

Video Games in 21st Century, Online Betting & Cyber Laundering

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DATA

The global video game market size was estimated at USD 217.06 billion in 2022 and is expected to grow at a **compound annual growth rate (CAGR) of 13.4% from 2023 to 2030**.

The gaming industry is tipped to maintain its recent rapid growth, and could be worth \$321 billion by 2026, a new PwC report says.

\$300 Billion of Video Gaming Revenue, by Segment

Millions of new players splashed out on games and consoles during COVID-19 lockdowns

The average age of gamers in the world- 50+ Gamer Demographics Facts in 2023

There are around 3.04 billion gamers worldwide, with an average age of 33 years (34 years for females).

In 2021, in the US average age of gamers , it was reported that the age distribution of U.S. gamers were 20% under the 18 years old, 38% were in between 18 and 34 years old, 14% were in between 35 and 44 years old, 12% were in between 45 and 54 years old, 9% were in between 55 and 64 years old, and 7% were 65 years old or over.

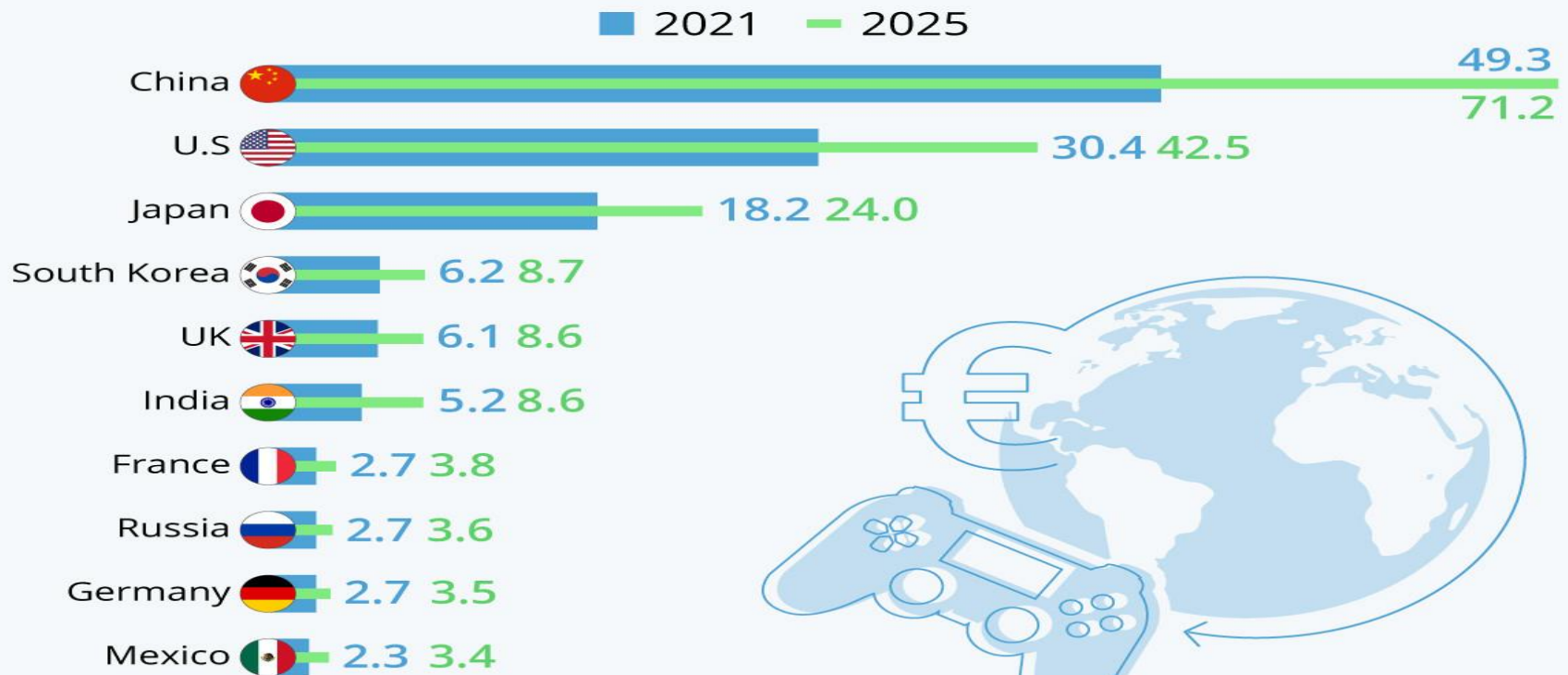
In India over 87% of the gaming population are under 30 years of age, with over 65.4% in the age group of 18 – 25 years, and the 'over 40 years' indulged in gaming comparatively much less than the younger audiences in India

56% of India's gamers are from non-metros; women spend more time than men on online games

Online gaming is one of the fastest-growing segments of India's media and entertainment industry, with millions of new, young gamers and 'desi' game studios jointly growing the ecosystem.

The World's Top 10 Gaming Markets

Estimated revenue of video games per country (in billion U.S. dollars)



As of June 2021

Source: Statista Digital Market Outlook



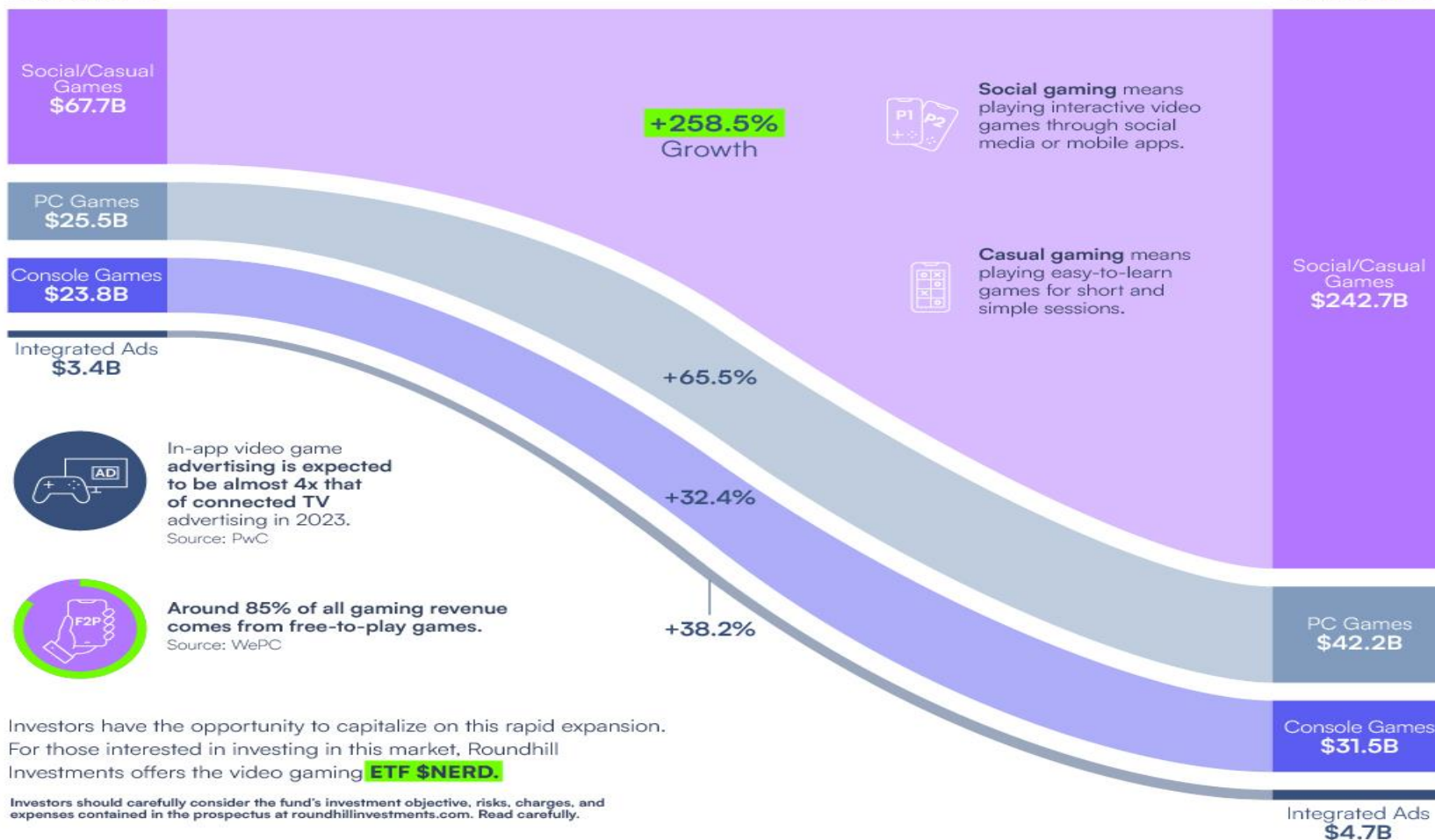
Global Video Gaming Industry

\$300 Billion in Revenue by Segment

Casual and social gaming are responsible for the majority of the growth in the video gaming market.

2017
Total **\$120.4B**

2026F
Total **\$321.1B**



Investors have the opportunity to capitalize on this rapid expansion. For those interested in investing in this market, Roundhill Investments offers the video gaming **ETF \$NERD**.

Forside Fund Services, LLC: Distributor.

Investors should carefully consider the fund's investment objective, risks, charges, and expenses contained in the prospectus at roundhillinvestments.com. Read carefully.

Explore Roundhill Investment's Video Games ETF



Note: 2021 is the latest available data. 2022–2026 values are forecasts

Source: PwC

Investing involves risk, including possible loss of principal. Video game companies face intense competition, both domestically and internationally, may have limited product lines, markets, financial resources, or personnel, may have products that face rapid obsolescence, and are heavily dependent on the protection of patent and intellectual property rights. Such factors may adversely affect the profitability and value of video gaming companies.

