropriate licence;

    3. Internet gambling sites may accept bets from underage gamblers.

- Less than 15 per cent of 14,823 online gambling sites hold any licence (Cert-Lexsi, 2006).

- European Commission distinguishes between:

    A. Black market operators;

    B. Grey market operators.

- Black and grey markets worth an estimated US$24 billion in gross gaming revenues in 2011 (H2 Global Capital, 2012).

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Illegal Online Gambling

FRANCE

- In excess of 550 illegal operations.
- 47 per cent of poker players gamble at unlicensed sites.
- 26.2 per cent for horse race betting.
- 34.7 per cent for sports betting.

GREECE

- 250 unauthorised gambling sites.
- 60 with Greek language versions.
- Turnover in the region of €2 billion.

GERMANY

- 5 per cent of interactive gambling activity occurs within state.
- Compares with 42 per cent across EU28.
- Gross win of grey and black markets exceeds €2 billion annually.

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Cyberextortion and DDoS Attacks

- Cyberextortion involves 'real or threatening actions combining computer intrusion, theft, destruction and modification of data, social engineering, and fear for purposes of unlawful economic gain' (McMullan and Rege, 2007: 649).

"Your site is under attack and will be for this entire weekend. You can increase your pipe all you want and it won't help. You have a flaw in your network that allows this to take place. You have two choices. You can ignore this email and try to keep your site up, which will cost you tens of thousands of dollars in lost (business) and customers, or you can send us $40k to make sure that your site experiences no problems.

If you send the $40k your site will be protected not just this weekend, but for the next 12 months. This will let you enjoy business with no worry. If you choose not to pay for our help, then you will probably not be in business much longer, as you will be under attack each weekend for the next 20 weeks, or until you close your doors.. You can always choose to wait, see what happens, and then contact us for our help when you realize you can't do it yourself, however, then it will cost you more and your site will still be down.

The choice is yours as we await your response.

P. S. The sites that were attacked and paid last weekend are happy that they paid and are protected."

(cited in Paulson and Weber, 2006: 52-53)

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Cyberextortion and DDoS Attacks

- Occurring since the turn of the twenty-first century, William Hill, Betfair and PokerStars represent some of the sites affected by DDoS attacks in 2016.
- Many of the targeted sites are located offshore in highly liberalised or unregulated markets, and do not have access to law enforcement agencies with the resources, skills set or inclination to pursue attackers.
- 'The success of online extortion is premised upon the extorted funds being clearly less than the potential loss caused by any downtime' (Banks, 2014: 69).
- An underground economy of DDoS 'toolkits' and 'botnets for hire' are features of the 'democratisation' of cybercrime.
- Exact number and total cost of DDoS attacks against online gambling sites is difficult to estimate.
- Online gambling businesses increasingly focused on 'survivability instead of security' (Prowell, Kraus and Borkin, 2010: 13).

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Betting-Related Match Fixing

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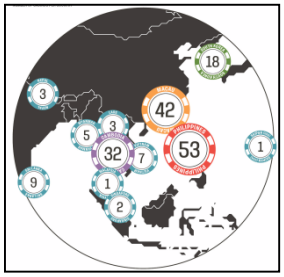
Betting Related Match Fixing

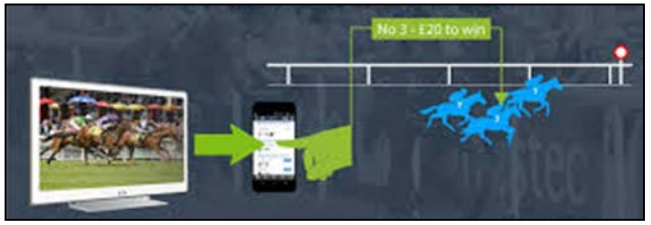
1. Greater liquidity in sports markets



2. The globalisation of gambling

3. The advent of betting exchanges

4. Lower transaction costs



5. Availability of in-play wagering and proposition betting

(Forrest et al., 2008)

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Fraud and Theft

"The new bookmaker is one of eleven different betting websites on its platform. They share the same IP address and nine of these websites are registered under a proxy service. The other two have the same whois registration as one of the biggest bookmaker thieves of 2008."

Extract from a 'Scam Alert'

"Not sure if it has been mentioned but I would advise caution with [bookmaker], [bookmaker] and [bookmaker] as I reckon they are deposit only books. I can't find [out] who runs these site, or if they are even licensed, but the domain registrations are definitely hidden behind proxies and their bonuses appear way too generous to suggest [that] they are on the market to compete."

Online gambler

"I didn't get paid by [bookmaker] a while back. They initially replied to emails, asked for bank details and made all the right promises. Then they stopped replying so I went the complaint route with the Lotteries and Gaming Authority, followed all the criteria, chased them for months, but alas nada. Bye, bye £317. This experience stopped me from going in for all those tasty reloads [(bonuses)] Stryyke have recently been offering so I haven't lost as much as others

Online gambler

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Fraud and Theft

"I think that the argument that everybody cheats at online poker is something of a myth. We have had a couple of high profile cases that involved the owners themselves...But there are constant online murmurings about cheating. Could be bad losers, could be [illegible]"

Online gambler

"Rigged I tell you...Deposit $50 by skrill, play around on the micro money tables and all is fine. Deposit a few more $ and start playing for larger stakes. Every time I up the ante I start getting bad beats. I know I just can't run this bad."

Online gambler

"Evidence put forward in the threads is circumstantial but difficult to ignore. Members have identified accounts that have been repeat "benefactors" from disconnections, have unusually high win-rates and received well-timed seating at tournaments just as an opponent disconnects. The evidence presented in specific cases may be inconclusive; however the theory is sound. Not only are targeted denial of service attacks against players plausible, they are likely. There has been a rising trend in other online gaming of such attacks, and there's no doubt online poker provides a uniquely profitable opportunity for the scam."

(Jones, 2013)

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Regulating the Online Environment

- Internet gambling governed by a diverse array of regulations and regulators.
- Economic nationalism reigns = protectionist prohibitive systems.
- (Partial) Prohibition = given rise to black markets.
- Little evidence that limiting provision to a small number of licensed operators will 'canalise' the illegal gambling market (McMullan, 2015).
- Public education.
- Developing reputable, well regulated government and private Internet gambling.
- Will Social ills increase?

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Avenues for Future Research

1. Online gambling related crime.

2. Risk to family members, the young and other vulnerable populations.

3. Lived experience of online gamblers.

4. Engagement with online gambling organisations.

5. Examination of online gambling's black markets.

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Conclusion

- There are a number of observable threats to online gambling operators, consumers and wider society.
- Few crimes are distinct to the online environment or online gambling.
- The nature of online gambling may mean that operators and consumers represent 'suitable victims'.
- Online gambling related crimes are often invisible and unknown.
- Clandestine nature = magnitude of gambling related crime remains unclear.
- Presents much opportunity for further research.

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Thank you for your time

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