

The result of the vote was announced as above recorded.

The SPEAKER pro tempore (Mr. REHBERG). The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

#### MAKING IN ORDER POSTPONE- MENT OF FURTHER CONSIDER- ATION OF H.R. 4411, INTERNET GAMBLING PROHIBITION AND ENFORCEMENT ACT

Mr. GINGREY. Mr. Speaker, I ask unanimous consent that during consideration of H.R. 4411, pursuant to House Resolution 907, notwithstanding the ordering of the previous question, it may be in order at any time for the Chair to postpone further consideration of the bill until a later time to be designated by the Speaker.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

#### GENERAL LEAVE

Mr. OXLEY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days to revise and extend their remarks and include extraneous material on H.R. 4411.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

#### INTERNET GAMBLING PROHIBI- TION AND ENFORCEMENT ACT

Mr. OXLEY. Mr. Speaker, pursuant to House Resolution 907, I call up the bill (H.R. 4411) to prevent the use of certain payment instruments, credit cards, and fund transfers for unlawful Internet gambling, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 4411

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. SHORT TITLE.

This Act may be cited as the "Unlawful Internet Gambling Enforcement Act of 2005".

#### SEC. 2. PROHIBITION ON ACCEPTANCE OF ANY PAYMENT INSTRUMENT FOR UNLAW- FUL INTERNET GAMBLING.

(a) IN GENERAL.—Chapter 53 of title 31, United States Code, is amended by adding at the end the following new subchapter:

#### "SUBCHAPTER IV—PROHIBITION ON FUNDING OF UNLAWFUL INTERNET GAMBLING

##### "§ 5361. Congressional findings and purpose

"(a) FINDINGS.—The Congress finds the following:

"(1) Internet gambling is primarily funded through personal use of payment system instruments, credit cards, and wire transfers.

"(2) The National Gambling Impact Study Commission in 1999 recommended the passage of legislation to prohibit wire transfers

to Internet gambling sites or the banks which represent such sites.

"(3) Internet gambling is a growing cause of debt collection problems for insured depository institutions and the consumer credit industry.

"(4) New mechanisms for enforcing gambling laws on the Internet are necessary because traditional law enforcement mechanisms are often inadequate for enforcing gambling prohibitions or regulations on the Internet, especially where such gambling crosses State or national borders.

"(b) RULE OF CONSTRUCTION.—No provision of this subchapter shall be construed as altering, limiting, or extending any Federal or State law or Tribal-State compact prohibiting, permitting, or regulating gambling within the United States.

##### "§ 5362. Definitions

"In this subchapter, the following definitions shall apply:

"(1) BET OR WAGER.—The term 'bet or wager'—

"(A) means the staking or risking by any person of something of value upon the outcome of a contest of others, a sporting event, or a game subject to chance, upon an agreement or understanding that the person or another person will receive something of value in the event of a certain outcome;

"(B) includes the purchase of a chance or opportunity to win a lottery or other prize (which opportunity to win is predominantly subject to chance);

"(C) includes any scheme of a type described in section 3702 of title 28;

"(D) includes any instructions or information pertaining to the establishment or movement of funds by the bettor or customer in, to, or from an account with the business of betting or wagering; and

"(E) does not include—

"(i) any activity governed by the securities laws (as that term is defined in section 3(a)(47) of the Securities Exchange Act of 1934 for the purchase or sale of securities (as that term is defined in section 3(a)(10) of that Act);

"(ii) any transaction conducted on or subject to the rules of a registered entity or exempt board of trade under the Commodity Exchange Act;

"(iii) any over-the-counter derivative instrument;

"(iv) any other transaction that—

"(I) is excluded or exempt from regulation under the Commodity Exchange Act; or

"(II) is exempt from State gaming or bucket shop laws under section 12(e) of the Commodity Exchange Act or section 28(a) of the Securities Exchange Act of 1934;

"(v) any contract of indemnity or guarantee;

"(vi) any contract for insurance;

"(vii) any deposit or other transaction with an insured depository institution; or

"(viii) any participation in a simulation sports game, an educational game, or a contest, that—

"(I) is not dependent solely on the outcome of any single sporting event or nonparticipant's singular individual performance in any single sporting event;

"(II) has an outcome that reflects the relative knowledge of the participants, or their skill at physical reaction or physical manipulation (but not chance), and, in the case of a simulation sports game, has an outcome that is determined predominantly by accumulated statistical results of sporting events; and

"(III) offers a prize or award to a participant that is established in advance of the game or contest and is not determined by the number of participants or the amount of any fees paid by those participants.

"(2) BUSINESS OF BETTING OR WAGERING.—The term 'business of betting or wagering' does not include a financial transaction provider, or any interactive computer service or telecommunications service.

"(3) DESIGNATED PAYMENT SYSTEM.—The term 'designated payment system' means any system utilized by a financial transaction provider that the Secretary, in consultation with the Board of Governors of the Federal Reserve System and the Attorney General, determines, by regulation or order, could be utilized in connection with, or to facilitate, any restricted transaction.

"(4) FINANCIAL TRANSACTION PROVIDER.—The term 'financial transaction provider' means a creditor, credit card issuer, financial institution, operator of a terminal at which an electronic fund transfer may be initiated, money transmitting business, or international, national, regional, or local network utilized to effect a credit transaction, electronic fund transfer, stored value product transaction, or money transmitting service, or a participant in such network, or other participant in a designated payment system.

"(5) INTERNET.—The term 'Internet' means the international computer network of interoperable packet switched data networks.

"(6) INTERACTIVE COMPUTER SERVICE.—The term 'interactive computer service' has the same meaning as in section 230(f) of the Communications Act of 1934.

"(7) RESTRICTED TRANSACTION.—The term 'restricted transaction' means any transaction or transmittal involving any credit, funds, instrument, or proceeds described in any paragraph of section 5363 which the recipient is prohibited from accepting under section 5363.

"(8) SECRETARY.—The term 'Secretary' means the Secretary of the Treasury.

"(9) UNLAWFUL INTERNET GAMBLING.—

"(A) IN GENERAL.—The term 'unlawful Internet gambling' means to place, receive, or otherwise knowingly transmit a bet or wager by any means which involves the use, at least in part, of the Internet where such bet or wager is unlawful under any applicable Federal or State law in the State or Tribal lands in which the bet or wager is initiated, received, or otherwise made.

"(B) INTRASTATE TRANSACTIONS.—The term 'unlawful Internet gambling' shall not include placing, receiving, or otherwise transmitting a bet or wager where—

"(i) the bet or wager is initiated and received or otherwise made exclusively within a single State;

"(ii) the bet or wager and the method by which the bet or wager is initiated and received or otherwise made is expressly authorized by and placed in accordance with the laws of such State, and the State law or regulations include—

"(I) age and location verification requirements reasonably designed to block access to minors and persons located out of such State; and

"(II) appropriate data security standards to prevent unauthorized access by any person whose age and current location has not been verified in accordance with such State's law or regulations; and

"(iii) the bet or wager does not violate any provision of the—

"(I) Interstate Horseracing Act;

"(II) Professional and Amateur Sports Protection Act;

"(III) Gambling Devices Transportation Act; or

"(IV) Indian Gaming Regulatory Act.

"(C) INTRATRIBAL TRANSACTIONS.—The term 'unlawful Internet gambling' shall not include placing, receiving, or otherwise transmitting a bet or wager where—

“(i) the bet or wager is initiated and received or otherwise made exclusively—

“(I) within the Indian lands of a single Indian tribe (as those terms are defined by the Indian Gaming Regulatory Act); or

“(II) between the Indian lands of 2 or more Indian tribes to the extent that intertribal gaming is authorized by the Indian Gaming Regulatory Act;

“(ii) the bet or wager and the method by which the bet or wager is initiated and received or otherwise made is expressly authorized by and complies with the requirements of—

“(I) the applicable tribal ordinance or resolution approved by the Chairman of the National Indian Gaming Commission; and

“(II) with respect to class III gaming, the applicable Tribal-State Compact;

“(iii) the applicable tribal ordinance or resolution or Tribal-State compact includes—

“(I) age and location verification requirements reasonably designed to block access to minors and persons located out of the applicable Tribal lands; and

“(II) appropriate data security standards to prevent unauthorized access by any person whose age and current location has not been verified in accordance with the applicable tribal ordinance or resolution or Tribal-State Compact; and

“(iv) the bet or wager does not violate any provision of the—

“(I) Interstate Horseracing Act;

“(II) the Professional and Amateur Sports Protection Act;

“(III) the Gambling Devices Transportation Act; or

“(IV) the Indian Gaming Regulatory Act.

“(D) INTERSTATE HORSE RACING.—The term ‘unlawful Internet gambling’ shall not include placing, receiving, or otherwise transmitting a bet or wager that is governed by and complies with the Interstate Horseracing Act of 1978.

“(E) INTERMEDIATE ROUTING.—The intermediate routing of electronic data shall not determine the location or locations in which a bet or wager is initiated, received, or otherwise made.

“(10) OTHER TERMS.—

“(A) CREDIT; CREDITOR; CREDIT CARD; AND CARD ISSUER.—The terms ‘credit’, ‘creditor’, ‘credit card’, and ‘card issuer’ have the same meanings as in section 103 of the Truth in Lending Act.

“(B) ELECTRONIC FUND TRANSFER.—The term ‘electronic fund transfer’—

“(i) has the same meaning as in section 903 of the Electronic Fund Transfer Act, except that such term includes transfers that would otherwise be excluded under section 903(6)(E) of that Act; and

“(ii) includes any fund transfer covered by Article 4A of the Uniform Commercial Code, as in effect in any State.

“(C) FINANCIAL INSTITUTION.—The term ‘financial institution’ has the same meaning as in section 903 of the Electronic Fund Transfer Act, except that such term does not include a casino, sports book, or other business at or through which bets or wagers may be placed or received.

“(D) INSURED DEPOSITORY INSTITUTION.—The term ‘insured depository institution’—

“(i) has the same meaning as in section 3 of the Federal Deposit Insurance Act; and

“(ii) includes an insured credit union (as defined in section 101 of the Federal Credit Union Act).

“(E) MONEY TRANSMITTING BUSINESS AND MONEY TRANSMITTING SERVICE.—The terms ‘money transmitting business’ and ‘money transmitting service’ have the same meanings as in section 5330(d) (determined without regard to any regulations issued by the Secretary thereunder).

### “§ 5363. Prohibition on acceptance of any financial instrument for unlawful Internet gambling

“No person engaged in the business of betting or wagering may knowingly accept, in connection with the participation of another person in unlawful Internet gambling—

“(1) credit, or the proceeds of credit, extended to or on behalf of such other person (including credit extended through the use of a credit card);

“(2) an electronic fund transfer, or funds transmitted by or through a money transmitting business, or the proceeds of an electronic fund transfer or money transmitting service, from or on behalf of such other person;

“(3) any check, draft, or similar instrument which is drawn by or on behalf of such other person and is drawn on or payable at or through any financial institution; or

“(4) the proceeds of any other form of financial transaction, as the Secretary may prescribe by regulation, which involves a financial institution as a payor or financial intermediary on behalf of or for the benefit of such other person.

### “§ 5364. Policies and procedures to identify and prevent restricted transactions

“(a) REGULATIONS.—Before the end of the 270-day period beginning on the date of the enactment of this subchapter, the Secretary, in consultation with the Board of Governors of the Federal Reserve System and the Attorney General, shall prescribe regulations requiring each designated payment system, and all participants therein, to identify and prevent restricted transactions through the establishment of policies and procedures reasonably designed to identify and prevent restricted transactions in any of the following ways:

“(1) The establishment of policies and procedures that—

“(A) allow the payment system and any person involved in the payment system to identify restricted transactions by means of codes in authorization messages or by other means; and

“(B) block restricted transactions identified as a result of the policies and procedures developed pursuant to subparagraph (A).

“(2) The establishment of policies and procedures that prevent the acceptance of the products or services of the payment system in connection with a restricted transaction.

“(b) REQUIREMENTS FOR POLICIES AND PROCEDURES.—In prescribing regulations under subsection (a), the Secretary shall—

“(1) identify types of policies and procedures, including nonexclusive examples, which would be deemed, as applicable, to be reasonably designed to identify, block, or prevent the acceptance of the products or services with respect to each type of restricted transaction;

“(2) to the extent practical, permit any participant in a payment system to choose among alternative means of identifying and blocking, or otherwise preventing the acceptance of the products or services of the payment system or participant in connection with, restricted transactions; and

“(3) consider exempting restricted transactions from any requirement imposed under such regulations, if the Secretary finds that it is not reasonably practical to identify and block, or otherwise prevent, such transactions.

