

LAW OFFICES OF SANFORD I. MILLAR

MILLARLAWOFFICES.COM

Focus of Internet Poker Settlement: ENFORCEMENT

December 17, 2011

Recent reports are that a deal has been agreed to by all interested parties which would allow the sale of Full-tilt assets to a French Company (GBT). As reported part of the purchase includes a payment of \$80M USD by the buyer to the U.S. Department of Justice (DOJ). The DOJ may then use the payment and funds already seized by, including assets seized through Civil Forfeiture actions, to pay claims of players, subject to a proof of claim process.

The proof of claim process is yet to be published by the DOJ but it is likely to involve several goals and requirements. Among the goals will be discovery of potential avenues of enforcement of tax and other laws, such as anti-money laundering and gambling statutes. Enforcement and lead discovery was and remains an important objective in the offshore bank account and tax evasion area and there is no reason to see any less interest here.

Another objective will be establishing actual allowable claims versus overstated or ineligible claims. It seems that the Madoff claims process may be used as an example here to limit claims to those of deposits, not winnings. The proof process will be required under penalty of perjury and have documentation requirements. Player who used an informal deposit system may have not documentation and have their claims disallowed.

Whether to file a claim, once the procedure is announced, will be a purely personal decision, but it should be based upon analysis of risks and benefits, including the cooperation obligations attendant to making the claim, the taxation elements and possible penalties (such as income tax civil penalties, and potential prosecution for false statement crimes on tax returns resulting from unreported income).

Law Offices of Sanford I. Millar

Office: 310-556-3007

Fax: 310-556-3094

Address: 1801 Avenue of the Stars, Suite 600
Los Angeles, CA. 90067

Email: smillar@millarlaw.net

www.millarlawoffices.com