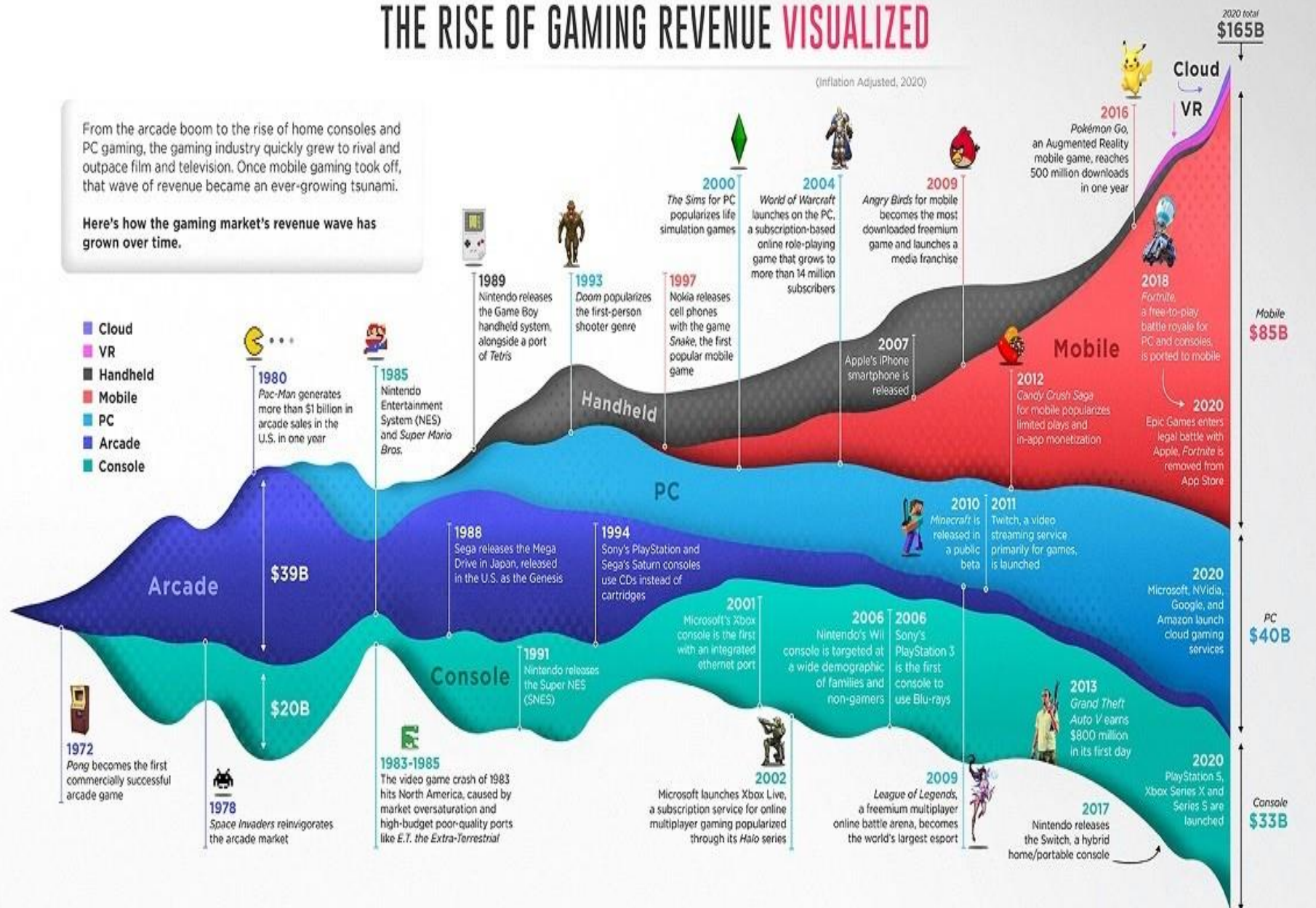


THE RISE OF GAMING REVENUE VISUALIZED

(Inflation Adjusted, 2020)

From the arcade boom to the rise of home consoles and PC gaming, the gaming industry quickly grew to rival and outpace film and television. Once mobile gaming took off, that wave of revenue became an ever-growing tsunami.

Here's how the gaming market's revenue wave has grown over time.



SOURCE: Pothan Smithers

COLLABORATORS: RESEARCH • WRITING: Orrin Wolcott | DESIGN • ART DIRECTION: Clayton Wadsworth



/visualcapitalist @visualcap visualcapitalist.com

Grand Theft Auto, Red Dead Redemption, Metal Gear Solid – or Chicken Invaders?!

THE WORLD'S FAVORITE VIDEO GAMES

--- ACCORDING TO IMDB ---



ALL-TIME IMDB RATINGS FOR THE BEST-RATED GAMES MADE IN, OR CONTAINING SPECIFIC REFERENCE TO, EACH COUNTRY.

Gamer Demography



The gender and age divide of all gamers, we see that 46% of gamers across these 13 countries are women. While men make up the majority of gamers, with men aged 21-35 comprising 20%, the gap between the two genders in the overall games market is narrow.

In terms of raw numbers, there are approximately **1.7 billion male gamers. And 1.39 billion female gamers worldwide.** According to the latest data, 4 in 5 (80%) gamers are over 18. That accounts for 2.47 billion adult gamers.

As per the results of April 2022 survey on online gaming in India by Rakuten Insight, **a majority of male as well as female respondents were played online games daily.** Of these, about 52 percent of males played these games daily, compared to 43 percent of their female counterparts

As of March 2023, 49 percent of video gamer in the United States were female, with the remaining 51 percent of U.S. video gaming audiences were male. Currently, there are approximately 212 million gamers in the United States.

India

300
Million **gamers**
in India. 95%
of them are
below 30.

Reports are
indicating that
the **Gaming** In
dustry
in **India** itself
by 2020 is more
than 1.1 Billion
Dollars. India's
mobile games
market was
worth \$1.1
billion in 2020,
and number of
users are 628
million

With a turnover
of \$890 million
in 2018, the
video game
sector is still
underdeveloped
compared to
other Asian cou
ntries, such as
China and
South Korea.

Many video
game
companies are
beginning to
invest, and
India could
become an
important
market for this
sector.

As per the
KPMG, the
number
of game
development co
mpanies in
India today
stands at
around 275.
This number
was a mere 25
in the year
2010.

Number of Gaming Consoles Sold

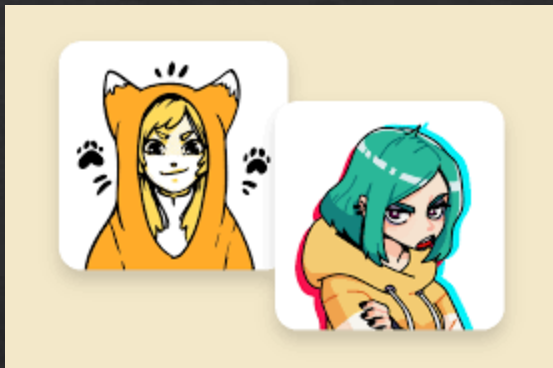
The PlayStation was the most popular console in 2020. With a massive 57.5% market share, Sony's premier gaming console remains the gaming console to contend with (StatCounter, 2021). Nintendo's Switch came in second, capturing 42% of the global console market. Apple to enter the market in 2023

Overall gaming console sales reached \$92.2 billion in 2020, growing by 17.43% versus the previous year.

VR headset revenue in the U.S. doubled in 2021 from about \$530 million in 2020, according to NPD.

Analysts attribute this significant upsurge as a direct impact of the ubiquitous lockdowns caused by the pandemic.

And although the overall revenue is expected to decrease by 2021, a gradual growth until 2025 is still expected.



Is it Socialable?

“People were looking for ways to both entertain themselves and maintain their social connections,” says Bartosz Skwarczek, co-founder and CEO of online gaming marketplace G2A.com. “Gaming has so often been painted with the wrong brush – stereotyped as being isolating and unsociable.”

“The game industry’s swimming in cash,” Professor Joost van Dreunen of New York University told The New York Times at the height of the boom. “It’s just raining money on these people, on these companies.”

Gamers are not the minority as TV and film paint them out to be. Newzoo reports there were **2.69 billion gamers in the world by the end of 2020**. Growth has been steady with an average of 5.6% year-on-year (YoY) increase. 2021 figures are forecast to reach 2.81 billion gamers that will earn the global games market an estimated \$189.3 billion.

Asian countries make up 40% of the world’s top 10 video gaming markets

Globally, mobile games make up a vast 70% of overall video game revenue.

Some players said gaming during the pandemic helped with their mental health.

Is violence present only in Video Games



Benefits Of Playing Interesting Games Online

There are many benefits to playing fun and interesting games. Some of these benefits include:

Developing Problem-solving Skills,

Improving Hand-eye Coordination,

Increasing creativity,

Help People Learn New Information More Quickly And Keep It Longer,

Boost Moods,

Increase Social Connectedness,

Promote A Sense Of Accomplishment

Where and When Used? In Health Sector



Video games have been used as a form of physiotherapy or occupational therapy in many different groups of people. Such games focus attention away from potential discomfort and, unlike more traditional therapeutic activities, they do not rely on passive movements and sometimes painful manipulation of the limbs



Video games have also been used in comprehensive programmes to help develop social and spatial ability skills in children and adolescents with severe learning disability or other developmental problems, including autism; children with multiple handicaps (for example severely limited acquisition of speech) and children with impulsive and attention deficit disorders

Harms – Disadvantages

Some research finds that violent video game use is correlated with, and may cause, increases in aggression and decreases in pro-social behaviour. Other research argues that there are no such effects of violent video games.

Poor sleep hygiene.

Physical health atrophy.

Exhaustion.

Dehydration.

Obesity and heart problems.

Aggression.

Lack of motivation.

Depression.

Ill effects and its Morality

For instance, the risk of epileptic seizures while playing video games in photo-sensitive individuals with epilepsy is well established.

Graf et al report that seizures are most likely to occur during rapid scene changes and when games include patterns of highly intense repetition and flickering..

Seizures and excessive or addictive play do not seem to be linked directly, however, as occasional players seem to be just as susceptible.

Dr. Ramesh Yeshwant Prabhoo vs Shri Prabhakar Kashinath Kunte & ... AIR 1996 SC 1113, 1996 SCC (1) 130 -Art 19 Decency and Morality under the Representation People Act explained , may be applied to video Games

Many video games are obscene and against the morality of the society and indecent.... Children and women are shown in bad taste

Regulated under IT Act, Ss 67 Protection of Children (Various Provisions)

Second Life Avatars and VR's



Using the Internet, individuals create "avatars," the characters that they will control in Second Life..

Since 1970's this facility in the video game is possible

Many child avatars are actually created by adults, a practice commonly known as "age play." The creator controls his avatar, which can teleport to various locations, converse with other avatars controlled by other users, and even purchase items or homes with "Lindens," the Second Life community currency which can be converted back into real world money

Some avatars commit crimes including robbery and prostitution. Promiscuity is rampant, and escort services focusing on "age play" and adult clubs dominate many social scenes. Such clubs often feature deviant or illegal sexual practices, such as sadomasochism, rape, or sexual intercourse with children.

Should Internet-World crimes become real world Crimes ?



For some users, the draw to Second Life lies in the ability to act without the restrictions of the law."

However, in Belgium and Germany, two events currently under police investigation raise the question of whether crimes committed in-world can and should have real world ramifications in the United States, including criminal liability for the acts.

Both investigations involve avatar "rapes," one involved a forcible rape between adult avatars and the other a rape involved an adult avatar engaged in sexual intercourse with a child avatar.

Free Speech Coalition.