“(c) COMPLIANCE WITH PAYMENT SYSTEM POLICIES AND PROCEDURES.—A financial transaction provider shall be considered to be in compliance with the regulations prescribed under subsection (a), if—

“(1) such person relies on and complies with the policies and procedures of a designated payment system of which it is a member or participant to—

“(A) identify and block restricted transactions; or

“(B) otherwise prevent the acceptance of the products or services of the payment system, member, or participant in connection with restricted transactions; and

“(2) such policies and procedures of the designated payment system comply with the requirements of regulations prescribed under subsection (a).

“(d) NO LIABILITY FOR BLOCKING OR REFUSING TO HONOR RESTRICTED TRANSACTIONS.—A person that is subject to a regulation prescribed or order issued under this subchapter and blocks, or otherwise refuses to honor a transaction—

“(1) that is a restricted transaction;

“(2) that such person reasonably believes to be a restricted transaction; or

“(3) as a member of a designated payment system in reliance on the policies and procedures of the payment system, in an effort to comply with regulations prescribed under subsection (a), shall not be liable to any party for such action.

“(e) REGULATORY ENFORCEMENT.—The requirements of this section shall be enforced exclusively by the Federal functional regulators and the Federal Trade Commission, in the manner provided in section 505(a) of the Gramm-Leach-Bliley Act.

### “§ 5365. Civil remedies

“(a) JURISDICTION.—The district courts of the United States shall have original and exclusive jurisdiction to prevent and restrain violations of this subchapter by issuing appropriate orders in accordance with this section, regardless of whether a prosecution has been initiated under this subchapter.

“(b) PROCEEDINGS.—

“(1) INSTITUTION BY FEDERAL GOVERNMENT.—

“(A) IN GENERAL.—The United States, acting through the Attorney General, may institute proceedings under this section to prevent or restrain a violation or a threatened violation of this subchapter.

“(B) RELIEF.—Upon application of the United States under this paragraph, the district court may enter a preliminary injunction or an injunction against any person to prevent or restrain a violation or threatened violation of this subchapter, in accordance with rule 65 of the Federal Rules of Civil Procedure.

“(2) INSTITUTION BY STATE ATTORNEY GENERAL.—

“(A) IN GENERAL.—The attorney general (or other appropriate State official) of a State in which a violation of this subchapter allegedly has occurred or will occur may institute proceedings under this section to prevent or restrain the violation or threatened violation.

“(B) RELIEF.—Upon application of the attorney general (or other appropriate State official) of an affected State under this paragraph, the district court may enter a preliminary injunction or an injunction against any person to prevent or restrain a violation or threatened violation of this subchapter, in accordance with rule 65 of the Federal Rules of Civil Procedure.

“(3) INDIAN LANDS.—

“(A) IN GENERAL.—Notwithstanding paragraphs (1) and (2), for a violation of this subchapter that is alleged to have occurred, or may occur, on Indian lands (as that term is defined in section 4 of the Indian Gaming Regulatory Act)—

“(i) the United States shall have the enforcement authority provided under paragraph (1); and

“(ii) the enforcement authorities specified in an applicable Tribal-State compact negotiated under section 11 of the Indian Gaming

Regulatory Act (25 U.S.C. 2710) shall be carried out in accordance with that compact.

“(B) **RULE OF CONSTRUCTION.**—No provision of this section shall be construed as altering, superseding, or otherwise affecting the application of the Indian Gaming Regulatory Act.

“(c) **EXPEDITED PROCEEDINGS.**—In addition to any proceeding under subsection (b), a district court may, in exigent circumstances, enter a temporary restraining order against a person alleged to be in violation of this subchapter, upon application of the United States under subsection (b)(1), or the attorney general (or other appropriate State official) of an affected State under subsection (b)(2), in accordance with rule 65(b) of the Federal Rules of Civil Procedure.

“(d) **LIMITATION RELATING TO INTERACTIVE COMPUTER SERVICES.**—

“(1) **IN GENERAL.**—Relief granted under this section against an interactive computer service shall—

“(A) be limited to the removal of, or disabling of access to, an online site violating this subchapter, or a hypertext link to an online site violating this subchapter, that resides on a computer server that such service controls or operates, except that the limitation in this subparagraph shall not apply if the service is subject to liability under this section under section 5367;

“(B) be available only after notice to the interactive computer service and an opportunity for the service to appear are provided;

“(C) not impose any obligation on an interactive computer service to monitor its service or to affirmatively seek facts indicating activity violating this subchapter;

“(D) specify the interactive computer service to which it applies; and

“(E) specifically identify the location of the online site or hypertext link to be removed or access to which is to be disabled.

“(2) **COORDINATION WITH OTHER LAW.**—An interactive computer service that does not violate this subchapter shall not be liable under section 1084(d) of title 18, except that the limitation in this paragraph shall not apply if an interactive computer service has actual knowledge and control of bets and wagers and—

“(A) operates, manages, supervises, or directs an Internet website at which unlawful bets or wagers may be placed, received, or otherwise made or at which unlawful bets or wagers are offered to be placed, received, or otherwise made; or

“(B) owns or controls, or is owned or controlled by, any person who operates, manages, supervises, or directs an Internet website at which unlawful bets or wagers may be placed, received, or otherwise made, or at which unlawful bets or wagers are offered to be placed, received, or otherwise made.

“(e) **LIMITATION ON INJUNCTIONS AGAINST REGULATED PERSONS.**—Notwithstanding any other provision of this section, and subject to section 5367, no provision of this subchapter shall be construed as authorizing the Attorney General of the United States, or the attorney general (or other appropriate State official) of any State to institute proceedings to prevent or restrain a violation or threatened violation of this subchapter against any financial transaction provider with respect to the designated payment system (or systems) of the financial transaction provider.

#### “§ 5366. Criminal penalties

“(a) **IN GENERAL.**—Whoever violates section 5363 shall be fined under title 18, or imprisoned for not more than 5 years, or both.

“(b) **PERMANENT INJUNCTION.**—Upon conviction of a person under this section, the court may enter a permanent injunction enjoining such person from placing, receiving, or oth-

erwise making bets or wagers or sending, receiving, or inviting information assisting in the placing of bets or wagers.

#### “§ 5367. Circumventions prohibited

“Notwithstanding section 5362(2), a financial transaction provider, or any interactive computer service or telecommunications service, may be liable under this subchapter if such person has actual knowledge and control of bets and wagers, and—

“(1) operates, manages, supervises, or directs an Internet website at which unlawful bets or wagers may be placed, received, or otherwise made, or at which unlawful bets or wagers are offered to be placed, received, or otherwise made; or

“(2) owns or controls, or is owned or controlled by, any person who operates, manages, supervises, or directs an Internet website at which unlawful bets or wagers may be placed, received, or otherwise made, or at which unlawful bets or wagers are offered to be placed, received, or otherwise made.”.

(b) **TECHNICAL AND CONFORMING AMENDMENT.**—The table of sections for chapter 53 of title 31, United States Code, is amended by adding at the end the following:

“SUBCHAPTER IV—PROHIBITION ON FUNDING OF UNLAWFUL INTERNET GAMBLING

“5361. Congressional findings and purpose.

“5362. Definitions.

“5363. Prohibition on acceptance of any financial instrument for unlawful Internet gambling.

“5364. Policies and procedures to identify and prevent restricted transactions.

“5365. Civil remedies.

“5366. Criminal penalties.

“5367. Circumventions prohibited.”.

#### SEC. 4. INTERNET GAMBLING IN OR THROUGH FOREIGN JURISDICTIONS.

(a) **IN GENERAL.**—In deliberations between the United States Government and any other country on money laundering, corruption, and crime issues, the United States Government should—

(1) encourage cooperation by foreign governments and relevant international fora in identifying whether Internet gambling operations are being used for money laundering, corruption, or other crimes;

(2) advance policies that promote the co-operation of foreign governments, through information sharing or other measures, in the enforcement of this Act; and

(3) encourage the Financial Action Task Force on Money Laundering, in its annual report on money laundering typologies, to study the extent to which Internet gambling operations are being used for money laundering purposes.

(b) **REPORT REQUIRED.**—The Secretary of the Treasury shall submit an annual report to the Congress on any deliberations between the United States and other countries on issues relating to Internet gambling.

The **SPEAKER** pro tempore. In lieu of the amendments recommended by the Committees on Financial Services and the Judiciary printed in the bill, the amendment in the nature of a substitute depicted in the Rules Committee Print dated July 5, 2006, is adopted. Pursuant to House Resolution 907, the bill, as amended, is considered read.

The text of the bill, as amended, is as follows:

#### SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

(a) **SHORT TITLE.**—This Act may be cited as the “Internet Gambling Prohibition and Enforcement Act”.

(b) **TABLE OF CONTENTS.**—The table of contents is as follows:

Sec. 1. Short title and table of contents.

#### TITLE I—MODERNIZATION, OF THE WIRE ACT OF 1961

Sec. 101. Definitions.

Sec. 102. Modification of existing prohibition.

Sec. 103. Authorization of civil enforcement.

Sec. 104. Authorization of appropriations.

Sec. 105. Rules of construction.

Sec. 106. Sense of Congress.

#### TITLE II—POLICIES AND PROCEDURES REQUIRED TO PREVENT PAYMENTS FOR UNLAWFUL GAMBLING

Sec. 201. Policies and procedures required to prevent payments for unlawful gambling.

Sec. 202. Technical and conforming amendment.

#### TITLE III—INTERNET GAMBLING IN OR THROUGH FOREIGN JURISDICTIONS

Sec. 301. Internet gambling in or through foreign jurisdictions.

#### TITLE I—MODERNIZATION OF THE WIRE ACT OF 1961

##### Sec. 101. DEFINITIONS.

Section 1081 of title 18, United States Code, is amended—

(1) by designating the five undesignated paragraphs that begin with “The term” as paragraphs (1) through (5), respectively;

(2) by amending paragraph (5), as so designated, to read as follows:

“(5) The term ‘communication facility’ means any and all instrumentalities, personnel, and services (among other things, the receipt, forwarding, or delivery of communications) used or useful in the transmission of writings, signs, pictures, and sounds of all kinds by aid of wire, cable, radio, or an electromagnetic, photoelectronic or photooptical system, or other like connection (whether fixed or mobile) between the points of origin and reception of such transmission.”; and

(3) by adding at the end the following:

“(6) The term ‘bets or wagers’—

“(A) means the staking or risking by any person of something of value upon the outcome of a contest of others, a sporting event, or a game predominantly subject to chance, upon an agreement or understanding that the person or another person will receive something of value in the event of a certain outcome;

“(B) includes the purchase of a chance or opportunity to win a lottery or other prize (which opportunity to win is predominantly subject to chance);

“(C) includes any scheme of a type described in section 3702 of title 28; and

“(D) does not include—

“(i) any activity governed by the securities laws (as that term is defined in section 3(a)(47) of the Securities Exchange Act of 1934) for the purchase or sale of securities (as that term is defined in section 3(a)(10) of that Act);

“(ii) any transaction conducted on or subject to the rules of a registered entity or exempt board of trade under the Commodity Exchange Act;

“(iii) any over-the-counter derivative instrument;

“(iv) any other transaction that—

“(I) is excluded or exempt from regulation under the Commodity Exchange Act; or

“(II) is exempt from State gaming or bucket shop laws under section 12(e) of the Commodity Exchange Act or section 28(a) of the Securities Exchange Act of 1934;

“(v) any contract of indemnity or guarantee;

“(vi) any contract for insurance;  
 “(vii) any deposit or other transaction with an insured depository institution;  
 “(viii) participation in any game or contest in which participants do not stake or risk anything of value other than—

“(I) personal efforts of the participants in playing the game or contest or obtaining access to the Internet; or

“(II) points or credits that the sponsor of the game or contest provides to participants free of charge and that can be used or redeemed only for participation in games or contests offered by the sponsor; or

“(ix) participation in any fantasy or simulation sports game or educational game or contest in which (if the game or contest involves a team or teams) no fantasy or simulation sports team is based on the current membership of an actual team that is a member of an amateur or professional sports organization (as those terms are defined in section 3701 of title 28) and that meets the following conditions:

“(I) All prizes and awards offered to winning participants are established and made known to the participants in advance of the game or contest and their value is not determined by the number of participants or the amount of any fees paid by those participants.

