



Impact Note: Justice Department Reverses Decision on Internet Gambling

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On Jan. 14, 2019, the U.S. Justice Department released a new interpretation of the Unlawful Internet Gambling Enforcement Act (UIGEA), stating that the act does not apply solely to sports-related gambling (as had been stated in a 2011 judgment) but rather to ALL Internet gambling taking place across state lines. While the interpretation is likely to face legal challenges, payment organizations — financial institutions, networks, processors, and merchants — will need to re-evaluate their stance on the legal interpretations of Internet gambling and what they mean to their organization and customers.

Gambling restrictions implemented in the 1961 Wire Act were designed to curb sports gambling via telephone to prohibit wagers across state lines. The law was used to limit gambling until the 1970 Racketeer Influenced and Corrupt Organization Act (RICO) was enacted to prosecute organized crime. Gambling charges were brought by the government under RICO statutes, and the Wire Act was not used.

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