In 2002, however, the United States Supreme Court held in *Ashcroft v. Free Speech Coalition* 535 U.S. 234 (2002) [hereinafter *Free Speech Coalition*]. that pornography involving virtual children could not be regulated.'

New technology now questions the wisdom of that decision. Due to the Court's narrow definition of "harm to real children," the *Free Speech Coalition* decision has proven to be incapable of handling the ever-evolving issues raised by Second Life due primarily to the Court's narrow definition of "harm to real children."

By permitting regulation of child pornography only in the limited case of children being exploited in production, the *Free Speech Coalition* Court failed to consider or foresee many of the harmful ramifications that virtual child pornography can have on real children and real lives.

There is little doubt that in-world conduct can have real world ramifications. Within Second Life, the first and perhaps most obvious example arises from the granting of intellectual property rights to the users, or creators of in-world objects, rather than the creator of the virtual world itself.

As a result, individuals can earn real world money or suffer real pecuniary losses from their virtual world business investments. Individuals may also maintain a cause of action offline if their in-world intellectual property is misappropriated

First Commercial Game

Computer Space- The first commercial arcade video game was Computer Space (1971), which was developed by Nolan Bushnell and Ted Dabney and was based on Spacewar. Bushnell, who had previously worked at an arcade, wanted to recreate Spacewar as an arcade game.

Pong, groundbreaking electronic game released in 1972 by the American game manufacturer Atari, Inc. One of the earliest video games, Pong became wildly popular and helped launch the video game industry.

First Commercial video game and violence -1982- **Custer's Revenge.**

The first commercial video game to centre its action around a form of gender-based violence such as rape, Custer's Revenge. was Produced by the Mystique Company in 1982, the action in this game is focused around the rape of a woman.

Although the graphics are very basic, a reflection of the time in which it was created, it clearly depicts human characters who are sexually differentiated by their genitals.

Gamers control the character of General Custer, represented by a naked man wearing no more than a cowboy hat, a scarf and boots and sporting a visible erection.

Custer has to overcome several obstacles to achieve his goal, which is to rape a naked Indian woman with large breasts who is tied to a post or cactus and is called "Revenge".

If the gamers successfully complete the first challenge, they can rape the bound Indian woman and will receive a score for each act of rape perpetrated.



SCORE:
LEVEL: 24

25630



MakeAGIF.com

Violence against Women?

The game has no story or argument other than overcoming a volleys of arrows in order to commit rape, which is rewarded.

This game "shows how violence against women, their human and legal rights and the horror of the rape are trivialised in macho imagery" (López Muñoz, 2010, 310).

The aim was to represent the "revenge" taken by this U.S. Army cavalry officer for a defeat by the Sioux Indians, through raping a female member of the opposing side (a relatively common event in modern warfare).

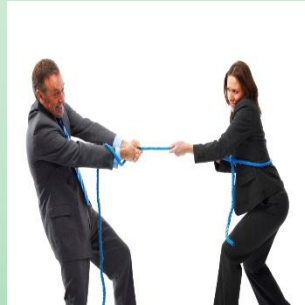
Complaints about the game lodged by groups of women human rights defenders were disregarded. On the contrary, about 80,000 copies of the game were sold, an extraordinary figure for the time.

Violence in Games and its effects

Since ages.. Violence against women is a game



fears that the submissions received for this issue would overwhelmingly deal with legal analyses of violence in games did not even remotely manifest.



This

The depiction of some violence has become an accepted part of the creative package represented by **video games**.



Whether it is "Lady Chatterley's Lover", Elvis's appearance on The Ed Sullivan Show, Rap music, or



Miley Cyrus's recent appearance on the 2013 VMAs, the pattern is mostly the same: shock, horror, criticism, calls for censorship, and, with time, grudging acceptance.



Other games

Phantasmagoria, a 1995 horror adventure game written and designed by designer Roberta Williams, included a rape scene.

Slaves of the red mansion is a game where girls are sold into sexual slavery and bound with chains.

In Fear Effect, one of the characters is raped by tentacles.

There are explicit rapes in Knights of Xentar.

Slap Dat is presented with the following line: "If you're the kind of guy who likes to spank girls to get them horny, this is your game".

Slap the whore –Games

‘Anime’ video games

The plot of the game Slap the whore is based on bludgeoning old rock stars - usually older women who were once famous - to death. In Slap the booty, gamers must hit the buttocks of a girl, who screams in pain each time. A clock measures the speed with which she is slapped. In Sim Girl, a girl asks to be beaten. Gamers hit her while she tells them how she should be beaten and when she is most vulnerable.

Anime- video games known generically as "anime", with various sub-genres such as eroge and hentai (terms used for manga and anime with pornographic content; hentai means "perverted" in Japanese) which most obviously focus on gender-based violence; as the Mexican journalist Lydia Cacho has indicated, "in hentai, sexual violence against girls and women is the central theme" (2009)

Minecraft Game and effect on children- New York

The study was conducted on children aged between 8-12 years who were assigned to play three different versions of the game Minecraft.

Although, the research is limited by the artificial setting of a university laboratory and Minecraft is not a very violent game with no gore, the researchers encourage gun owners to secure their firearms and reduce children's exposure to violent video games.

About 57 per cent of the 74 children who played the game with sword violence touched a gun, and about 44 per cent of the 70 kids who played the non-violent version touched a gun.

Illusion Software-Rapelay

In 2006, a Japanese company - Illusion Software - marketed a series of anime-type games, including one which achieved particularly widespread notoriety entitled RapeLay.

In this game, the main character is a rapist who has recently escaped from prison and returns to wreak his revenge by raping as many women as possible, including a schoolgirl and a ten year old girl, and "making them enjoy" the experience.

It is an interactive role-playing game where the gamer assumes the role of the main character, a rapist, and chooses the kinds of aggression to perpetrate. In order to take revenge on an adolescent who had reported him for the attempted rape of a friend, the main character decides to abuse her, her mother and her 12 year old sister.

RapeLay also includes sexual attacks on women and girls on a train, as well as gang rapes. There are various options in the game, such as being able to select any part of the body, to strip women naked on a train or in a park, remove their clothing, sexually abuse them with a virtual hand, force their submission by using certain objects (handcuffs, for example) and choose the form of rape.

While the female characters scream, a menu appears enabling the gamer to select the form of rape to perpetrate: "vaginal insert", "oral sex" or "Take off pants".

The "risk" that the protagonist runs is that victims can become pregnant as the number of rapes increases.

In such cases, if the gamer successfully advances through the levels, the rapist must force them to abort and then turn them into his sex slaves, otherwise the possibility increases that the adolescent will stab him to death and thus end the game.

GRAND THEFT AUTO (GTA),

Amnesty International has been denouncing for years (2004)



In the different versions of the popular and controversial series GRAND THEFT AUTO (GTA), women working as prostitutes are subject to assault and murder.



In the San Andreas version, gamers can steal a car, drive around any of the streets in their city (finding prostitutes in virtually all of them), pull up beside a woman who engages in prostitution and avail themselves of her services.



Whilst it is true that in this game the gamers can choose to seduce a woman instead of paying for the services of a prostitute, this former option is more difficult to achieve since it requires intensive manipulation of the analogue stick.



Prostitution, on the other hand, is the easiest option, and gamers can choose between three options: masturbation, fellatio or intercourse.

Gender Violence-

This is explicitly stated in the guide to the Grand Theft Auto: San Andreas version of the game: "While the woman is giving you a "good job", you gain life points but your money reserves go down. But if you want to recover the money you've spent, or even gain more, kill the girl as soon as you get out of your car..." In addition to this injurious treatment of women, the guide openly recommends that gamers kill women in order to steal the money that they are carrying.

Few Games Show Gender Based Violence (GTA)

Law against Gender-Based Violence, the concept of "gender-based violence" does not encompass video games in which there is a clear manifestation of discrimination, inequality or power held over women by husbands or other intimate male partners.

This is largely because marital or intimate relationships are not frequently represented in video games: although affective relationships do appear in some video games, the contexts in which they occur clearly distinguish them from marital or intimate relationships.

However, in the few games in which it can be inferred that this kind of relationship does exist, such as the social simulation game called "Sims", situations of "gender-based violence" in the legal sense are not represented, except in the case of the world-famous and controversial GTA (Grand Theft Auto), which has sold millions of copies and will be discussed later.

Frustrated Father Game- Throwing The Dinning Table

"Cho chabudai Gaeshi" is a Japanese video game developed by Taito which simulates "domestic violence" (sic).

Gamers take the role of a father who is apparently frustrated by the attitude of his offspring: after repeatedly hitting a dining table recently set for dinner by a submissive woman, at which all members of the family are sitting, the father must hurl the table into the air in a furious rage in order to cause the maximum possible damage.

The harder gamers hit the table, the more points are scored. If in addition to hitting the table, the gamer overturns it violently, he or she is awarded a large number of points and is told how far the table has been thrown.

Study shows that it effects...

Anderson et al. suggested that violent video games constitute an antecedent variable of aggressive behavior, i.e., the degree of exposure to violent video games directly leads to an increase of aggression



Trials about juvenile delinquents (DeLisi et al., 2013) showed that exposure to violent video games significantly predicts adolescent aggression.



Sherry (2001) suggested that violent video games have minor influence on adolescent aggression

Study on Games or Genetics

- ◇ Ferguson et al. proposed a Catalyst Model (CM), which is opposite to the GAM. According to this model, genetic predisposition can lead to an aggressive child temperament and aggressive adult personality. **Individuals who have an aggressive temperament or an aggressive personality are more likely to produce violent behaviour during times of environmental strain.**

Relating Only Video Games And Aggression Is Complicated

Markey (2015) held a neutral position that extreme views should not be taken in the relationship between violent video games and aggression.

In fact, the relation of violent video games to aggression is complicated.

Besides the controversy between the above two models about whether there is an influence, other studies explored the role of internal factors such as normative belief about aggression and external factors such as family environment in the relationship between violent video games and aggression.

Anderson et al. (2017)

General Aggression Model (GAM)



The study assessed teenagers in Australia, China, Germany, the United States, and other three countries and found that exposure to violent media, including television, movies, and video games, is positively related to adolescent aggression, demonstrating cross-cultural consistency;

8% of variance in aggression could be independently explained by exposure to violent media. In this study, after controlling for gender and family environment, R^2 for exposure to violent video games in predicting adolescent aggression was 0.05, indicating that 5% of variation in adolescent aggression could be explained by exposure to violent media. These consistent findings confirm the effect of exposure to violent video games on adolescent aggression and can be explained by the GAM.

According to the GAM (Bushman and Anderson, 2002; Anderson and Carnagey, 2014), violent video games can make teenagers acquire, repeat, and reinforce aggression-related knowledge structures, including aggressive beliefs and attitude, aggressive perceptual schemata, aggressive expectation schemata, aggressive behavior scripts, and aggression desensitization.