“(II) All winning outcomes reflect the relative knowledge and skill of the participants and are determined predominantly by accumulated statistical results of the performance of individuals (athletes in the case of sports events) in multiple real-world sporting or other events.

“(III) No winning outcome is based—

“(aa) on the score, point-spread, or any performance or performances of any single real-world team or any combination of such teams; or

“(bb) solely on any single performance of an individual in any single real-world sporting or other event.

“(7) The terms ‘credit’, ‘creditor’, ‘credit card’, and ‘card issuer’ have the same meanings as in section 103 of the Truth in Lending Act.

“(8) The term ‘electronic fund transfer’—

“(A) has the same meaning as in section 903 of the Electronic Fund Transfer Act, except that such term includes transfers that would otherwise be excluded under section 903(6)(E) of that Act; and

“(B) includes any fund transfer covered by Article 4A of the Uniform Commercial Code, as in effect in any State.

“(9) The term ‘financial institution’ has the same meaning as in section 903 of the Electronic Fund Transfer Act, except that such term does not include a casino, sports book, or other business at or through which bets or wagers may be placed or received.

“(10) The term ‘financial transaction provider’ has the same meaning as in section 5361 of title 31 (as added by title II of this Act).

“(11) The term ‘foreign jurisdiction’ means a jurisdiction of a foreign country or political subdivision thereof.

“(12) The term ‘gambling business’ means a business of betting or wagering.

“(13) The term ‘information assisting in the placing of bets or wagers’ means information knowingly transmitted by an individual in a gambling business that enables or facilitates a bet or wager and does not include—

“(A) any posting or reporting of any educational information on how to make a legal bet or wager or the nature of betting or wagering, as long as such posting or reporting does not solicit or provide information for the purpose of facilitating or enabling the placing or receipt of bets or wagers in a jurisdiction where such betting is illegal; or

“(B) advertising relating to betting or wagering in a jurisdiction where such betting or wagering is legal, as long as such advertising does not solicit or provide information for the purpose of facilitating or enabling the placing or receipt of bets or wagers in a jurisdiction where such betting is illegal.

“(14) The term ‘insured depository institution’—

“(A) has the same meaning as in section 3 of the Federal Deposit Insurance Act; and

“(B) includes an insured credit union (as defined in section 101 of the Federal Credit Union Act).

“(15) The term ‘interactive computer service’ has the same meaning as in section 230(f) of the Communications Act of 1934.

“(16) The terms ‘money transmitting business’ and ‘money transmitting service’ have the same meanings as in section 5330(d) (determined without regard to any regulations prescribed by the Secretary thereunder).

“(17) The terms ‘own or control’ and to be ‘owned or controlled’ include circumstances within the meaning of section 2(a)(2) of the Bank Holding Company Act of 1956.

“(18) The term ‘person’ includes a government (including any governmental entity (as defined in section 3701(2) of title 28)).

“(19) The term ‘State’ means a State of the United States, the District of Columbia, or a commonwealth, territory, or possession of the United States.

“(20) The term ‘tribe’ or ‘tribal’ means an Indian tribe, as defined under section 4(5) of the Indian Gaming Regulatory Act of 1988).

“(21) For purposes of Section 1085(b), the term ‘account’ means—

“(A) the unpaid balance of money or its equivalent received or held by an insured depository institution in the usual course of business and for which it has given or is obligated to give credit, either conditionally or unconditionally, to an account, including interest credited, or which is evidenced by an instrument on which the depository institution is primarily liable; and

“(B) money received or held by an insured depository institution, or the credit given for money or its equivalent received or held by the insured depository institution in the usual course of business for a special or specific purpose, regardless of the legal relationships established thereby, including escrow funds, funds held as security for securities loaned by the depository institution, funds deposited as advance payment on subscriptions to United States Government securities, and funds held to meet its acceptances.”.

#### SEC. 102. MODIFICATION OF EXISTING PROHIBITION.

Section 1084 of title 18, United States Code, is amended to read as follows:

##### **“1084. Use of a communication facility to transmit bets or wagers; criminal penalties**

“(a) Except as otherwise provided in this section, whoever, being engaged in a gambling business, knowingly—

“(1) uses a communication facility for the transmission in interstate or foreign commerce, within the special maritime and territorial jurisdiction of the United States, or to or from any place outside the jurisdiction of any nation with respect to any transmission to or from the United States, of—

“(A) bets or wagers;

“(B) information assisting in the placing of bets or wagers; or

“(C) a communication, which entitles the recipient to receive money or credit as a result of bets or wagers, or for information assisting in the placing of bets or wagers; or

“(2) accepts, in connection with the transmission of a communication in interstate or foreign commerce, within the special maritime and territorial jurisdiction of the

United States, or to or from any place outside the jurisdiction of any nation with respect to any transmission to or from the United States of bets or wagers or information assisting in the placing of bets or wagers—

“(A) credit, or the proceeds of credit, extended to or on behalf of another (including credit extended through the use of a credit card);

“(B) an electronic fund transfer or funds transmitted by or through a money transmitting business, or the proceeds of an electronic fund transfer or money transmitting service, from or on behalf of the other person;

“(C) any check, draft, or similar instrument which is drawn by or on behalf of the other person and is drawn on or payable through any financial institution; or

“(D) the proceeds of any other form of financial transaction as the Secretary of the Treasury and the Board of Governors of the Federal Reserve System may prescribe by regulation which involves a financial institution as a payor or financial intermediary on behalf of or for the benefit of the other person,

shall be fined under this title or imprisoned not more than five years, or both.

“(b) Nothing in this section prohibits—

“(1) the transmission of information assisting in the placing of bets or wagers for use in news reporting if such transmission does not solicit or provide information for the purpose of facilitating or enabling the placing or receipt of bets or wagers in a jurisdiction where such betting is illegal;

“(2) the transmission of information assisting in the placing of bets or wagers from a State or foreign country where such betting or wagering is permitted under Federal, State, tribal, or local law into a State or foreign country in which such betting on the same event is permitted under Federal, State, tribal, or local law; or

“(3) the interstate transmission of information relating to a State-specific lottery between a State or foreign country where such betting or wagering is permitted under Federal, State, tribal, or local law and an out-of-State data center for the purposes of assisting in the operation of such State-specific lottery.

“(c) Nothing in this section prohibits the use of a communication facility for the transmission of bets or wagers or information assisting in the placing of bets or wagers, if—

“(1) at the time the transmission occurs, the individual or entity placing the bets or wagers or information assisting in the placing of bets or wagers, the gambling business, and, subject to section 1084(b)(3), any individual or entity acting in concert with a gambling business to process the bets or wagers are physically located in the same State, and for class II or class III gaming under the Indian Gaming Regulatory Act, are physically located on Indian lands within that State;

“(2) the State or tribe has explicitly authorized such bets and wagers, the State or tribal law requires a secure and effective location and age verification system to assure compliance with age and location requirements, and the gambling business and any individual or entity acting in concert with a gambling business to process the bets or wagers complies with such law;

“(3) the State has explicitly authorized and licensed the operation of the gambling business and any individual or entity acting in concert with a gambling business to process the bets and wagers within its borders or the tribe has explicitly authorized and licensed the operation of the gambling business and

any individual or entity acting in concert with a gambling business to process the bets and wagers, on Indian lands within its jurisdiction;

“(4) with respect to class II or class III gaming, the game and gambling business complies with the requirements of the Indian Gaming Regulatory Act; and

“(5) with respect to class III gaming under the Indian Gaming Regulatory Act, the game is authorized under, and is conducted in accordance with, the respective Tribal-State compact of the Tribe having jurisdiction over the Indian lands where the individual or entity placing the bets or wagers or information assisting in the placing of bets or wagers, the gambling business, and any individual or entity acting in concert with a gambling business to process those bets or wagers are physically located, and such Tribal-State impact expressly provides that the game may be conducted using a communication facility to transmit bets or wagers information assisting in the placing of bets or wagers.

For purposes of this subsection, the intermediate routing of electronic data constituting or containing all or part of a bet or wager, or all or part of information assisting in the placing of bets or wagers, shall not determine the location or locations in which a bet or wager is transmitted, initiated, received or otherwise made; or from or to which a bet or wager, or information assisting in the placing of bets or wagers, is transmitted.

“(d) Nothing in this section creates immunity from criminal prosecution under any laws of any State or tribe.

“(e) Nothing in this section authorizes activity that is prohibited under chapter 178 of title 28, United States Code.

“(f) When any common carrier, subject to the jurisdiction of the Federal Communications Commission, is notified in writing by a Federal, State, tribal, or local law enforcement agency, acting within its jurisdiction, that any communication facility furnished by it is being used or will be used by its subscriber for the purpose of transmitting or receiving gambling information in interstate or foreign commerce, within the special maritime and territorial jurisdiction of the United States, or to or from any place outside the jurisdiction of any nation with respect to any transmission to or from the United States in violation of Federal, State, tribal, or local law, it shall discontinue or refuse, the leasing, furnishing, or maintaining of such facility, after reasonable notice to the subscriber, but no damages, penalty or forfeiture, civil or criminal, shall be found against any common carrier for any act done in compliance with any notice received from a law enforcement agency. Nothing in this section shall be deemed to prejudice the right of any person affected thereby to secure an appropriate determination, as otherwise provided by law, in a Federal court or in a State, tribal, or local tribunal or agency, that such facility should not be discontinued or removed, or should be restored.”

#### SEC. 103. AUTHORIZATION OF CIVIL ENFORCEMENT.

Chapter 50 of title 18, United States Code, is amended by adding at the end the following new section:

##### § 1085. Civil remedies

“(a) JURISDICTION.—The district courts of the United States (in addition to any other remedies under current law) shall have original and exclusive jurisdiction to prevent and restrain violations of section 1084 by issuing appropriate orders in accordance with this section, regardless of whether a prosecution has been initiated under section 1084.

“(b) PROCEEDINGS.—

“(1) The United States may institute proceedings under this section—

“(A) to obtain injunctive or declarative relief, including but not limited to a temporary restraining order and a preliminary injunction, against any person (other than a financial transaction provider) to prevent or restrain a violation or a threatened violation of section 1084;

“(B) in the case of an insured depository institution that is a financial transaction provider, to—

“(i) restrain an account maintained at such insured depository institution if such account is—

“(I) owned or controlled by a gambling business; and

“(II) includes proceeds of, or is used to facilitate a violation of, section 1084; or

“(ii) seize funds in an account described in subparagraph (i) if such funds—

“(I) are owned or controlled by a gambling business; and

“(II) constitute the proceeds of, were derived from, or facilitated, a violation of section 1084.

“(C) The limitation in subparagraph (A) shall not apply if the financial transaction provider is a gambling business within the meaning of section 1081(12), in which case such financial transaction provider shall be subject to the enforcement provisions under subparagraph (A).

“(2) The attorney general (or other appropriate State official) of a State in which a communication in violation of section 1084 allegedly has been or will be initiated or received may institute proceedings under this section to obtain injunctive or declarative relief to prevent or restrain the violation or threatened violation. Upon application of the attorney general (or other appropriate State official) of an affected State under this paragraph, the district court may enter a temporary restraining order, a preliminary injunction, an injunction, or declaratory relief against any person (other than a financial transaction provider) to prevent or restrain a violation or threatened violation of section 1084, in accordance with rule 65 of the Federal Rules of Civil Procedure.

“(3) Notwithstanding paragraphs (1) and (2), for a communication in violation of section 1084 that allegedly has been or will be initiated or received on Indian lands (as that term is defined in section 4 of the Indian Gaming Regulatory Act)—

“(A) the United States shall have the enforcement authority provided under paragraph (1);

“(B) the enforcement authorities specified in an applicable Tribal-State compact negotiated under section 11 of the Indian Gaming Regulatory Act (25 U.S.C. 2710) shall be carried out in accordance with that compact; and

“(C) if there is no applicable Tribal-State compact, an appropriate tribal official may institute proceedings in the same manner as an attorney general of a State.

No provision of this section shall be construed as altering, superseding, or otherwise affecting the application of the Indian Gaming Regulatory Act.

