



Digital Media

Second Life Goes Legit

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Players in Second Life break plenty of physical laws, flying and teleporting around their virtual world and crafting made-to-order bodies and buildings. Federal laws, however, aren't so flexible.

Following an FBI investigation, Linden Labs has banned all forms of gambling from Second Life, according to a posting on the company's blog. Linden Labs had announced in April that it was cooperating with FBI scrutiny of the virtual world, including law enforcement officials' visits to the game's casinos.

The company blog didn't reveal to what degree the ban was mandated by the FBI, saying only that "Linden Lab and Second Life residents must comply with state and federal laws applicable to regulated online gambling" and threatening to remove players and objects from the game that violate the new policy.

Since launching in 1999, Linden Labs' experiment has grown into a bona fide mini-economy, with 8.3 million users controlling "avatars" that live, socialize and do business within Second Life's virtual environment. Second Life's users have invested about 2.6 billion Linden dollars, or \$9.6 million, in the game's characters and property.

But even as Congress illegalized online gambling act last year, virtual economies like Second Life have remained in a legal gray area, allowing players to wager game currency that is often traded for real-world money. And while some virtual worlds have discouraged the exchange of game money for dollars, Linden Labs condones the practice. The company also gives its players full ownership over the virtual objects they purchase in the game, rather than just a license to play with them, as other games do.

That means Second Life is as susceptible to gambling laws as any other online casino, says Sean Kane, an attorney and author of the forthcoming book *The Law of Video Games and the Virtual World*. "The language in the laws against gambling aren't specific to physical dollars," says Kane. "Second Life's currency, the Linden dollar, has real world value, so it's easy to argue that the gambling in Second Life is illegal."

The full scope of that gambling isn't easy to measure, but Kane says that thousands of gambling venues exist in the game and have moved the virtual equivalent of hundreds of thousands or even millions of dollars, almost entirely free of taxes.

Second Life's residents weren't happy with Linden Labs' sudden crackdown on their pastime. Within a day of the blog posting, hundreds had posted comments, many of which protested Linden Labs' caving to the Feds. "I feel misled," wrote one user with the handle Bobo Decosta. "I thought Second Life was another world where real life laws didn't apply."

Another Second Life resident using the name Alex1 Richardson worried that Second Life residents would soon be paying taxes on their in-game incomes. "I don't like it, [Linden Labs]," he wrote. "I think you should move your servers to an island somewhere where there are limited or no laws that would inflict [Second Life] freedoms."

But Gary McGraw, a security researcher and author of the virtual-world focused book *Exploiting Online Games*, says that Second Life won't be significantly affected by the ban. Gambling, he argues, is only a small element of the entertainment that fuels Second Life's economy.

"Gambling only played about as much of a role in Second Life's economy as it does in the real world economy," he says. "Second Life isn't just some kind front for gambling. It's a front for life."

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