Therefore, aggressive personality is promoted, increasing the possibility of aggressive behaviour. The Hypothesis 1 of this study was validated and provided evidence for the GAM.

Family Environment and aggression in VG

Family violence, parenting style, and other family factors have major effects on adolescent aggression. On the one hand, family environment can influence directly on aggression by shaping adolescents' cognition and setting up behavioural models. Many studies have found that family violence and other negative factors are positively related to adolescent aggression (Ferguson et al., 2009, 2012; Ferguson, 2013),

While active family environment can reduce the aggressive behaviour (Batanova and Loukas, 2014).

Family environment can act on adolescent aggression together with other factors, such as exposure to violent video games.

Analysis of the interaction between family conflict and media violence (including violence on TV and in video games) to adolescent aggression showed that teenagers living in higher conflict families with more media violence exposure show more aggressive behaviour (Fikkers et al., 2013).

Parental monitoring is significantly correlated with reduced media violence exposure and a reduction in aggressive behaviour 6 months later (Gentile et al., 2014)

According to Lipson and Brain, video games include the following creative elements (WIPO):



I. Audio Elements: 1. Musical Compositions; 2. Sound Recordings; 3. Voice; 4. Imported Sound Effects; 5. Internal Sound Effects



II. Video Elements- 1. Photographic Images (p.e., Giff, Tiff, Jpeg); 2. Digitally Captures Moving Images (p.e., Mpeg); 3. Animation; 4. Text

III. Computer Code (Source Code and Object Code)- 1. Primary Game Engine or Engines; 2. Ancillary Code; 3. Plug-Ins (Third-Party Subroutines); 4. Comments Additionally, other subject matter eligible for copyright protection can include the video game script, its plot and other literary works; well-developed characters; choreographies and pantomimes; and maps and architectural works.

Legal Tensions & Role of Women

Legal Tensions

...involving digital media and video games have historically encompassed the areas of free expression/speech, copyright, and contracts. More recently, privacy and surveillance issues have come strikingly to the fore.



Role of Women in V G

- One critically important exception to this trend may be the role of women in games. This subject is not only attracting considerable substantive attention (cutting to the quick of an inbred and prevalent sexism that is being systematically revealed in the video-game industry) but shows no sign of going away.

Are they feeling the effect- Consumers



Another possible factor at play in the relative calm around violent depictions in video games" is a less visible one: direct consumer impact.



The vast number of consumers who purchase games and digital entertainment very rarely feel the effects of violent video games in any obvious form.



An international study looking at more than 17,000 adolescents, ages nine to 19, from 2010 to 2017, found playing violent video games led to increased physical aggression over time.



Hull' s Findings



"Based on our findings, we feel it is clear that violent video game play is associated with subsequent increases in physical aggression," said Hull, associate dean of faculty for the social sciences at Dartmouth College in Hanover, New Hampshire, and the Dartmouth Professor of Psychological and Brain Sciences.



The effect is "relatively small, but statistically reliable. The effect does exist," Hull said.

Shooting and video games – Trump says Yes it effects- no proof

Video game violence has been a hot-button issue for more than a decade. Interest in research on video games' potential for violence increased after it was learned Eric Harris and Dylan Klebold, the two teenagers who committed the Columbine High School shooting, played the first-person shooting computer game "Doom."

What is to
be
stopped?

American Psychological Association task force report in 2015 found a link between violent video games and increased aggression in players but insufficient evidence that violent games lead to criminal violence.

Video games, the academy said in 2016, "should not use human or other living targets or award points for killing, because this teaches children to associate pleasure and success with their ability to cause pain and suffering to others." It found a "significant" link between violent media in general and aggressive thoughts and angry feelings.

Does it show aggression? Depends on the family environment

The subjects self-reported their exposure to violent video games, family environment, normative beliefs about aggression, and aggressive behavior.

The results showed that there was a significant positive correlation between exposure to violent video games and adolescent aggression; normative beliefs about aggression had a mediation effect on exposure to violent video games and adolescent aggression, while family environment moderated the first part of the mediation process.

For individuals with a good family environment, exposure to violent video games had only a direct effect on aggression; however, for those with poor family environment, it had both direct and indirect effects mediated by normative beliefs about aggression.

SC of US



In 2011, the justices ruled in a decision that video games are protected speech under the First Amendment, an opinion that cited existing research into aggression.

Justice Antonin Scalia, writing for the court, said that "psychological studies purporting to show a connection between exposure to violent video games and harmful effects on children do not prove that such exposure causes minors to act aggressively."

He added that "any demonstrated effects are both small and indistinguishable from effects produced by other media."

No Evidence to Prove

- "When it comes to actual serious criminal violence, there's virtually no evidence that video games matter," James Ivory, professor and research director at Virginia Tech

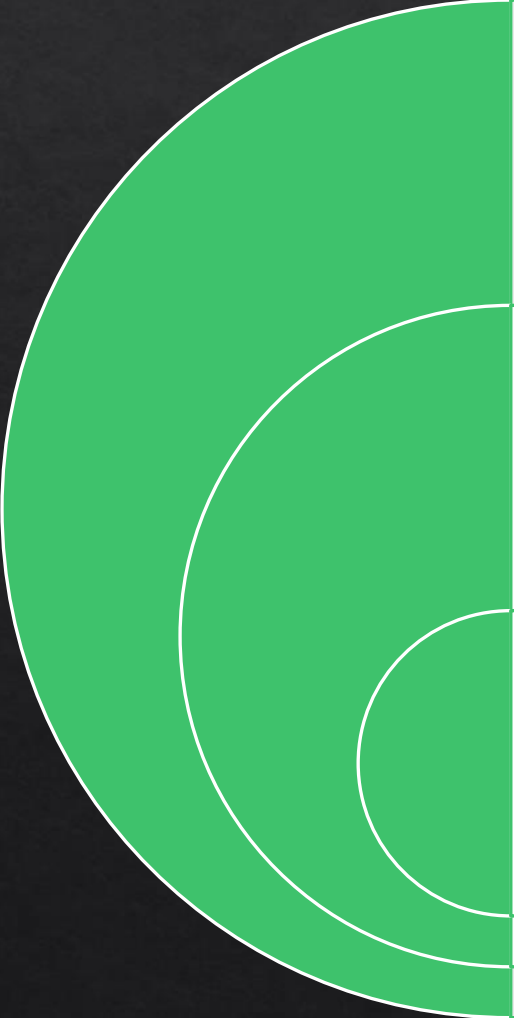
No link to video games-Some studies

Based on these studies, the media, lawmakers, and researchers often imply a link between violent video games and violent criminal behavior. Using a similar methodology employed by researchers to examine predictors of severe violent behaviors (Anderson et al., *Journal of Personality and Social Psychology* 73: 1213–1223, 1997), 4 time-series analyses investigated the associations among violent crime (homicides and aggravated assaults), video game sales, Internet keyword searches for violent video game guides, and the release dates of popular violent video games (both annually and monthly).

Contrary to the claims that violent video games are linked to aggressive assaults and homicides, no evidence was found to suggest that this medium was positively related to real-world violence in the United States. Unexpectedly, many of the results were suggestive of a decrease in violent crime in response to violent video games. Possible explanations for these unforeseen findings are discussed and researchers are cautioned about generalizing the results from laboratory and correlational studies to severe forms of violent behavior. (PsycINFO Database Record (c) 2016 APA, all rights reserved)

Markey, P. M.,
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and real-world
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377. <https://doi.org/10.1007/s10964-010-9610-x>

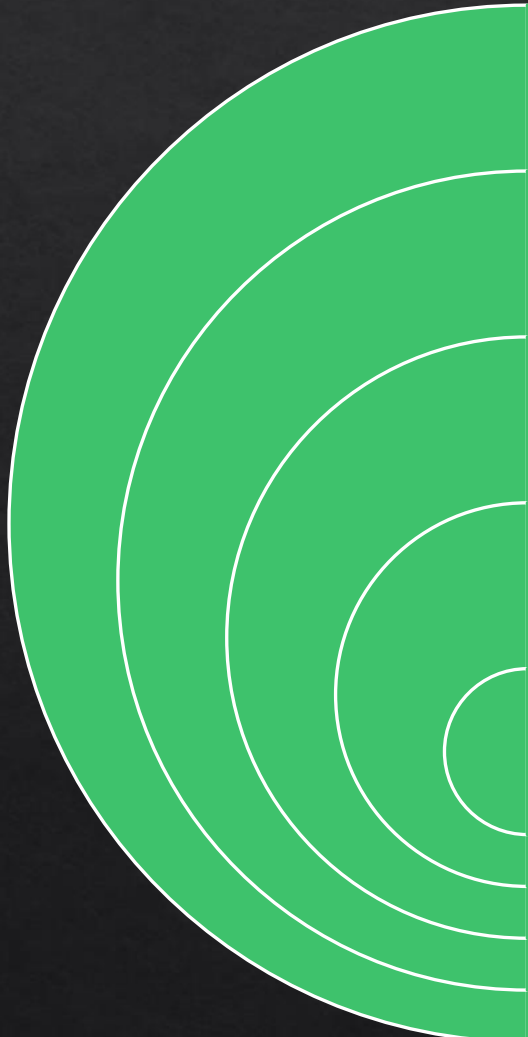


Although several prospective studies of video game violence effects have been conducted, none have employed well validated measures of youth violence, nor considered video game violence effects in context with other influences on youth violence such as family environment, peer delinquency, and depressive symptoms.

The current study builds upon previous research in a sample of 302 (52.3% female) mostly Hispanic youth. Results indicated that current levels of depressive symptoms were a strong predictor of serious aggression and violence across most outcome measures. Depressive symptoms also interacted with antisocial traits so that antisocial individuals with depressive symptoms were most inclined toward youth violence. Neither video game violence exposure, nor television violence exposure, were prospective predictors of serious acts of youth aggression or violence. These results are put into the context of criminological data on serious acts of violence among youth.

Journal of Youth and Adolescence- April
2011, Volume 40, Issue 4, pp 377–
391 | Video Games and Youth Violence:
A Prospective Analysis in Adolescents

Does Media Violence Predict Societal Violence? It Depends on What You Look at and When



This article presents 2 studies of the association of media violence rates with societal violence rates.
In the first study, movie violence and homicide rates are examined across the 20th century and into the 21st (1920–2005).
Throughout the mid-20th century small-to-moderate correlational relationships can be observed between movie violence and homicide rates in the United States.
This trend reversed in the early and latter 20th century, with movie violence rates inversely related to homicide rates.
In the second study, videogame violence consumption is examined against youth violence rates in the previous 2 decades. Videogame consumption is associated with a decline in youth violence rates. Results suggest that societal consumption of media violence is not predictive of increased societal violence rates.