“(4) Notwithstanding paragraph (3), no relief shall be granted under this section against a financial transaction provider except as provided in paragraph (1).

“(c) No damages, penalty, or forfeiture, civil or criminal, shall be found against any person or entity for any act done in compliance with any notice received from a law enforcement agency.

“(d) Relief granted under this section against an interactive computer service (as defined in section 230(f) of the Communications Act of 1934) shall—

“(1) be limited to the removal of, or disabling of access to, an online site violating section 1084, or a hypertext link to an online site violating such section, that resides on a computer server that such service controls or operates; except this limitation shall not apply if the service is violating section 1084 or is in active concert with a person who is violating section 1084 and receives actual notice of the relief;

“(2) be available only after notice to the interactive computer service and an opportunity for the service to appear are provided;

“(3) not impose any obligation on an interactive computer service to monitor its service or to affirmatively seek facts indicating activity violating section 1084;

“(4) specify the interactive computer service to which it applies; and

“(5) specifically identify the location of the on-line site or hypertext link to be removed or access to which is to be disabled.”

#### SEC. 104. AUTHORIZATION OF APPROPRIATIONS.

In addition to any other sums authorized to be appropriated for this purpose, there are authorized to be appropriated to the Department of Justice for each of fiscal years 2007 through 2010 \$10,000,000 for investigations and prosecutions of violations of section 1084 of title 18, United States Code.

#### SEC. 105. RULES OF CONSTRUCTION.

(a) Nothing in this Act may be construed to prohibit any activity that is allowed under Public Law 95-515 as amended (15 U.S.C. 3001 et seq.).

(b) Nothing in this Act may be construed to preempt State law prohibiting gambling.

#### SEC. 106. SENSE OF CONGRESS.

It is the sense of Congress that this Act does not change which activities related to horse racing may or may not be allowed under Federal law. Section 105 is intended to address concerns that this Act could have the effect of changing the existing relationship between the Interstate Horseracing Act (15 U.S.C. 3001 et seq.), and other Federal statutes that were in effect at the time of this Act's consideration; this Act is not intended to change that relationship; and this Act is not intended to resolve any existing disagreements over how to interpret the relationship between the Interstate Horseracing Act and other Federal statutes.

### TITLE II—POLICIES AND PROCEDURES REQUIRED TO PREVENT PAYMENTS FOR UNLAWFUL GAMBLING

#### SEC. 201. POLICIES AND PROCEDURES REQUIRED TO PREVENT PAYMENTS FOR UNLAWFUL GAMBLING.

Chapter 53 of title 31, United States Code, is amended by adding at the end the following new subchapter:

##### “SUBCHAPTER IV—POLICIES AND PROCEDURES REQUIRED TO PREVENT PAYMENTS FOR UNLAWFUL GAMBLING

##### “§ 5361. Definitions

“For purposes of this subchapter, the following definitions shall apply:

“(1) CREDIT; CREDITOR; CREDIT CARD; AND CARD ISSUER.—The terms ‘credit’, ‘creditor’, ‘credit card’, and ‘card issuer’ have the same meanings as in section 103 of the Truth in Lending Act.

“(2) DESIGNATED PAYMENT SYSTEM.—The term ‘designated payment system’ means any system utilized by a financial transaction provider that the Secretary and the Board of Governors of the Federal Reserve System, in consultation with the Attorney General, jointly determine, by regulation or order, could be utilized in connection with, or to facilitate, any restricted transaction.

“(3) ELECTRONIC FUND TRANSFER.—The term ‘electronic fund transfer’—

“(A) has the same meaning as in section 903 of the Electronic Fund Transfer Act, except that such term includes transfers that

would otherwise be excluded under section 903(6)(E) of that Act; and

“(B) includes any fund transfer covered by Article 4A of the Uniform Commercial Code, as in effect in any State.

“(4) FINANCIAL INSTITUTION.—The term ‘financial institution’ has the same meaning as in section 903 of the Electronic Fund Transfer Act, except that such term does not include a casino, sports book, or other business at or through which bets or wagers may be placed or received.

“(5) FINANCIAL TRANSACTION PROVIDER.—The term ‘financial transaction provider’ means a creditor, credit card issuer, financial institution, operator of a terminal at which an electronic fund transfer may be initiated, money transmitting business, or international, national, regional, or local payment network utilized to effect a credit transaction, electronic fund transfer, stored value product transaction, or money transmitting service, or a participant in such network, or other participant in a designated payment system.

“(6) INSURED DEPOSITORY INSTITUTION.—The term ‘insured depository institution’—

“(A) has the same meaning as in section 3 of the Federal Deposit Insurance Act; and

“(B) includes an insured credit union (as defined in section 101 of the Federal Credit Union Act).

“(7) MONEY TRANSMITTING BUSINESS AND MONEY TRANSMITTING SERVICE.—The terms ‘money transmitting business’ and ‘money transmitting service’ have the same meanings as in section 5330(d) (determined without regard to any regulations prescribed by the Secretary thereunder).

“(8) RESTRICTED TRANSACTION.—The term ‘restricted transaction’ means any transaction or transmittal involving any credit, funds, instrument, or proceeds described in any paragraph of section 5362 which the recipient is prohibited from accepting under such section.

“(9) SECRETARY.—The term ‘Secretary’ means the Secretary of the Treasury.

“(10) UNLAWFUL GAMBLING.—

“(A) IN GENERAL.—The term ‘unlawful gambling’ means to place, receive, or otherwise knowingly transmit a bet or wager by any means which involves the use of a communication facility where such bet or wager is unlawful under any applicable Federal or State law in the State or tribal lands in which the bet or wager is initiated, received, or otherwise made.

“(B) EXCLUSION OF CERTAIN AUTHORIZED TRANSACTIONS.—The term ‘unlawful gambling’ does not include any intrastate or intratribal transactions authorized under section 1084(c) of title 18, United States Code.

“(C) INTERMEDIATE ROUTING.—With respect to section 5362, the intermediate routing of electronic data shall not determine the location or locations in which a bet or wager is initiated, received, or otherwise made.

“(11) OTHER TERMS.—The terms ‘bet or wager’, ‘communication facility’, ‘gambling business’, ‘own and control’, ‘person’, ‘State’, and ‘tribal’ have the same meanings as in section 1081 of title 18.

**“§ 5362. Prohibition on acceptance of any financial instrument for unlawful gambling**

“No person engaged in a gambling business may knowingly accept, in connection with the participation of another person in unlawful gambling—

“(1) credit, or the proceeds of credit, extended to or on behalf of such other person (including credit extended through the use of a credit card);

“(2) an electronic fund transfer, or funds transmitted by or through a money transmitting business, or the proceeds of an electronic fund transfer or money transmitting

service, from or on behalf of such other person;

“(3) any check, draft, or similar instrument which is drawn by or on behalf of such other person and is drawn on or payable at or through any financial institution; or

“(4) the proceeds of any other form of financial transaction, as the Secretary and the Board of Governors of the Federal Reserve System may jointly prescribe by regulation, which involves a financial institution as a payor or financial intermediary on behalf of or for the benefit of such other person.

**“§ 5363. Policies and procedures to identify and prevent restricted transactions**

“(a) REGULATIONS.—Before the end of the 270-day period beginning on the date of the enactment of this subchapter, the Secretary and the Board of Governors of the Federal Reserve System, in consultation with the Attorney General, shall prescribe regulations (which the Secretary and the Board jointly determine to be appropriate) requiring each designated payment system, and all participants therein, to identify and block or otherwise prevent or prohibit restricted transactions through the establishment of policies and procedures reasonably designed to identify and block or otherwise prevent or prohibit the acceptance of restricted transactions in any of the following ways:

“(1) The establishment of policies and procedures that—

“(A) allow the payment system and any person involved in the payment system to identify restricted transactions by means of codes in authorization messages or by other means; and

“(B) block restricted transactions identified as a result of the policies and procedures developed pursuant to subparagraph (A).

“(2) The establishment of policies and procedures that prevent or prohibit the acceptance of the products or services of the payment system in connection with a restricted transaction.

“(b) REQUIREMENTS FOR POLICIES AND PROCEDURES.—In prescribing regulations under subsection (a), the Secretary and the Board of Governors of the Federal Reserve System shall—

“(1) identify types of policies and procedures, including nonexclusive examples, which would be deemed, as applicable, to be reasonably designed to identify and block or otherwise prevent or prohibit the acceptance of the products or services with respect to each type of restricted transaction;

“(2) to the extent practical, permit any participant in a payment system to choose among alternative means of identifying and blocking, or otherwise preventing or prohibiting the acceptance of the products or services of the payment system or participant in connection with, restricted transactions; and

“(3) consider exempting certain restricted transactions or designated, payment systems from any requirement imposed under such regulations, if the Secretary and the Board jointly find that it is not reasonably practical to identify and block, or otherwise prevent or prohibit the acceptance of, such transactions.

“(c) COMPLIANCE WITH PAYMENT SYSTEM POLICIES AND PROCEDURES.—A financial transaction provider shall be considered to be in compliance with the regulations prescribed under subsection (a), if—

“(1) such person relies on and complies with the policies and procedures of a designated payment system of which it is a member or participant to—

“(A) identify and block restricted transactions; or

“(B) otherwise prevent or prohibit the acceptance of the products or services of the

payment system, member, or participant in connection with restricted transactions; and

“(2) such policies and procedures of the designated payment system comply with the requirements of regulations prescribed under subsection (a).

“(d) NO LIABILITY FOR BLOCKING OR REFUSING TO HONOR RESTRICTED TRANSACTIONS.—A person that identifies and blocks a transaction, prevents or prohibits the acceptance of its products or services in connection with a transaction, or otherwise refuses to honor a transaction—

“(1) that is a restricted transaction;

“(2) that such person reasonably believes to be a restricted transaction; or

“(3) as a designated payment system or a member of a designated payment system in reliance on the policies and procedures of the payment system, in an effort to comply with regulations prescribed under subsection (a), shall not be liable to any party for such action.

“(e) REGULATORY ENFORCEMENT.—The requirements of this subchapter shall be enforced exclusively by—

“(1) the Federal functional regulators, with respect to the designated payment systems and financial transaction providers subject to the respective jurisdiction of such regulators under section 505(a) of the Gramm-Leach-Bliley Act and section 5g of the Commodities Exchange Act; and

“(2) the Federal Trade Commission, with respect to designated payment systems and financial transaction providers not otherwise subject to the jurisdiction of any Federal functional regulators (including the Commission) as described in paragraph (1).”.

**SEC. 202. TECHNICAL AND CONFORMING AMENDMENT.**

The table of sections for chapter 53 of title 31, United States Code, is amended by adding at the end the following:

“SUBCHAPTER IV—POLICIES AND PROCEDURES REQUIRED TO PREVENT PAYMENTS FOR UNLAWFUL GAMBLING

“5361. Definitions.

“5362. Prohibition on acceptance of any financial instrument for unlawful gambling.

“5363. Policies and procedures to identify and prevent restricted transactions.”.

**TITLE III—INTERNET GAMBLING IN OR THROUGH FOREIGN JURISDICTIONS**

**SEC. 301. INTERNET GAMBLING IN OR THROUGH FOREIGN JURISDICTIONS.**

(a) IN GENERAL.—In deliberations between the United States Government and any other country on money laundering, corruption, and crime issues, the United States Government should—

(1) encourage cooperation by foreign governments and relevant international fora in identifying whether Internet gambling operations are being used for money laundering, corruption, or other crimes;

(2) advance policies that promote the cooperation of foreign governments, through information sharing or other measures, in the enforcement of this Act; and

(3) encourage the Financial Action Task Force on Money Laundering, in its annual report on money laundering typologies, to study the extent to which Internet gambling operations are being used for money laundering purposes.

(b) REPORT REQUIRED.—The Secretary of the Treasury shall submit an annual report to the Congress on any deliberations between the United States and other countries on issues relating to Internet gambling.

The SPEAKER pro tempore. After 1 hour of debate on the bill, as amended,



it shall be in order to consider the further amendment printed in House Report 109-551, if offered by the gentleman from Nevada (Ms. BERKLEY) or her designee, which shall not be subject to a demand for division of the question, shall be considered read, and shall be debatable for 20 minutes, equally divided and controlled by the proponent and an opponent.