Video game to help fight the violence in Danish-
Adolescent girl been hit –it calls you 100% macho
and 100%idiot -NGO uses this game to educate

Available in internet to be downloaded which attempts to draw attention to this issue by inviting the user to strike an adolescent girl. The gamer can hit her again and again until her face is bruised, even to the point of knocking her to the ground with punches. This controversial campaign against gender-based violence was called Hit the Bitch, and consists of a video game aimed at showing that gender-based violence is degrading.

The game recreates the exact scene which should be avoided, and then condemns the gamers themselves for their attitudes. Gamers hit a woman, and the more they beat her, the more points they obtain, making the gamer stronger the more he or she strikes the woman. Encouraging gamers to beat a woman, albeit in a video game simulation, is a peculiar way of communicating that gender-based violence is wrong.

When the young woman is eventually knocked to the floor and the game finishes, a message in Danish appears which says: "Now you are 100% macho. 100% idiot. And now what?". The message goes on to say that there is no excuse that can justify the abuse of women and urges gamers to seek psychological help.

How new plays are evolved in UK?

“In the UK game the game is based in a college and starts with a relationship where the boy is 17-18 the girl is 16-17”, said Dr Gill Kirkup, a researcher on the team.

“They quickly fall in love and everything seems fine.

“What we do over a number of chapters in the game we begin to show some of the subtleties and the grooming process in which coercion, manipulation and control begins to happen. here is some physical abuse.

UK to introduce in school

Videos games can reduce violence as well as cause it

“The research is clear: when children play aggressive computer games they behave more violently; but when they play more socially conscientious games their behaviour correspondingly improves”,

The game, the use of which has been restricted outside Denmark, was posted on the Internet by the NGO known as Born og Unge i Voldsramte familier, which fights to defend the rights of children who are abused within their families.

"Dear non-Danish visitor, Due to the extremely high number of visits to Hit the bitch, access has been restricted to Danish users", says the message on the blocked page. The game has received much criticism because it seems more of an incitement to violence than a criticism.

Mediatization- Reduces Gender bias in Indian video game industry

Now we live in a time of so-called deep mediatization, in which media are inseparable from all aspects of social life, and people obtain their information and ideas from many sources (e.g. Couldry & Hepp 2016). This information often comes from various media genres (depending on factors including personal preferences, affordance, and availability). Numerous studies to date have discussed and confirmed the changing representations and discussions of gender roles in Indian film and TV (e.g. Anujan, Schaefer, & Karan 2004; Datta 2000; Gokulsing & Dissanayake 2004). Increasingly, Indian video games also contribute progressive gender representations and, therefore, trigger public discussions

Mediatization is often defined as a meta-process that shapes modern societies alongside various other socio-cultural processes, such as globalization or individualization (Krotz 2008).

Although to date mediatization has been applied to and discussed primarily with a focus on 'Western' settings, and though we still need more case studies to research the specifics of mediatization in other (cultural, social, geographic) *contexts*, it is evident that it is relevant and visible in Indian con-texts as well (Zeiler 2020)

Indian Gaming Industry in 2008 – Hanuman , which did not take off well in the national and international markets Hanuman: Boy Warrior (Aurona Technologies Hyderabad for Sony Computer Entertainment Europe, 2009).

Raji: An Ancient Epic (2020), the latest release of an elaborate Indian video game on the national and international markets, was received relatively well-Indian culture and mythology

Raji –in Good Taste Video Game

Online game as “a game that is offered on the Internet and is accessible by a user through a computer resource or an intermediary.”

Raji is an action-adventure game set in ancient India. A young girl named Raji has been chosen by the gods to stand against the demonic ... invasion of the human realm. Her destiny? To rescue her younger brother and face the demon lord Mahabalasura.



What are the laws on video games in India?

It must ensure that the registered games don't have anything “which is not in the interest of sovereignty and integrity of India, defence of India, security of the state, friendly relations with foreign states or public order, or incites the commission of any cognizable offence relating to the aforesaid.”

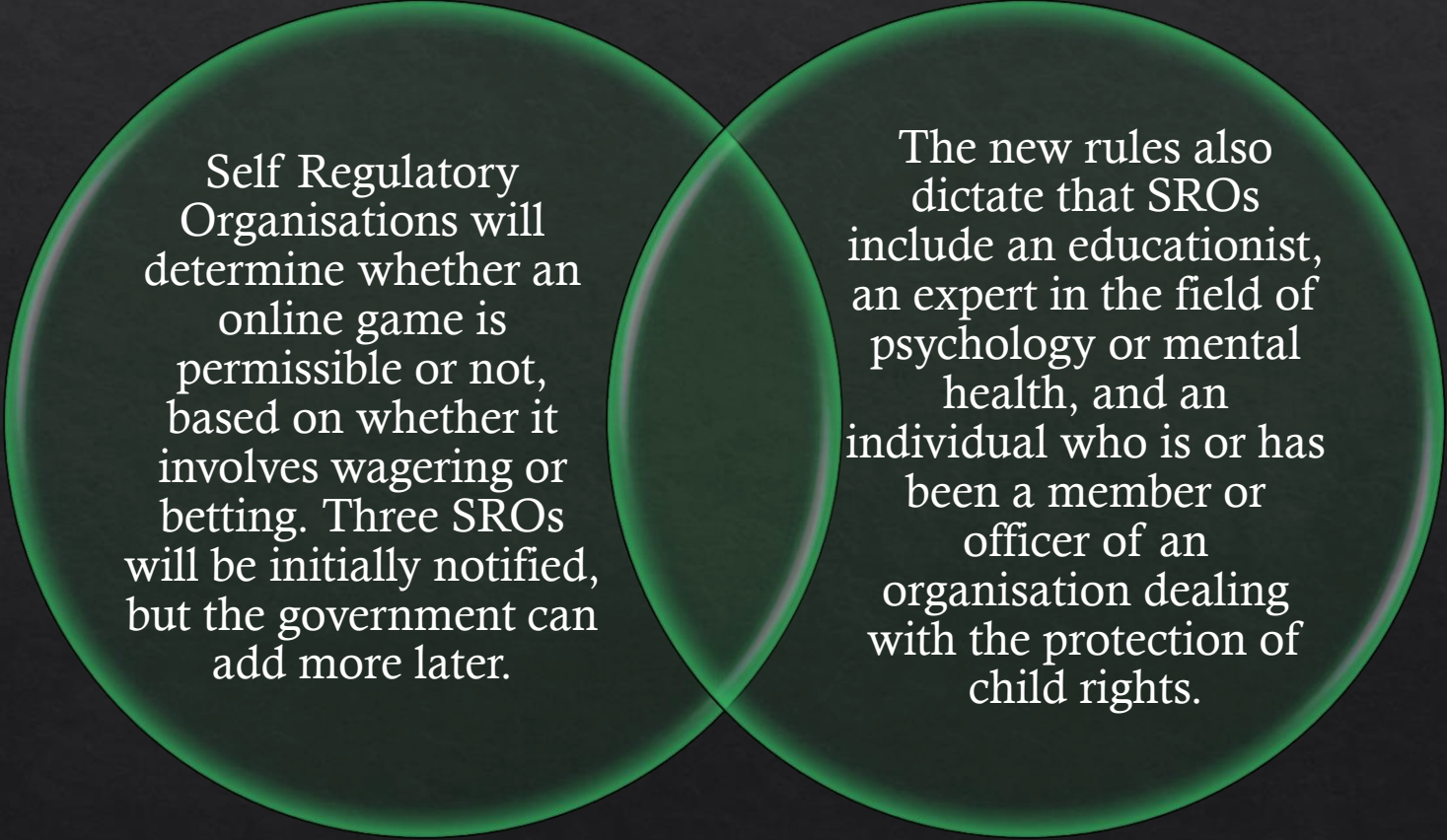
Playing games of skill for money is only legal in the real form, online games cannot be compared to real games; Attracting business or enticing players by alluring them with prize money is illegal; Gaming sites partaking a slice on the winning hand are illegal as they amount to a virtual gambling house.

The Ministry of Electronics and IT (MeitY) has announced new regulations to protect online gamers from harmful content and addiction. A self-regulation model has been applied for the online gaming sector where SROs will approve the games that can operate in the country in accordance with the rules. These new online gaming rules have been included as an amendment in the IT Rules of 2021.

What is an Online Game:

The Indian government defines an online game as “a game that is offered on the Internet and is accessible by a user through a computer resource or an intermediary.”

What is an SRO?



Self Regulatory Organisations will determine whether an online game is permissible or not, based on whether it involves wagering or betting. Three SROs will be initially notified, but the government can add more later.

The new rules also dictate that SROs include an educationist, an expert in the field of psychology or mental health, and an individual who is or has been a member or officer of an organisation dealing with the protection of child rights.

What are the new rules?

Esports

The new rules can be summarised into the following points:

1. The government will set up several SROs with representatives from various sectors. These SROs will decide if a game is allowed or not

2. Gaming firms or platforms must not offer, publish, or share online games that have harmful or banned content. They must verify the identity of online gamers.

3. Online games that involve any kind of gambling (including ads) will be prohibited.

4. SROs will also make sure games follow guidelines to prevent addiction and mental harm through parental controls, frequent warning messages, and age-rating systems.

5. The gamers will have the option to opt-out after reaching their own limits for time or money spent.

MeitY and Rules

The Ministry of Electronics and Information Technology (“MeitY”) has introduced regulations primarily for Online Real Money Games, effective April 6, 2023.

The Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021 (“IT Rules”), are amended to include these regulations (“Amendments”)

The Amendments signal a watershed moment for India’s online real money gaming industry that has long sought central regulations in lieu of State-wise laws. While the Amendments provide Central-level regulations, they do not replace the State-wise anti-gambling laws. Hence, State-wise action may continue notwithstanding the Amendments.

The Amendments propose a light-touch, co-regulatory framework between MeitY and registered self-regulatory bodies (“SRB”), in line with the Government’s overall objective of reducing prescriptive laws and enhancing ease of doing business in India.

The Amendments dilute / relax certain obligations for online gaming intermediaries (“OGI”) than the earlier draft suggested by MeitY in January (“Proposed Amendments”) However, certain obligations the industry had objected to under the Proposed Amendments, such as rigorous KYC norms, have been retained.

On the downside, some of the provisions of Amendments are vague, as discussed later.

Permissible Online Real Money Game'(PORMG)

A 'Permissible Online Real Money Game'

This needs to satisfy two criteria:

- It needs to be an 'online real money game,' i.e. 'online game where the user makes a deposit in cash or kind with the expectation of earning winnings on that deposit.' 'Winnings' is defined in relation to 'cash or kind.' Thus, games where there are no deposits and winnings do not fall in this category.
- Such online real money games need to be verified by an online self-regulatory gaming body (as explained later).

Accordingly, the Amendments treat (1) online real money games registered with self-regulatory bodies, and (2) online games which are not real-money games, (i.e., games where there is no deposit or winnings), as permissible under their scope.