The gentleman from Ohio (Mr. OXLEY), the gentlewoman from Oregon (Ms. HOOLEY), the gentleman from Wisconsin (Mr. SENSENBRENNER), and the gentleman from Michigan (Mr. CONYERS) each will control 15 minutes.

The Chair recognizes the gentleman from Ohio.

Mr. OXLEY. Mr. Speaker, I yield myself 2 minutes.

Mr. Speaker, I rise today in support of H.R. 4411, the Internet Gambling Prohibition and Enforcement Act. This bill represents the combined efforts of my esteemed colleagues, Chairmen BOB GOODLATTE and JIM LEACH, who have crafted an effective piece of legislation to finally stop the illegal Internet gambling we have worked against for so many years.

The Goodlatte-Leach bill combines two complementary approaches. First, it cuts off the flow of money to Internet gambling Web sites. These Web sites, almost always located on some far-flung Caribbean island, will no longer be allowed to accept bettors' credit cards, fund transfers, or checks drawn on American banks.

Secondly, H.R. 4411 clarifies that the 45-year-old Wire Act covers illegal Internet gambling. As a former FBI agent, I can attest to the fact that the Wire Act is an effective tool in stopping crime, and this bill will help us make better use of it.

Illegal Internet gambling is bad for a number of important reasons. Experts at the FBI and Justice Department have warned that these sites are often fronts for money laundering, drug trafficking and terrorist financing. Internet gambling sites evade U.S.-based regulations that ensure the integrity of casino games, prevent minors from gambling, and puts in safeguards for problem gamblers.

Because these businesses are located overseas, they provide no tax revenues, provide no U.S. jobs, all the while evading Federal and State law enforcement. Unlike legal gambling here in the United States, no enforcement mechanism exists to ensure that individuals are protected against these overseas Internet gambling sites. And with no age verification, savvy online gambling sites are preying on minors and young adults.

This Internet gambling bill is a culmination of a decade of hard work by Chairmen GOODLATTE and LEACH. I would also like to commend the efforts of Mr. BACHUS, Mr. WOLF, Mr. PITTS, Ms. HOOLEY, and Mrs. KELLY, just to name a few. With their help, we have passed several versions of this legislation in the House. I remain hopeful

that the Senate will be able to do the same and we can once and for all give the banking regulators and the Justice Department the tools they need to stop illegal Internet gambling.

□ 1215

In the meantime, I strongly urge my colleagues to support the Goodlatte-Leach bill.

Mr. Speaker, I reserve the balance of my time.

Ms. HOOLEY. Mr. Speaker, I yield myself as much time as I may consume.

Mr. Speaker, I rise in support of H.R. 4411, the Internet Gambling Prohibition Act.

I would like to thank Mr. LEACH and Mr. GOODLATTE for their hard work on bringing this bill to the House floor. It certainly has not been an easy task.

I would like to thank Mr. FRANK, our ranking member on the Financial Services Committee, for the opportunity to manage this debate. Even though he and I do not see eye to eye on this legislation, I appreciate and respect the fact that we have agreed to disagree, and I welcome a healthy debate on enforcement of the illegal Internet gambling laws.

Internet gambling is a growing problem in the United States, particularly among young people and college students. It is known to destroy families, marriages and entire lives. As so aptly put by University of Illinois Professor John Kindt, "You just click the mouse and lose your house."

This legislation makes clear that we are serious about enforcing our Internet gambling laws that are already on the books. It takes a very important step forward, and we have worked very hard on the Financial Services Committee over the last few Congresses to advance this measure.

This bill cuts off the flow of money to Internet gambling Web sites by regulating payment systems. The Department of Treasury and the Federal Reserve will jointly develop policies and procedures for identifying and preventing financial transactions related to illegal Internet gambling. Payment systems will be required to comply with these regulations.

Even when criminal law cannot be enforced, the Federal Government's jurisdiction over financial systems can nevertheless cut off the money sources for these illegal businesses.

I believe we should mean what we say when it comes to Internet gambling. If we are to keep laws on the books that prohibit Internet gambling, then we should take steps to enforce it. And by cutting off the flow of money, we can accomplish just that.

As was previously noted, this bill is supported by 48 of the 50 State attorneys general, by the NCAA, the NBA, the NFL, the MLB and the NHL. It is a good bill and a commonsense approach to a growing problem. I urge my colleagues to end the flow of money to illegal Internet gambling Web sites, and I urge passage of this bill.

Mr. Speaker, I reserve the balance of my time.

The SPEAKER pro tempore. Without objection, the gentleman from Iowa may control the time of the gentleman from Ohio.

There was no objection.

Mr. LEACH. Mr. Speaker, I yield myself 3¼ minutes.

Mr. Speaker, for nearly a decade, many in the Congress have sought to deter Internet gambling. But time and again the issue has been stymied, often in ways that reflect imperfectly on this institution. But it cannot be stressed enough that from a macroeconomic perspective, there are no social benefits for Internet gambling, and from a microfamily perspective, enormous harm is frequently inflicted.

John Kindt, a professor of business at the University of Illinois at Urbana-Champaign calls the Internet "crack cocaine for gamblers. There are no needle marks," he says. "There is no alcohol on the breath. You just click the mouse and lose your house."

These comments could not be more apropos than for Greg Hogan, Jr., a 19-year old Lehigh University class president and chaplain's assistant from Barberton, Ohio. This pastor's son gambled away \$7,500 playing online Texas Hold-'Em, then confessed to robbing a bank to try to recover his losses. His life is ruined.

Never before has it been so easy to lose so much money, so quickly, at such a young age. Internet casinos are proliferating. Soon they will be ubiquitous.

In the next 5 years, if Congress does not act to clarify and enforce the laws banning Internet gambling, and if Internet casinos' business plans come to pass, gamblers will be able to place bets not just from their home computers but also from their cell phones, while they drive from work, or from their BlackBerry's as they wait in line at the movies.

Mr. Speaker, the time has come for Congress to finally deal with the subject matter. The measure before us, H.R. 4411, is supported by the NCAA, all the major professional sports organizations, from the NFL and Major League Baseball to the NBA and NHL, as well as the financial services industry, family groups, religious organizations and 48 of the 50 State attorneys general.

The reason the sports groups support the legislation, as our colleague, TOM OSBORNE, so thoughtfully noted, is that they are concerned with the integrity of the games.

The reason the religious community has come together is that they are concerned for the unity of the American family. Internet gambling is not a subject touched upon in the Old or New Testament or the Koran or the Bhagavad Gita. But the pastoral function is one of dealing with families in difficulty. And religious leaders of all denominations and faiths are seeing gambling difficulties erode family values.

It will be suggested in this debate that there is no call to rein in activities of individual choice. But it should be clear that in the history of the Western world, whenever gambling has been legalized it has been subject to careful regulation. This is simply not the case with the Internet. Nor is it the case that an individual's misjudgment does not affect society as a whole.

There is nothing in Internet gambling that adds to the GDP or makes America more competitive in the world. Indeed, if an individual cannot repay his or her debt, neighbors will be subject to higher interest rates. Everyone loses if this industry continues its remarkable growth.

While Congress has failed to act, the illegal Internet gambling industry has boomed. This year, Americans are projected to send more than \$6 billion to unregulated, offshore, online casinos, half of the \$12 billion that will be bet worldwide on Internet gambling. FBI and Justice Department experts have warned that Internet gambling sites are vulnerable to be used for money laundering, drug trafficking and even terrorist financing. Further, these sites evade rigorous U.S.-based regulations that control gambling by minors and problem gamblers, and ensure the integrity of the games.

Internet gambling's characteristics are unique: online players can gamble 24 hours a day from home; children may play without sufficient age verification; and betting with a credit card can undercut a player's perception of the value of cash, leading to addiction, bankruptcy and crime. Unlike in brick-and-mortar casinos in the United States where legal protections for bettors exist and where there is some compensatory social benefit in jobs and tax revenues, Internet gambling sites principally yield only liabilities to America and to Americans.

H.R. 4411 was introduced to provide federal and state governments strong tools to enforce existing gambling prohibitions. It would crack down on illegal gambling by clarifying that the Wire Act covers all forms of interstate gambling and would account for new technologies. Designed to cut the money flow from gamblers to Internet gambling sites, the bill would enhance criminal penalties for gambling businesses settling Internet wagers with financial instruments such as credit cards, checks, or fund transfers. It would also require payment systems to establish procedures for blocking these transactions.

Internet gambling has become as much a part of the college experience as late-night study sessions and rooting for the football team. Researchers have called gambling online addictive. Players attest to becoming obsessed with it. The activity is illegal, but the law is not being forced.

According to a study by the Annenberg Public Policy Center, nearly 10 percent of college students gambled online last year. They play in their dorm rooms, in library lounges, in class. The number of college males who reported gambling online once a week or more quadrupled in the last year alone.

Finally, a note about horseracing. In 1978, Congress passed the Interstate Horseracing Act (IHA) to set forth the rights and responsibilities applicable to interstate wagering on horseracing, to affirm that States have primary

responsibility for regulating gambling within their borders, and to prevent States from interfering with the gambling policies of other States. In 2000, Congress amended the IHA to clarify that the statute applied to the transmission of interstate off-track wagers via telephone or other electronic media.

The Executive Branch has taken the position that the 1961 Wire Act overrides the IHA, even though the IHA is a more recent statute, because neither statute expressly exempts IHA transactions from the Wire Act. The horseracing industry vigorously disagrees. H.R. 4411 has been very carefully drafted to maintain the status quo regarding horseracing, preserving the ability of the Executive Branch and the horseracing industry to litigate the proper interpretation of these two statutes. The text of the bill is clear: "this Act does not change which activates related to horseracing may or may not be allowed under Federal law." To the degree this act provides new definitional standards, it bolsters rather than diminishes the Justice Department's latitude.

Bills of this nature are always controversial and subject to intense lobbying by powerful interests. I believe the approach on the table represents the only credible initiative likely to be considered in the foreseeable future. I urge support for this important legislation.

Mr. Speaker, I reserve the balance of my time.

Ms. HOOLEY. Mr. Speaker, I yield 4 minutes to the gentleman from Massachusetts (Mr. FRANK), the ranking member on the Financial Services Committee.

Mr. FRANK of Massachusetts. Mr. Speaker, I strongly disagree with the gentleman from Iowa with whom I often agree. I don't disagree with him entirely. I will stipulate that there is nothing in the Bagavagida about gambling. But other than that, I don't think he got much right.

He says that gambling on the Internet does not add to the GDP or make America competitive. Has it become the role of this Congress to prohibit any activity that an adult wants to engage in voluntarily if it doesn't add to the GDP or make us more competitive?

What kind of social, cultural authoritarianism are we advocating here?

Now, I agree there is a practice around today that causes a lot of problems, damages families, people lose their jobs, they get in debt. They do it to excess. It is called drinking. Are we going to go back to Prohibition? Prohibition didn't work for alcohol; it doesn't work for gambling.

When people abuse a particular practice, the sensible thing is to try to deal with the abuse, not outlaw it.

By the way, this bill allows certain kinds of Internet gambling to stay, so apparently the notion is that those few people who are obsessive and addicted will not take advantage of those forms which are still available to them.

But the fundamental point is this. If an adult in this country, with his or her own money, wants to engage in an activity that harms no one, how dare we prohibit it because it doesn't add to the GDP or it has no macroeconomic

benefit. Are we all to take home calculators and, until we have satisfied the gentleman from Iowa that we are being socially useful, we abstain from recreational activities that we choose?

This Congress is well on the way to getting it absolutely backwards. In areas where we need to act together to protect the quality of our life, in the environment, in transportation, in public safety, we abstain; but in those areas where individuals ought to be allowed to make their own choices, we intervene. And that is what this is.

Now, people have said, well, some students abuse it. We should work to try to diminish abuse. But if we were to outlaw for adults everything that college students abuse, we would all just sit home and do nothing.

By the way, credit card abuse among students is a more serious problem, I believe, than gambling. Maybe gambling will catch up. But we have heard many, many stories about young people who have credit cards that they abuse. Do we ban credit cards for them?

But here is the fundamental issue. Shouldn't it be the principle in this government that the burden of proof is on those who want to prohibit adults from their own free choices to show that they are harming other people?

We ought to say that, if you decide with your own money to engage in an activity that harms no one else, you ought to be allowed to do it. And once you say, oh, no, but that doesn't add to the GDP, and that can lead to some problems in families, then this is hardly the only thing you will end up banning.

The fundamental principle of the autonomy of the individual is at stake today.

Now, I have to say, I understand a lot of the conservatives don't like it because there are people on the religious side who don't like it. Some of my liberal friends, I think, are being very inconsistent. We are for allowing a lot of things. I mean, many of us vote to say, You can burn the flag; I wish you wouldn't, but you can. It shouldn't be a crime.

You can look at certain things on television that maybe other people think you shouldn't. You can do other things but you can't gamble. There is a fundamental inconsistency there.

I guess people think gambling is tacky. They don't like it. Well, fine, then don't do it. But don't prohibit other individuals from engaging in it.

People have said, What is the value of gambling? Here is the value. Some human beings enjoy doing it. Shouldn't that be our principle? If individuals like doing something and they harm no one, we will allow them to do it, even if other people disapprove of what they do.

And it is, of course, likely to be ineffective. The best thing that ever happens to illegal gamblers is when you do a measure like this.

I hope the bill is defeated.



Mr. LEACH. Mr. Speaker, I yield 1 minute to the gentleman from Alabama (Mr. ADERHOLT).

Mr. ADERHOLT. Mr. Speaker, I rise today in support of H.R. 4411, which is the Internet Gambling Prohibition and Enforcement Act. Gambling in any form, especially Internet gambling, is especially dangerous to children. Because these illegal Web sites lack reliable age verification tools, children of any age can access the sites and begin gambling.

For adults, these sites encourage gambling addiction with their ease of access, especially with regard to how easy it is to use credit cards.

I would like to be clear for the record, Mr. Speaker. I oppose the expansion of gambling in all forms. I have been a long-time opponent of gambling. I have cosponsored tough enforcement measures in the past, including increased criminal penalties and support for international anti-money-laundering efforts.

Today's bill includes those measures and takes a strong step to curtail those dangerous sites by cutting off their source of funding. It is an important step toward eradicating this threat and ensuring the safety of our children and our communities.

Mr. Speaker, in closing, let me just say, I encourage my colleagues to support this legislation and to vote against the amendment that would be brought up today that would actually gut the results of this legislation.

Ms. HOOLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. PAUL).

(Mr. PAUL asked and was given permission to revise and extend his remarks.)

Mr. PAUL. Mr. Speaker, I rise in opposition to this legislation. It is not easy to oppose this legislation because it is assumed that proponents of the bill are on the side of the moral high ground. But there is a higher moral high ground in the sense that protecting liberty is more important than passing a bill that regulates something on the Internet.

The Interstate Commerce Clause originally was intended to make sure there were no barriers between interstate trade. In this case, we are putting barriers up.

I want to make the point that prohibition, as a general principle, is a bad principle because it doesn't work. It doesn't solve the problem because it can't decrease the demand. As a matter of fact, the only thing it does is increase the price. And there are some people who see prohibitions as an enticement, and that it actually increases the demand.

But once you make something illegal, whether it is alcohol or whether it is cigarettes or whether it is gambling on the Internet, it doesn't disappear because of this increased demand. All that happens is, it is turned over to the criminal element. So you won't get rid of it.

Sometimes people say that this prohibition that is proposed is designed to protect other interests because we certainly aren't going to get rid of gambling, so we might get rid of one type of gambling, but actually enhance the other.

But one of the basic principles, a basic reason why I strongly oppose this is, I see this as a regulation of the Internet, which is a very, very dangerous precedent to set.

To start with, I can see some things that are much more dangerous than gambling. I happen to personally strongly oppose gambling. I think it is pretty stupid, to tell you the truth.

But what about political ideas? What about religious fanaticism? Are we going to get rid of those? I can think of 1,000 things worse coming from those bad ideas. But who will come down here and say, Just think of the evil of these bad ideas and distorted religions, and therefore we have to regulate the Internet?

H.R. 4411, the Internet Gambling Prohibition and Enforcement Act, should be rejected by Congress since the Federal Government has no constitutional authority to ban or even discourage any form of gambling.

In addition to being unconstitutional, H.R. 4411 is likely to prove ineffective at ending Internet gambling. Instead, this bill will ensure that gambling is controlled by organized crime. History, from the failed experiment of prohibition to today's futile "war on drugs," shows that the government cannot eliminate demand for something like Internet gambling simply by passing a law. Instead, H.R. 4411 will force those who wish to gamble over the Internet to patronize suppliers willing to flaunt the ban. In many cases, providers of services banned by the government will be members of criminal organizations. Even if organized crime does not operate Internet gambling enterprises their competitors are likely to be controlled by organized crime. After all, since the owners and patrons of Internet gambling cannot rely on the police and courts to enforce contracts and resolve other disputes, they will be forced to rely on members of organized crime to perform those functions. Thus, the profits of Internet gambling will flow into organized crime. Furthermore, outlawing an activity will raise the price vendors are able to charge consumers, thus increasing the profits flowing to organized crime from Internet gambling. It is bitterly ironic that a bill masquerading as an attack on crime will actually increase organized crime's ability to control and profit from Internet gambling.

In conclusion, H.R. 4411 violates the constitutional limits on Federal power. Furthermore, laws such as H.R. 4411 are ineffective in eliminating the demand for vices such as Internet gambling; instead, they ensure that these enterprises will be controlled by organized crime. Therefore I urge my colleagues to reject H.R. 4411, the Internet Gambling Prohibition and Enforcement Act.

Mr. LEACH. Mr. Chairman, I yield 2 minutes to a great leader of this particular effort, Mr. BACHUS from Alabama.

□ 1230

Mr. BACHUS. Mr. Speaker, I thank the chairman, and I would like to re-

spond to the gentleman from Texas and the gentleman from Massachusetts and tell you why we need this bill and we need it desperately.

We have been trying to move this legislation for 5 years, and in the 5 years that we have failed to move it, as many as half a million young teenagers have become compulsive gamblers. Now, the Harvard Medical School, the University of South Florida, and the American Psychiatric Association have all told us that the younger someone is exposed to gambling, the younger they start gambling, the more addictive it becomes. In fact, about three times more addictive.

The University of Connecticut did a recent study, and I am going to introduce it for the RECORD, that says Internet gambling is three times as likely to produce a problem gambler. Seventy-four percent of the young people that they surveyed who said they had gambled on the Internet developed a serious addiction.

Now, what happens when they gamble and they get an addiction? McGill University did a study, and they said that teenagers who gamble on the Internet show increased criminal activity, strained family relationships, and depression. Thirty percent of those who became addicted to gambling on the Internet actually attempted suicide. That is why Mr. LEACH talked about the young man who was the class sophomore president at Lehigh University who actually robbed a bank. A 17-year-old who lost a \$6,000 bet on the Internet committed suicide. We have got to move against this.

Finally, let me conclude with this: let me tell you what has happened in the past year. According to the University of Pennsylvania, in the last year we have gotten another 150,000 young compulsive gamblers.

It is already illegal. What we are doing is stopping it. You have got the criminals on one side, and you have got young people on the other side; and we must protect the young people from these criminals.

Mr. Speaker, I rise today in strong support of H.R. 4411, the Goodlatte-Leach Internet Gambling Prohibition and Enforcement Act.

I want to begin by thanking Chairmen OXLEY and Sensenbrenner and Congressmen GOODLATTE and LEACH for bringing H.R. 4411 to the Floor today and for their undying determination to put an end to Internet gambling in the United States. H.R. 4411 would help stop the growing threat that Internet gambling poses to the most vulnerable in our society, kids and problem gamblers.

H.R. 4411 provides strong new enforcement mechanisms to stop the offshore casinos that flagrantly violate existing state and federal laws against Internet gambling. This bill enables our financial regulators to prescribe regulations limiting the acceptance of financial instruments for unlawful Internet gambling. In addition, H.R. 4411 amends the Wire Act of 1961 to expressly prohibit illegal online interstate gambling. H.R. 4411 was reported by both the Financial Services and Judiciary Committees. Similar legislation has passed the

House in the previous two Congresses. Now is the time to cut off illegal Internet gambling once and for all.

We have been discussing this issue for years. It has taken way too long. In the time we've been debating this issue, Internet gambling sites have virtually overrun the Internet. Five years ago, there were less than 50 Internet gambling sites. Today, there are more than two thousand sites that will generate upwards of \$5.9 billion this year alone, nearly half of the \$12 billion bet worldwide on Internet gambling.

Support for our efforts to stop the money flow to illegal gambling sites have been nearly universal, from family and religious groups to anti-gambling groups, from professional sports to college athletics, from major players in the banking and credit card industries to law enforcement and Internet service providers. Mr. Speaker, it is far easier and far quicker to just list who doesn't support our efforts. That would, of course, be the illegal gambling industry itself. They have launched an all-out effort at obfuscation and mischaracterization in hopes of defeating this bill and perpetuating their noxious activities.

The ability of the Internet to penetrate every home and community has both positive and negative consequences. It can be a valuable source of information and a way to communicate quickly with loved ones. But, the Internet can also override community values and standards. Gambling is an excellent example of this. Gambling is currently illegal in the United States unless it is regulated by the states. With the Internet, however, prohibitions against gambling and regulations governing gambling are turned on their head.

The negative effects of gambling have been widely documented. All too often, gambling results in addiction, bankruptcy, divorce, crime and moral decline. Internet gambling magnifies the destructiveness of gambling by bringing the casino into your home. According to an extensive survey done by the University of Connecticut Health Center, 74 percent of those who have used the Internet to gamble have serious problems with addiction, and many of those have resorted to criminal activities to pay for the habit. We heard testimony at one of our hearings that Internet gambling is proving to be a serious problem for many college students. One student reportedly lost \$10,000 on Internet sports gambling over a three-month period.

Imagine if you found out that a casino was being built next door to your house, and that they had invited your children to participate in gambling activities. You would probably think that was unacceptable. But Internet gambling Web sites are actually worse than that. Sitting right on the computer desk in your home or in your child's bedroom is a computer with easy access to more than 2,000 Web sites that offer illegal Internet gambling services.

Worse yet, your kids could use your credit card to gamble on the Internet and run you into bankruptcy—without you even knowing it.

In addition, Internet gambling has been linked to terrorists and organized crime. The FBI and the Department of Justice have testified that Internet gambling serves as a vehicle for money laundering that can be exploited by terrorists. These Internet sites—most of which are operated offshore—represent a serious money laundering vulnerability for our country.

So what would H.R. 4411 do?

H.R. 4411 addresses the problem of Internet gambling in four ways:

First, it clarifies that the Wire Act covers all forms of gambling including Internet gambling and increases the maximum penalty for violations of the Wire Act from two to five years in prison.

Second, and most importantly, it cuts off the flow of money to Internet gambling Web sites by regulating the payments system.

The legislation directs the Treasury Department and the Federal Reserve to jointly develop regulations preventing financial transactions related to illegal Internet gambling.

Third, the legislation authorizes State and Federal law enforcement to seek injunctions against persons who facilitate illegal Internet gambling; and

Fourth, the U.S. government through the Treasury Department is exhorted to advance international cooperation in law enforcement efforts against illegal gambling and related money laundering.

Internet gambling is already illegal under Federal and State law, but most of the more than two thousand Internet gambling sites operate from offshore locations. Currently, these "virtual casinos" advertise the ease of opening betting accounts mainly through the use of credit cards. Therefore, they operate beyond the reach of our law. The regulations and anti-money laundering laws that apply to casinos in our country do not apply to these fly-by-night offshore Internet operators. Shutting off the money source is the only way to shut down these illegal Internet gambling Web sites.

In closing, Mr. Speaker, let me just say that a vote for this bill is a vote against illegal Internet gambling. This bill shuts off the money. That is what these people are waiting for, the money. If we shut off the money, we shut off the sites.

My thanks again go to Chairman OXLEY, Chairman SENSENBRENNER, Congressman GOODLATTE and Congressman LEACH for their tireless efforts in moving this bill forward and bringing it to the floor today. I urge all of my colleagues to vote in favor of this legislation.

#### DISORDERED GAMBLING AMONG UNIVERSITY-BASED MEDICAL AND DENTAL PATIENTS: A FOCUS ON INTERNET GAMBLING

George T. Ladd and Nancy M. Petry—  
University of Connecticut Health Center.