Clarity is required on the meaning of 'in cash or kind' under the definition of online real money game. Traditionally, gaming laws in India and internationally' have used the terminology of 'money or money's worth' to include only items with real-world value. "Cash or in kind" leaves scope for ambiguity in terms of what is covered, i.e., whether points, in-game tokens, etc., which don't have value outside the game environment are included.

What the Industry Wants

Real Money Games (RMGs) and fantasy sports are governed by separate online gambling legislation globally. The submission clarified that the industry that develops and publishes these types of games is called the “iGaming industry.”

The Indian video games industry is asking the government to create separate regulations for video games and real money games. They believe that the industry will grow, and it will protect gamers from the ill effects of real money games involving gambling. The video games industry is valued globally at \$184 billion in 2022.

India-specific age and content rating mechanism, like European Union’s PEGI and North America’s ESRB.

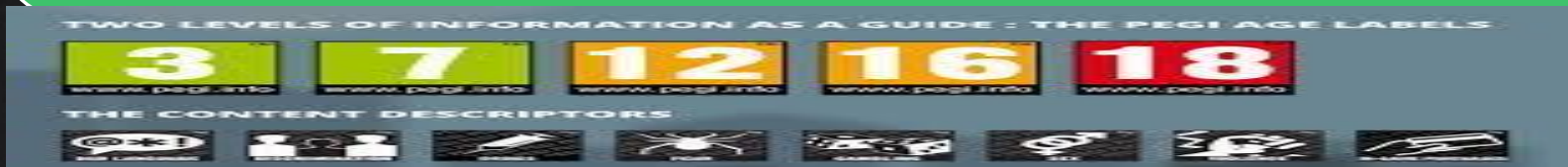
This framework to be in alignment with global standards such as COPPA in the USA and GDPR in the EU.

ESRB in the US and PEGI is European



ESRB ratings provide information about what's in a game or app so parents and consumers can make informed choices about which games are right for their family.

while the PEGI (Pan European Games Information) system is used in the UK and most European countries



New Rules for Online Games with Skills

The Ministry of Electronics and Information Technology (“MeitY”) has introduced regulations primarily for online real money games, effective April 6, 2023.

The Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021 (“IT Rules”), are amended to include these regulations (“Amendments”)

The Amendments dilute / relax certain obligations for online gaming intermediaries (“OGI”) than the earlier draft suggested by MeitY in January (“Proposed Amendments”)... However, certain obligations the industry had objected to under the Proposed Amendments, such as rigorous KYC norms, have been retained.

A ‘permissible online game’ is defined to mean (1) a permissible online real money game or (2) any other online game that is not an online real money game.

An ‘online game’ is defined as a game that is offered on the internet and is accessible by a user through a computer resource or an intermediary. In our view, in this definition the addition of the expression “or an intermediary” as such was not required.

Proof in the Pudding: Implementation by SRB

The Amendments are not prescriptive in nature, and largely leave the regulation of online real money games to the SRBs.

Hence, the success of the IT Rules will depend upon the extent to which SRBs introduce and enforce their frameworks.

For instance, the Proposed Amendments required OGIs to obtain no-bot certificates and Random Number Generation (RNG) certificates and publish them on their websites. However, the Amendments have deleted this obligation, likely because the expectation will be for SRBs to introduce such measures.

While the introduction of the Amendments is a welcome development, they do not replace the State-wise anti-gambling laws. Hence, State-wise action may continue. As per reports, the industry has sought clarity in this respect, i.e., how the Amendments will safeguard operators from State action.

Certain States are proceeding with enacting laws to prohibit skill gaming notwithstanding the Amendments.

Online Betting and Gambling



Sports betting apps connect users to an online sportsbook or bookmaker. The app provides a user interface through which users can browse different sports, view odds and betting options, place bets, and manage their accounts

Shah Rukh Khan endorses an online rummy platform A23 Games, and Khan has shot a promo for the app in which the actor can be heard saying, "Chalo Saath Khelein."

Protests against Shah Rukh Khan's online gaming ad reach his doorstep, Mumbai Police on high alert

Banned Apps in India - 232 Apps Banned in India

All these apps violate Section 69 of the IT Act and were found to have third-party links with China. Moreover, the betting apps are actively debt-trapping users. (S 69A)

Online Gambling



Online gambling involves participating in gambling activities through the internet by placing bets or wagers on games and events to win money or prizes. It can be played on various devices and involves virtual chips or digital currencies instead of cash.

Statistics show that around 40% of Indian adults have gambled at least once on online platforms. It's not a secret that Indians are fond of gambling activities like card games and sports betting

Gambling is regulated in the country, and the regulations in place are based on the Public Gaming Act of 1867.

Even IT Act, 2000 has no mention about online Gambling but S 69 may be used as a control mechanism by the Central or State Government

In 2021, the states of Karnataka and Tamil Nadu moved towards a blanket ban on online gaming activities. Both states see this as a solution to the rising gambling problems within their territories.

Playing and gaming includes Profession as Fundamental Right's

Violation of fundamental right to freedom of speech & expression guaranteed under Article 19(1)(a) since playing games & sports of skill is a facet of speech & expression and that criminalizing apart from amounting to unreasonable restriction, is incompetent under Article 19(2).

Gameskraft Technologies Private Limited Vs Directorate General of Goods Services Tax Intelligence (Karnataka High Court) Rs 21000 Crores as GST

Violation of fundamental right to profession/business guaranteed under Article 19(1)(g) read with Article 301 i.e., incompetent & unreasonable restriction

See Chintaman Rao Vs. State Of Madhya Pradesh, (1950) Scr 759

Mohd. Farooq Vs. State Of Madhya Pradesh (1969) 1 SCC 853,

Game of Skill Not Being A Res Extra Commmercium (Supra) And Embargo Being De Hors Article 19 (6). Chamarbaugwala-II,

Contentions

Gameskraft Technologies Pvt. Ltd., is provider of online platforms facilitating players to play games of skill like 'Rummy', online. GTPL charges a 'platform fee' for providing a platform to players to play games, GTPL charges on which GST at the rate of 18% is deposited....

Issue for consideration- The issue before the Court for consideration was that whether offline/online games such as Rummy which are mainly/preponderantly/substantially based on skill and not on chance, whether played with/without stakes, are equivalent to 'gambling or betting' as contemplated in Entry 6 of Schedule III of the Goods and Services Act, 2017....

Gameskraft merely hosts the games. It was submitted that activities undertaken by Gameskraft were in the form of betting/gambling which is an actionable claim and not a service....

Pointing out the respondent's allegations vis-à-vis bonuses wherein it was alleged that by providing discounts / bonuses, Gameskraft induces the players to indulge in more game plays, the counsels contended that a player exercising their own discretion to use the amount lying in their withdrawal wallet to play further games cannot be equated to an inducement....

Counsels for Gameskraft contended that Games of skill" are always a distinct class and for distinguishing between skill and chance, the Courts have applied 'predominance' test. 'Rummy' per se in law has always been designated as a game of skill. Distinction between skill and chance has been maintained in all statutes because States have no competence over skill but only chance. There is a rationale behind this distinction, as it goes to the root of legislative competence....

CONSTITUENT ASSEMBLY DEBATES ON 'Betting & Gambling':

Dr. Ambedkar called it the 'instrument of instructions'. It specifies a list of do's & don'ts that address the making of government policies. (State List which was Entry 45 in the Draft Constitution)

"Betting and gambling" was the term employed in Entry 36, List II in Schedule VII to the said Act too; the same is replicated in Entry 34 of the State List in the Constitution.

This term is not defined in our Constitution nor was it defined in the Government of India Act. It does not find a place even in popular law lexicons, nor in the contemporary English dictionaries, either. However, the constituent words of the term, namely 'betting' and 'gambling' are individually and sometimes correlatively defined. .

Why Regulation?

Ruined families and Suicides

Division Bench of this Court vide order dated 31.3.2021 directed the respondent-State to take a stand on the matter and accordingly, the Chief Secretary, Govt. of Karnataka had filed an affidavit to the effect that the State would come out with a legislation. The impugned Amendment Act has come on the Statute book pursuant to the assurance given to the Court. (ii) In the preceding two decades or so, because of digital revolution, there has been a proliferation of online gaming platforms which engage in 'betting & wagering' unbound by time & place unlike traditional betting, and this has proved disastrous to the public interest in general and public order & public health in particular. The menace of cyber games having reached epic proportions, the police in the past three years or so, have registered about 28,000 cases, all over the State.

Several persons have committed suicide and millions of families have been ruined. Therefore, the Amendment Act is made criminalizing wagering, betting or risking money on the unknown result of an event, be it a game of chance or a game of skill. The persons owning these premises or online platforms wherein such games are played are also liable to be punished. The State derives legislative power under Article 246 read with Entries 1, 2, 6 & 34 of State List as widely interpreted by the Apex Court.

All India Gaming Federation v. State of Karnataka & Ors 2021

2022 SCC OnLine Kar 435... The Karnataka High Court explains that the legislative action on online games of skill violates Article 14 of the Constitution on the ground of “manifest arbitrariness.” the Karnataka high court on Monday struck down several provisions of the Karnataka Police (Amendment) Act, 2021 which sought to regulate online gambling

The petitioners had challenged inclusion of online and skill ..

The petitioners had challenged inclusion of online and skills Ss 78, 87. & 128 A (All Penal Provisions) ..

CALLS LAW PROVISIONS ULTRA VIRES

- After the Karnataka Police (Amendment) Act came into force on October 5, 2021, petitioners challenged inclusion of online and skill games, instruments like computers under the law
- HC strikes down law's several provisions that sought to regulate online gaming, calling them ultra vires

- The court says law that “clamped absolute embargo on all games of skill” violates Article 14 of Constitution
- Directs authorities to restrain from interfering with online gaming business of the petitioners
- Says amended definition of ‘gaming’ does not distinguish between ‘skill games’ and ‘chance games’

Challenged under GST

Whether online/ digital rummy played on Gameskraft is taxable under GST Act? Karnataka HC answers The High Court quashed the GST notice of Rs 21,000 crores issued to Gameskraft holding it to be arbitrary and did a detailed analysis of various nuances of 'game of chance' and 'game of skill'....

Online/Electronic/Digital Rummy game and other Online/Electronic/Digital games played on the platform provided by Gameskraft Technologies are not taxable as 'Betting' and 'Gambling' under the CGST Act and Rules or under the impugned show cause notice issued by the DGGSTI....

there is a distinct difference between games of skill and games of chance; games such as rummy, etc., whether played online or physical, with or without stakes, would be games of skill and test of predominance would apply....