The authors evaluated gambling behaviors, including Internet gambling, among patients seeking free or reduced-cost dental or health care. Three hundred eighty-nine patients at university health clinics completed a questionnaire that included the South Oaks Gambling Screen (SOGS; H. R. Lesieur & S. Blume, 1987). All respondents had gambled in their lifetimes, with 70% gambling in the past 2 months. On the basis of SOGS scores, 10.6% were problem gamblers, and 15.4% were pathological gamblers. The most common forms of gambling were lottery, slot machines, and scratch tickets. Internet gambling was reported by 8.1% of participants. Compared to non-Internet gamblers, Internet gamblers were more likely to be younger, non-Caucasian, and have higher SOGS scores. This study is among the first to evaluate the prevalence of Internet gambling and suggests that people who gamble on the Internet are likely to have a gambling problem. Results also illuminate the need to screen patients seeking health care services for gambling problems.

The fourth edition of the Diagnostic and Statistical Manual of Mental Disorders

(American Psychiatric Association, 1994) describes pathological gambling as a disorder that involves preoccupation with, tolerance of, and loss of control relating to gambling behaviors. A recent meta-analysis of prevalence rates (Shaffer, Hall, & VanderBilt, 1999) concluded that approximately 1.6% of North American adults may be Level 3 (pathological) gamblers. An additional 3.9% may be Level 2 (problematic) gamblers, bringing the combined percentage of disordered gamblers to more than 5%.

Although prevalence rates in general populations have been described (Shaffer et al. 1999), there is a paucity of studies that have focused on the prevalence of gambling among primary-care patients (Miller, 1996b; Pasternak & Fleming, 1999; Van Es, 2000). As a consequence, health care professionals may not be aware of the impact that gambling behaviors can have on the health of their patients. Health comorbidities found to be associated with pathological gambling include substance abuse, circulatory disease, gastrointestinal distress, sexual dysfunction, anxiety disorders, and depression (Bergh & Kuhlhorn, 1994; Daghestani, 1987b; Lesieur, Blume, & Zoppa, 1986; Miller, 1996a; Pasternak & Fleming, 1999).

This study presents two central opportunities for contribution to the existing body of knowledge about disordered gambling. First, we directed our attention toward gambling behaviors among a subset of the population that seeks free or reduced-cost health care. A second focus of this study was the types of gambling activities in which people engage, with special attention paid to Internet gambling. Many researchers have examined the prevalence of disordered gambling (e.g., Shaffer et al., 1999), but few have presented data on the types of gambling in which individuals participate, and no known published studies have focused on the prevalence of Internet gambling.

#### METHOD

Participants for this study were drawn from patients seeking treatment at the University of Connecticut Health Center (UCHC) each year. Of the 389 patients included in this study, 76.5% were from UCHC dental clinics, which serve primarily uninsured patients. The remaining 22.5% of participants were from other UCHC medical clinics. The UCHC is located 8 miles southeast of Hartford, Connecticut, and is approximately 65 miles from two large casinos.

#### Procedures

Questionnaires were left in the waiting areas of various UCHC health and dental clinics for 13 months (8/1/99–9/2/00) along with collection boxes. Approximately 2,000 patients were treated in these clinics during the study period. Signs encouraging questionnaire completion were displayed in these general areas. On occasion, a research assistant would approach patients within clinics and ask them to complete a screen. No patients who were verbally asked to complete a questionnaire refused. Nonresponses were probably a result of failure to notice the signs and questionnaires rather than refusal to participate. An overall average return rate of 85.7% across the UCHC clinics was determined on weeks in which the numbers of screens left out and collected were monitored.

#### Measures

The 2-page questionnaire consisted of the South Oaks Gambling Screen (SOGS; Lesieur & Blume, 1987) as well as questions regarding demographic information and gambling activities.

#### Data analysis

We used the SOGS (Lesieur & Blume, 1987) component of the questionnaires to classify

participants as Level 1 (score of 0–2), Level 2 (score of 3–4), or Level 3 (score >5) gamblers (Lesieur & Heineman, 1988; Shaffer et al., 1999).

We present here the types of participants' gambling activities, along with the frequency and intensity of recent gambling behaviors (past year, past 2 months, and past week) by level of disordered gambling. We compared participants who reported experience with Internet gambling and participants who reported no experience with Internet gambling on demographic variables and SOGS scores. We evaluated differences among the three levels of gamblers, as well as between Internet versus non-Internet gamblers, using the chi-square test for categorical data, analysis of variance for continuous data, and Kruskal-Wallis tests for non-normally distributed continuous data.

#### RESULTS

##### Response rates and demographic characteristics of the respondent sample

In total, 402 questionnaires were filled out. Thirteen respondents left many SOGS items unanswered and were thus excluded, leaving 389 questionnaires for further analysis.

##### Continuum of SOGS scores

Of the respondents, 46.8% scored a 0 on the SOGS, indicative of no problematic gambling behaviors. Additional segments of respondents scored 1 (17.0%) and 2 (10.3%) on the SOGS. Therefore, according to the classification system described by Shaffer et al. (1999), 74.0% of respondents qualified as Level 1 gamblers, and 10.6% of the respondents were classified as Level 2 gamblers, with 6.2% scoring a 3 and 4.4% scoring a 4. The final 15.4% of respondents were classified as Level 3 gamblers, with 6.9% scoring between 5 and 9, 5.7% scoring between 10 and 14, and 2.8% scoring between 15 and 20.

##### Demographic characteristics

Although no statistically significant group differences were found with regard to gender, the three groups of gamblers differed on other demographic characteristics. Specifically, differences among the groups emerged with respect to age,  $F(2, 382) = 8.58, p < .01$ ; ethnicity,  $X^2(6, N = 374) = 23.01, p < .001$ ; marital status,  $X^2(8, N = 384) = 18.80, p < .001$ ; education,  $X^2(8, N = 376) = 34.45, p < .001$ ; and yearly income,  $X^2(6, N = 374) = 12.89, p < .05$ . Compared to Level 1 gamblers, Level 2 and 3 gamblers were more likely to be younger, of non-Caucasian ethnicity, not married, and have lower levels of education and income.

##### Gambling participation

All of the respondents reported having gambled in their lifetimes, with 90.0% having gambled within the past year, 70.0% within the past 2 months, and 42.0% within the past week. The most common form of gambling was the lottery, with 89.2% of the total sample having lifetime experience with the lottery. Twenty-five percent of the sample reported weekly or more frequent lottery playing. Slot machines were the next most popular gambling activity, with 81.7% of the sample having lifetime experience, and 6.7% playing slots at least weekly. Scratch tickets were played by 78.7%, with 19.0% of participants playing at least weekly. Card-playing forms of gambling were reported by 70.8%, with 8.7% of participants playing at least weekly. More than half of the participants reported lifetime participation in sports betting (56.9%), bingo (56.0%), and animal betting (52.7%). Lifetime participation in other gambling activities, such as games of skill (40.8%), roulette (37.1%), dice (33.8%), high-risk stocks (23.6%), and video lottery (21.7%) were each reported by only a minority of the total sample.

##### Internet gambling

Of note is that 8.1% ( $n = 31$ ) of participants reported Internet gambling in their lifetimes, including 3.7% ( $n = 14$ ) who reported gambling on the Internet at least weekly. Demographic and other characteristics of Internet gamblers compared to non-Internet gamblers are shown in Table 1. Age,  $F(1, 378) = 17.68, p < .01$ , and ethnicity,  $X^2(3, N = 376) = 17.80, p < .001$ , were found to differ significantly among participants who reported Internet gambling compared to those who did not. Younger participants were more likely than older participants to have Internet gambling experience. Although non-Caucasian participants represented 15.8% of the total participants, they represented 35.8% of those participants who had experience with Internet gambling.

The comparison of participants with or without Internet gambling experience revealed significant differences in both SOGS scores,  $F(1, 382) = 40.79, p < .01$ , and classified gambling levels,  $X^2(2, N = 389) = 63.23, p < .001$ . Only 22% of participants without any Internet gambling experience were Level 2 or 3 gamblers. In contrast, 74% of participants with Internet gambling experience were classified as Level 2 or 3 gamblers.

#### DISCUSSION

We examined gambling participation and problems of 389 patients who completed questionnaires at the UCHC medical and dental clinics. When the lifetime rates of 10.6% for Level 2 and 15.4% for Level 3 gamblers are combined, the resulting 26.0% rate of disordered gambling (Levels 2 and 3) in this study far exceeds the 6.7% derived from general population surveys conducted since 1993 (National Gambling Impact Study Commission, 1999; Shaffer et al., 1999).

TABLE 1.—DEMOGRAPHIC AND SOUTH OAKS GAMBLING SCREEN (SOGS) SCORING CHARACTERISTICS

Variable	Without internet gambling experience	With internet gambling experience	Total sample
N	351	31	389
Gender (female)	56.7	41.9	54.4
Age (M/SD)	43.5/15.8	31.7/13.6	42.8/16.0
Education level:			
No high school diploma	9.3	20.0	9.8
High school diploma	27.0	36.0	27.9
Some college	23.8	8.0	22.6
College diploma	21.5	20.0	21.3
Postcollege	18.3	16.0	18.4
Ethnicity <sup>a</sup> :			
African American	7.7	12.9	8.3
Caucasian	86.3	61.3	84.2
Hispanic	5.4	22.6	6.7
Other	0.6	0.3	0.8
Marital status:			
Divorced or separated	15.0	19.4	15.1
Living w/partner	10.4	16.1	10.7
Married or remarried	46.7	29.0	45.6
Single	23.6	29.0	24.0
Widowed	4.3	6.5	4.7
Income:			
Under \$10K	13.7	22.6	14.4
\$10–25K	21.7	22.6	21.4
\$25,001–50K	24.7	22.6	24.9
Above \$50K	39.9	32.2	39.3
SOGS score (M/SD) <sup>a</sup>	1.8/3.4	7.8/2.0	2.26/4.01
SOGS level <sup>a</sup> :			
Level 1	78.3	25.8	74.0
Level 2	10.5	9.7	10.6
Level 3	11.1	64.5	15.4

Note. All values are percentages unless otherwise indicated.

<sup>a</sup> Groups differ,  $p < .001$ .

The higher rates of Level 2 and 3 gamblers found in this study may be due to a response bias. Individuals who liked to gamble or who had a problem with gambling may have been more likely to complete the questionnaire. However, considering that 74.0% of the participants were classified as nonproblematic gamblers and that 58.2% scored 0 on the SOGS, the majority of participants who completed the questionnaires had no apparent gambling problems. Another explanation for the higher rates of disordered gambling in

this population may be related to the demographics of the sample. People who seek services at UCHC dental clinics have risk factors for disordered gambling identified in other studies of special populations, such as relatively younger age, lower income, and less education (Cunningham-Williams, Cottler, Compton, & Spitznagel, 1998; Feigelman, Wallisch, & Lesieur, 1998; Pasternak & Fleming, 1999; Shaffer et al., 1999; Stinchfield & Winters, 1998; Volberg, 1998; Westphal & Rush, 1996). The prevalence of

disordered gambling in this sample of medical and dental patients is similar to rates reported in substance abusing populations (Feigelman et al., 1998; Lesieur et al., 1986; Petry, 2000b; Shaffer et al., 1999).

Because only one other known study reported on the prevalence of Internet gambling, comparisons of the rates of Internet gambling found in this study to other populations are premature. Only Petry and Mallya's (2001) study provides a comparative perspective. Using a methodology similar to

that of the present study, Petry and Mallya examined rates of Internet gambling among UCHC health center employees ( $n = 907$ ) who, as a group, had an almost identical mean age (42.8) but higher annual income and educational achievement than participants in the present study. Yet Petry and Mallya found a prevalence rate of Internet gambling of just 1.2%, which is a considerable departure from the present study's findings of 8.1%. Because access to the Internet is traditionally correlated with populations that have higher income and educational attainment, the present study's higher rate of Internet gambling was not expected.

The relative difference in Internet gambling rates between the present study and that of Petry and Mallya (2001) may be due to the higher percentage of Level 2 and 3 gamblers found in the present study. Among UCHC employees, Petry and Mallya found a much smaller overall percentage of Level 2–3 gamblers (4.8%) than the present study (26.0%). With the present study's higher overall percentage of problematic gamblers, an associated increase in percentage of Internet gambling may not be surprising. Indeed, 74.2% of Internet gamblers were found to be Level 2 or 3 gamblers, with 64.5% classified as Level 3 gamblers.