Section 2(17) of the CGST Act recognises even wagering contracts as included in the term business, but that in itself would not mean that lottery, betting and gambling are similar as games of skill. In the light of Supreme Court precedents, the meaning of the terms "lottery, betting and gambling" as per Entry 6 of Schedule III of the CGST Act should be construed nomen juris, which do not include games of skill....

The expressions, 'Betting' and 'Gambling' are applicable for the purpose of GST also and consequently, the words, 'Betting' and 'Gambling' contained in Entry 6 of Schedule III to the CGST Act are not applicable to Online/Electronic/Digital Rummy, whether played with stakes or without stakes as well as to any other Online/Electronic/Digital games which are also substantially and preponderantly games of skill....

Contentions

Taxation of games of skill is outside the scope of the term “supply” in view of Section 7(2) of the CGST Act, 2017 read with Schedule III of the CGST Act. Entry 6 in Schedule III to the CGST Act taking actionable claims out of the purview of supply of goods or services, would clearly apply to games of skill and only games of chance such as lottery, betting and gambling would be taxable....

Respondents: Per contra, the respondents argued that challenge to a show cause notice is premature therefore not maintainable. It was further submitted that Gameskraft allows players of online rummy to place stakes and bet on the outcome of such games of rummy. In addition to this, Gameskraft is making profits and gains from such games of rummy played on its platform, which would amount to betting and gambling....

Court refereeing to R.M.D. Chamarbaugwalla v. Union of India, 1957 SCR 930 [RMDC 2]; State of A.P. v. K. Satyanarayana, (1968) 2 SCR 387 etc.; Madras and Kerala High Courts. resepctively

Other related Judgments and referred by the HC of Kar

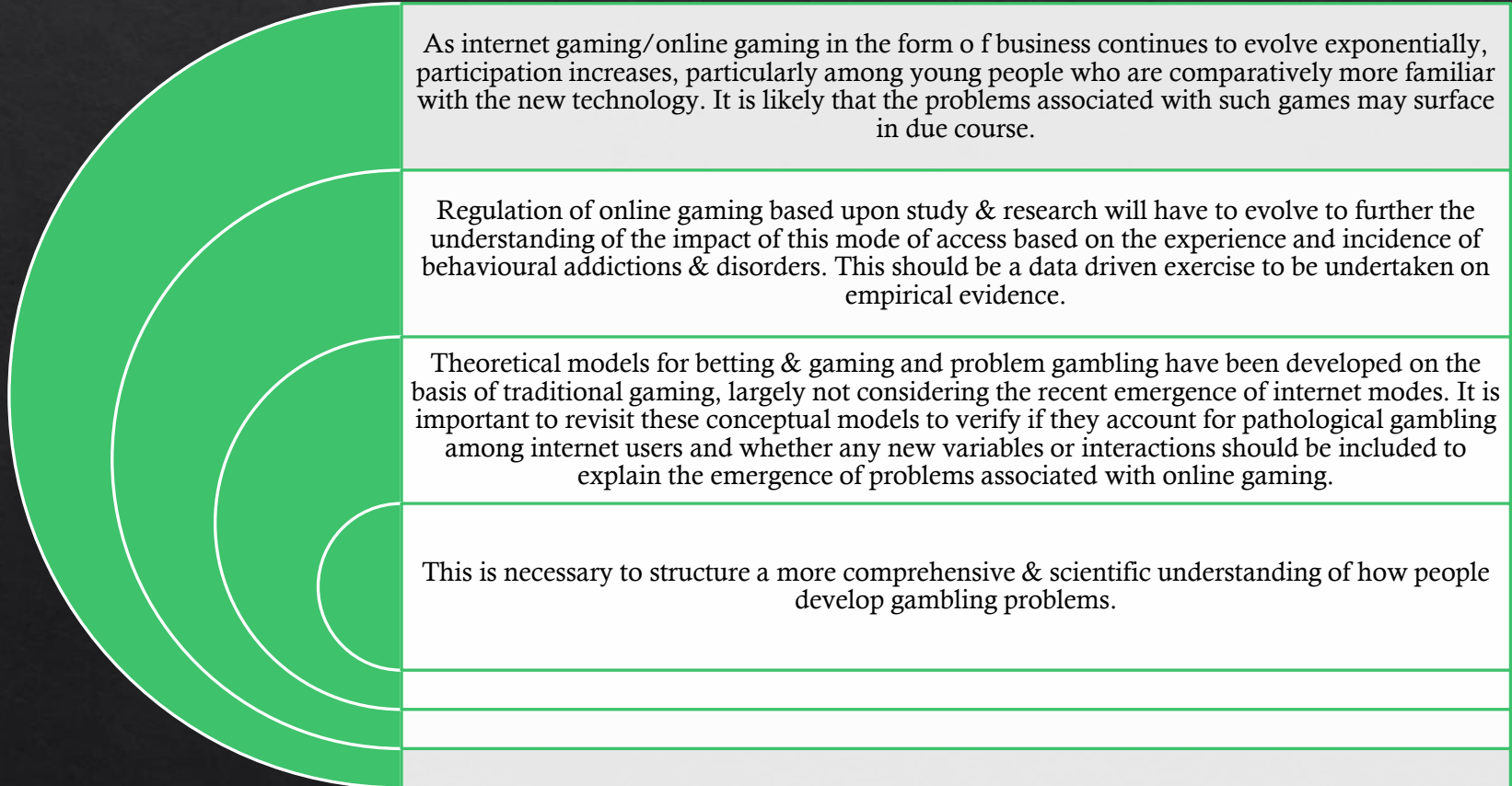
- ◊ CHAMARBAUGWALA-I AIR 1957 SC 628
- ◊ CHAMARBAUGWALA-II, AIR 1957 SC 874
- ◊ K.SATYANARAYANA vs. AIR 1968 SC 825
STATE OF ANDRHA
PRADESH
- K.R.LAKSHMANAN vs. (1996) 2 SCC 226
STATE OF TAMIL NADU

The Predominance Test

Whether a game is, a 'game of chance' or a 'game of skill', is to be adjudged by applying the Predominance Test: a game involving substantial degree of skill, is not a game of chance, but is only a game of skill and that it does not cease to be one even when played with stakes.

As a corollary of this, a game not involving substantial degree of skill, is not a game of skill but is only a game of chance and therefore falls within the scope of Entry 34 in the State List

How to be Understood?



HEAD DIGITAL WORKS PRIVATE LIMITED vs. STATE OF KERALA

The court quashed a statutory notification that was issued under Section 14A of the Kerala Gaming Act, 1960 which had proscribed online rummy played for stakes. The Court at paragraph 36 of its judgment observed: ".... As such playing for stakes or playing not for stakes can never be a criterion to find out whether a game is a game of skill. ... The game of Online Rummy will also have to be held to be a game of skill..."

The Karnataka High Court recently quashed the proceedings initiated against Bhavit Sheth and Harsh Jain, the Founders and Directors of Sparta Technologies (Bail Granted to both) in 2021

RAVINDRA SINGH CHAUDHARY vs. UNION OF INDIA AND OTHERS 2020 (4) RLW 3322 (Raj)

to the effect that the State has not adopted the 'least intrusive approach test' and therefore, the Amendment Act should be voided. They also invoke the doctrine of proportionality for the invalidation of impugned legislative measure.

INTERNET & MOBILE ASSN. OF INDIA vs. RESERVE BANK OF INDIA(2020) 10 SCC 274

Judgments



The consequences of striking down of the subject provisions of the Karnataka Police (Amendment) Act 2021 i.e., Karnataka Act No.28 of 2021 shall follow.
However, nothing in this judgment shall be construed to prevent an appropriate legislation being brought about concerning the subject i.e., 'Betting & gambling' in accordance with provisions of the Constitution.
A Writ of Mandamus is issued restraining the respondents from interfering with the online gaming business and allied activities of the petitioners.
No order as to costs.

The consequences of striking down of the subject provisions of the Karnataka Police (Amendment) Act 2021 i.e., Karnataka Act No.28 of 2021 shall follow.

However, nothing in this judgment shall be construed to prevent an appropriate legislation being brought about concerning the subject i.e., 'Betting & gambling' in accordance with provisions of the Constitution.

A Writ of Mandamus is issued restraining the respondents from interfering with the online gaming business and allied activities of the petitioners.

No order as to costs.

Online Gaming Regulated

In States like Sikkim and Meghalaya – Online Forms is Regulated

The Sikkim Permits Two Games with Licensing (2008) the Sikkim Online Gaming (Regulation) Act, 2008 (Games can be offered only via Intranet terminals

, Meghalaya-the Meghalaya Regulation of Gaming Act, 2021 (“Meghalaya Act”) whereby it allows operators to obtain a license to offer online and land-based games of chance such as slots, roulette, keno, wheel of fortune, etc. within the state.

Nagaland it is regulated by State Acts – Land Based Regulation -In Goa, Daman and Diu, casinos are regulated under the Goa, Daman and Diu Public Gambling Act, 1976 (“Goa Act”). Casinos in Sikkim are regulated under the Sikkim Casinos (Control and Tax) Act, 2002 (“Sikkim Casino Act”). In Meghalaya, casino games are to be regulated under the Meghalaya Act.

The State of AP. Telangana, Kerela and Karnataka Banned , online Rummy and the same was decided to be Unconstitutional as it was Skill based rather than Chance Based

IT Rules 2021

◇ PART II

◇ DUE DILIGENCE BY INTERMEDIARIES AND GRIEVANCE REDRESSAL MECHANISM

- ◇ (1) Due diligence by an intermediary: An intermediary, including social media intermediary and significant social media intermediary, shall observe the following due diligence while discharging its duties, namely:—
 - ◇ a).....
 - ◇ b).....
 - ◇ (Ii) is defamatory, obscene, pornographic, paedophilic, invasive of another's privacy, including bodily privacy, insulting or harassing on the basis of gender, libellous, racially or ethnically objectionable, relating or encouraging money laundering or gambling, or otherwise inconsistent with or contrary to the laws in force

Cyber-laundering

The rise of the internet and digital technologies has brought a lot of benefits and convenience to people's lives, from online shopping to social media.

They have opened the door to a new type of criminal activity known as cyber laundering.

Cyber laundering is a sophisticated form of money laundering that leverages the internet and other digital platforms to conceal and transfer illegally obtained funds.

It involves the use of complex and advanced technologies, such as virtual currencies, encryption, and anonymization, to cover the tracks of criminal activities.

The process typically involves three stages like traditional money laundering :

Placement- is the process of introducing illegal funds into the financial system.

Layering-involves moving the money through various accounts and jurisdictions to disguise its origin

Integration-is the final stage in which the laundered money is used to purchase legitimate assets

Types of Cyber laundering

There are two types of cyber-laundering, each with its own unique characteristics and methods.

"instrumental digital laundering." In this type of cyber-laundering, the criminal uses digital tools to carry out one or more constituent steps of the money laundering offense.

"integral digital laundering." all three steps take place entirely and completely with the use of computers or digital tools. The cybercriminal will use digital currencies, such as Bitcoin, to transfer funds from one account to another. This type of cyber-laundering is more complex and difficult to detect as all transactions take place online, with no physical presence or paper trail.

Illicit funds and transactions

In the placement stage, the illicit funds are introduced into the digital system, often through anonymous online transactions.

In the layering stage, the funds are moved around and disguised through multiple transactions, often across different jurisdictions and currencies.

In the integration stage, the funds are reintroduced into the legitimate financial system, usually through the purchase of assets or investments.

One of the most common methods of cyber laundering is through virtual currencies, such as Bitcoin, which allow for anonymous and untraceable transactions.

Criminals can use these currencies to purchase goods and services online, transfer funds across borders, and convert the proceeds back into traditional currencies, all without leaving a digital trail.

Another technique is through the use of anonymous communication and encryption tools, such as Tor and VPNs, which allow criminals to communicate and transfer funds without detection.

They can also use sophisticated techniques, such as "mixing" services, which blend the funds of multiple transactions to make it difficult to trace the original source.

How Cyber Laundering operates?

Cyber-laundering typically operates on the internet, taking advantage of computer bugs and loopholes or using specific hardware and software systems to establish connections in anonymity and non-traceability of one's location.

This method allows criminals to deceive law enforcement authorities and carry out their illicit activities without being detected.

The international banking and financial systems play a key role in every aspect of terrorist financing, money laundering, embezzlement, corruption and illicit trade.

However, given the nature of globalization, international markets and multilateral jurisdictions, countering these threats cannot be left up to national security establishments and agencies alone.

Rather, these agencies rely heavily on the banking and financial services community itself. In this respect, the private sector bankers, financial analysts, risk managers and so forth work every day on the front line against money laundering, terrorist financing and other white collar crimes.

AML and CTF

Anti-money laundering (AML) and Counter-terrorism Financing (CTF) [Non-governmental] - Suspicious Activity Report (SAR)

Both are linked to one another and they may overlap at times

Money laundering may take the form of embezzlement to hide proceeds of corruption, introducing funds from criminal enterprises into legitimate banking, or simply the transferring of funds to or from parties on known criminal or terror watch lists.

High-Risk Jurisdictions, Tax Havens and Off-Shore Banking

Classic perpetrators of these illicit transfers are transnational criminal organizations (TCO), corrupt government officials, terrorist organizations, and individuals seeking to disguise the proceeds of illegal activities such as embezzlement.

Wire Transfers – these are preferred method for moving illicit funds both internationally and internationally. Globalization has allowed wire transfers to be sent and received instantaneously by more and more individuals and business entities

Red Flags are often spotted in Wire data -Missing data, empty data fields, unusual entries, repeated suspicious transactions, repeat occurrences of suspicious names, inclusion of references to cash payments and transactions involving industries previously known to be utilized for money laundering

Industries that usually are in ML

Crypto currencies

Used car imports and exporters,

flower shops,

precious metals companies,

real estate, recycling and Counterfeiting

bars, nightclubs and casinos; Hawala networks.

Drug Trade

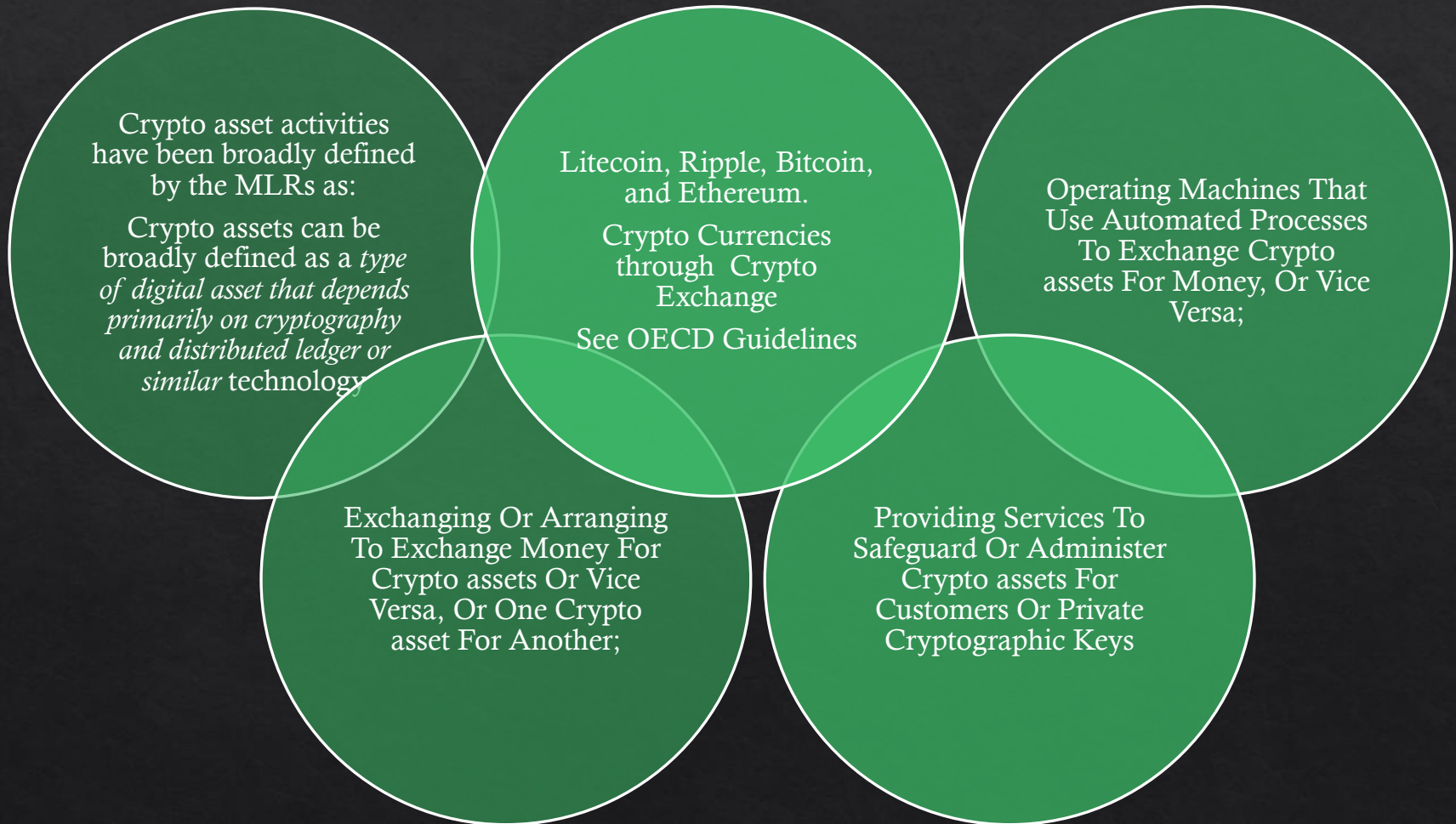
Arms Trades

Illegal Trafficking; Human trafficking; Terrorism

Removing identifying information from wire data, known as.....

- “scrubbing” (A wire transfer can be made from one bank account to another bank account, or through a transfer of cash at a cash office.) or
- “stripping” (An illegal practice of removing information from wire transfer messages so that the identity of potentially sanctioned countries, entities or individuals is hidden) is evidence of nefarious intentions by some party involved in the transfer
- Structuring or Smurphing – Transfer money through Small Amount to avoid

Crypto Assets



The UK and US



In the UK the Proceeds of Crime Act 2002 (POCA) and antecedent legislation, AML enforcement by the UK authorities has remained active.



The passing of the Economic Crime (Transparency and Enforcement) Act 2022 (ECA 2022) brings in a number of changes related to the identification of the beneficial ownership of overseas entities and provides regulators with the tools to obtain unexplained wealth orders more easily.



Counter-terrorist financing (CTF) authority (the Anti-Money Laundering Agency (AMLA)), with extended powers to ensure consistent application of EU AML/CTF rules and supervise selected high-risk financial institutions. AMLA is expected to become operational in 2026.



The National Defense Authorization Act for Fiscal Year 2021 (NDAA) was passed on 1 January 2021 and is the most significant amendment to the AML landscape in a generation since the adoption of the U.S. Patriot Act,

India

Cyber laundering is a sophisticated form of money laundering that leverages the internet and other digital platforms to conceal and transfer illegally obtained funds.

Vijay Madanlal Choudhary and Others v. Union of India and Ors. (2022 SCC Online SC 929)

Enforcement Case Information Report

The anti-money laundering laws in India are framed within a comprehensive framework consisting of the Prevention of Money Laundering Act 2002, its associated rules, and regulations developed by regulatory bodies such as the Reserve Bank of India (RBI) and the Securities and Exchange Board of India (SEBI).

Gujarat-based firm, titled ABG Shipyard Ltd. (ABG SL.), was alleged to have defrauded a bank of Rs 22,842 crores, which roughly comes to \$3 billion. Around 28 banks were defrauded by this company, including the State Bank of India (SBI) and ICICI Bank.

Shell Companies

Chap 3 PMLA- OFFENCE OF MONEY-LAUNDERING

- ◆ 3. Offence of money-laundering.—Whoever directly or indirectly attempts to indulge or knowingly assists or knowingly is a party or is actually involved in any process or activity connected with the 1[proceeds of crime including its concealment, possession, acquisition or use and projecting or claiming] it as untainted property shall be guilty of offence of money-laundering. [Explanation.—For the removal of doubts, it is hereby clarified that,]—
 - ◆ (i) a person shall be guilty of offence of money-laundering if such person is found to have directly or indirectly attempted to indulge or knowingly assisted or knowingly is a party or is actually involved in one or more of the following processes or activities connected with proceeds of crime, namely:—
 - ◆ (a) concealment; or
 - ◆ (b) possession; or
 - ◆ (c) acquisition; or
 - ◆ (d) use; or
 - ◆ (e) projecting as untainted property; or
 - ◆ (f) claiming as untainted property,in any manner whatsoever;
 - ◆ (ii) the process or activity connected with proceeds of crime is a continuing activity and continues till such time a person is directly or indirectly enjoying the proceeds of crime by its concealment or possession or acquisition or use or projecting it as untainted property or claiming it as untainted property in any manner whatsoever.]
- ◆ 4. Punishment for money-laundering.—Whoever commits the offence of money-laundering shall be punishable with rigorous imprisonment for a term which shall not be less than three years but which may extend to seven years and shall also be liable to fine 3***: Provided that where the proceeds of crime involved in money-laundering relates to any offence specified under paragraph 2 of Part A of the Schedule, the provisions of this section shall have effect as if for the words “which may extend to seven years”, the words “which may extend to ten years” had been substituted.

THANK YOU
NALSAR
and
Participant Students

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