Although Internet gambling was the least common gambling activity, the 8.1% ( $n = 31$ ) of participants who reported experience with Internet gambling remains an important finding. Accessibility and use of Internet gambling opportunities are likely to increase with the explosive growth of the Internet. The University of California, Los Angeles (UCLA) Internet Report (UCLA Center for Communication Policy, 2000) indicated that the number of Americans using the Internet exceeded 100 million by 1999. During each day of the first 3 months of 2000, approximately 55,000 individuals logged on to the Internet for the first time (UCLA Center for Communication Policy, 2000). Thus, an increase in Internet use may foster the development of more Level 2 and 3 gamblers, or attract individuals who already have a gambling problem. Indeed, the availability of Internet gambling may draw individuals who seek out isolated and anonymous contexts for their gambling behaviors.

The high rates of disordered gambling found among UCHC patients illustrate the potential for proactive screening and interventions by health professionals. Health professionals typically attend to a range of patient health and behavior correlates, such as alcohol use, sleep, diet, exercise, and other psychosocial factors. These behaviors and contextual attributes are understood to affect, in complex ways, the health outcomes of patients. Yet attention to gambling as a marker of potential comorbidities is still lacking within health clinic settings. Persons struggling with gambling behaviors are often burdened by health and emotional difficulties (Daghestani, 1987a; Pasternak & Fleming, 1999). These problems include substance abuse, circulatory disease, digestive distress, depression, sexual dysfunction, pervasive anxiety, and risky sexual behaviors (Daghestani, 1987b; Lesieur et al., 1986; Miller, 1996a; Petry, 2000a, 2000b). Screening for disordered gambling among patients may enhance the ability of health professionals to intervene in the physical and emotional health of individuals. Screening strategies are particularly important when dealing with populations in which regular visits to dental or general health clinics may be the exception rather than the norm.

With the expansion of localized and Internet gambling, a rise in disordered gambling may be inevitable as individuals gain easier access to gambling opportunities. The consequences of gambling expansion may con-

tinue to negatively affect the health and social contexts of individuals. As interest in treatments for disordered gambling grows (Petry & Armentano, 1999), health professionals should be aware of the signs of disordered gambling and proactively inform patients of the risks involved.

Ms. HOOLEY. Mr. Speaker, I reserve the balance of my time.

Mr. LEACH. Mr. Speaker, I yield 1 minute to the gentleman from Pennsylvania (Mr. DENT), who represents Lehigh University.

Mr. DENT. Mr. Speaker, I rise today in very strong support of H.R. 4411, the Internet Gambling Prohibition and Enforcement Act, for a variety of reasons, not the least of which is that Lehigh University was mentioned. That institution is in my district.

And just to drive the point home, just in today's paper, the father of the young man who was alleged to have robbed a bank to support his gambling habit said that this bill was something that could have helped his son. He said this: "He was addicted. He gambled 12 hours at a time. He gambled everything he had." The father went on to say, "When he was out of money, he did what most addicts do when they are out of their supply. The Internet is flagrantly recruiting under-21-year-olds to gamble . . . This bill would have definitely helped my son."

Finally, while Internet gambling is a \$12 billion worldwide business, it is not by anyone's definition economic development. The revenue from these enterprises is not job-creating. Most Internet gambling funds are destined for locations that exist offshore.

Mr. Speaker, I rise today to speak in strong support of H.R. 4411, the Internet Gambling Prohibition and Enforcement Act.

This legislation gives law enforcement the tools it needs to fight Internet gambling, which is already illegal in this country. Much Internet gambling originates from off-shore locations and thus is dependent upon the electronic transfer of money and wagering information between sites in the United States and these off-shore locations. Unfortunately, one of the major tools in this fight, the Wire Act, which is codified at title 18 United States Code Section 1081, was enacted in 1961, well before the establishment of the Internet or other forms of similar electronic communication. H.R. 4411 clarifies in statute that Internet communications made in furtherance of gambling transactions indeed fall within the scope of the Wire Act and are thus prosecutable.

H.R. 4411 also gives law enforcement some additional authority to block these transactions. It requires the Department of the Treasury and the Federal Reserve to promulgate regulations aimed at preventing transfers of funds related to illegal Internet Gambling. It also gives law enforcement the ability to seek injunctions against those individuals who act to facilitate this gambling.

While Internet gambling is a \$12 billion worldwide business, it is not, anyone's definition, economic development. The revenue from these enterprises is not job-creating; most Internet gambling funds are destined for locations that exist off-shore. Internet gambling is, instead, wealth transfer—in most cases, from many who can least afford it to very few

who don't need the cash. The proliferation of gambling in America—whether it involves playing the slots at a local racetrack, betting on roulette at a tribal casino hundreds of miles from the nearest Indian reservation, or placing wagers on college basketball games with an Internet site headquartered in the Bahamas—has done nothing to make this a healthier, more productive nation. That is why I support this bill.

Ms. HOOLEY. Mr. Speaker, I have no further requests for time, and I reserve the balance of my time.

Mr. LEACH. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Virginia (Mr. WOLF), who has been a phenomenal advocate of this issue.

Mr. WOLF. Mr. Speaker, I thank the gentleman for yielding.

I want to begin by thanking Mr. LEACH and Mr. GOODLATTE for staying in there when the outside lobbyists were trying to control this institution. And people must know, if you go back and look at history, this institution, this institution, was manipulated by outside lobbyists. So there is a test today whether that outside lobby, outside influence will continue to take place.

With the guilty plea of lobbyist Jack Abramoff and the information revealed about his role in the defeat of the Internet gambling ban a number of years ago, it is time to strengthen the law enforcement tools to crack down on illegal gambling.

With online gambling, people can do it in their bathrobes, as Mr. LEACH said. They can do it when they are standing in line. This is a test. Quite frankly, this is a test for this institution about outside influences, ones that all you have to do is read *The Washington Post* and the *New York Times* over and over and over to see what they have done. They have manipulated this place.

And today, with Mr. LEACH and Mr. GOODLATTE and others, you have an opportunity to reverse the manipulation and pass this bill without amendment.

Mr. Speaker, I rise in strong support of the legislation offered by my colleagues JIM LEACH and BOB GOODLATTE. I want to take this opportunity to commend them for working together and really sticking with it so that we could have a strong bill on the floor today that takes the strengths of each of their measures to comprehensively address Internet gambling.

As the author of the legislation which established the National Gambling Impact Commission, I have long been concerned about the predatory nature of gambling and the corruption that is often associated with it.

It seems as though every day in the news there is a new scandal related to gambling. Without this important legislation, there is no way to regulate Internet gambling.

Today, gambling is legal in almost every State in the Union and more than 400 tribal casinos operate in over 30 States. Sadly, Internet gambling is a growing problem in America, particularly for our young people.

You may recall that last December, Greg Hogan—a Lehigh University sophomore—made headlines when he robbed a bank in

order to pay his online poker debt of more than \$5,000.

According to a PBS NewsHour report last spring, recent studies indicate that more than 70 percent of youth between the ages of 10 and 17 gambled in the past year, up from 45 percent in 1988.

And of those who gamble online, an Annenberg Public Policy Center study released last fall indicates that almost 15 percent of our young people aged 14–22 gamble online at least once a month. While 15 percent may not set off alarm bells, consider that more than 50 percent of those who gamble once a week show signs of problem gambling.

Gambling—and particularly online gambling—is a growing problem around the country. According to a Sports Illustrated article from last summer, more than 1.8 million online poker players gamble each month.

They wager an average of \$200 million a day. And the industry generates more than \$2.2 billion, that's with a "B," in gross revenue annually.

I am pleased to support the Internet Gambling Prohibition and Enforcement Act that will improve law enforcement tools to address this problem. Additionally, I think we have momentum on our side to address the explosion of gambling.

With the guilty plea of lobbyist Jack Abramoff and the information revealed about his role in the defeat of the Internet gambling ban a number of years ago, it's time to strengthen law enforcement's tools to crack down on illegal Internet gambling.

With online gambling, people can do it in their bathrobes, in their family rooms, in fact they could even do it on their cell phones walking down the street. It's literally available everywhere at any time.

The prevalence of online gambling and its explosive growth is a national disgrace that hurts young people. How will the Congress explain to the American people if it fails to address this issue?

Mr. Speaker, I urge support for this legislation.

Ms. HOOLEY. Mr. Speaker, I reserve the balance of my time.

Mr. LEACH. Mr. Speaker, I yield 1 minute to the gentleman from Arizona (Mr. SHADEGG).

Mr. SHADEGG. Mr. Speaker, I thank the gentleman for yielding, and I compliment him on this bill. I also compliment the gentleman from Virginia (Mr. GOODLATTE) and Chairman OXLEY and Chairman SENSENBRENNER and my colleague, Mr. WOLF, with whose remarks I associate myself.

This is a huge problem. I have observed in my lifetime many, many, many people whose lives have been destroyed by unregulated gambling. Story after story was brought to me when I worked in the Arizona attorney general's office about people whose lives were destroyed because one member of their family became addicted to gambling.

Now, we have regulated gambling in this Nation, and that is one thing and nobody is trying to ban that by this bill. But Internet gambling is totally unregulated gambling, and it victimizes people and it destroys lives.

It seems to me that the critics of this bill, including those in the paper this

morning, say it does not go after every gambling operation in the world. Of course it doesn't. There are regulated gambling organizations which are legitimate and at least have some government oversight.

What this bill goes after is the epidemic of unregulated gambling that is destroying lives that puts a full online casino in every single home in America to corrupt the people there and destroy their lives.

I urge my colleagues to support this bill, and I commend the leaders, including Chairman SENSENBRENNER, who have brought it to the floor.

Ms. HOOLEY. Mr. Speaker, I yield myself such time as I may consume.

I just have to clarify a few things that have been said. First of all, this bill is about enforcing the law that is already on the books. This is not about prohibiting gambling. States can regulate their own gambling. They can regulate Internet gambling. This is about enforcing the laws.

We had a hearing in Financial Services where the FBI Director was in front of us and he said this is a significant vehicle for money laundering. GAO reports that Internet gambling can be a significant vehicle for money laundering proceeds because they can move large quantities of money around rapidly to obscure criminal origins. Internet gambling generates over \$10 billion in revenues. Nearly 80 percent of those revenues are impossible to account for because illegal gambling sites are located in jurisdictions with no regulation on gambling.

This allows States the prerogative to decide what kind of gambling should be permitted or forbidden within the State borders. Some States say you cannot gamble; other States say you can. The attorneys general of 48 States have said they are in support of this legislation. It will make online gambling impossible for minors. Minors cannot go into brick and mortar facilities right now. It should, in fact, make it inaccessible for minors.

It recognizes the jurisdictional impediments for prosecuting offshore gambling businesses. Financial systems will be required to block money flow to these businesses, cutting off the oxygen for these illegal transactions.

Mr. Speaker, I reserve the balance of my time.

Mr. LEACH. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Pennsylvania (Mr. PITTS).

Mr. PITTS. Mr. Speaker, I thank the gentleman for yielding, and I want to thank my colleagues, Mr. GOODLATTE, Mr. LEACH, Mr. SENSENBRENNER, for their hard work and leadership on this issue.

Mr. Speaker, it is time that we enforce the law when it comes to Internet gambling.

Dozens of Web sites entice Web surfers to bet online with free software offers. Online sites advertise openly on TV. Stores carry books on how to get rich by gambling online.

The only problem? Online gambling is illegal.

This bill makes that clear and provides mechanisms to effectively enforce the law.

This year Americans will send \$5.9 billion to offshore, unregulated online casinos. The Justice Department warns that many of these sites are fronts for money laundering, drug trafficking, and even terrorist financing. And unregulated online gambling also takes a toll in untold numbers of personal lives destroyed.

Gambling online is unique. No casinos, horse tracks, or betting parlors are required. All you need is a computer, credit card, and Internet access. With that, players are able to play 24 hours a day from the privacy of their homes. Minors are easily able to defy age requirements if they wish to play. And the online environment and credit card payment system combine to promote addiction, bankruptcy, and crime.

Currently, online gambling operations avoid Federal and State law enforcement by locating offshore, and this bill addresses this loophole in three ways: first, it clarifies previous law, making it a Federal felony to use wire communications facilities to transmit bets or wagers. Secondly, it cuts off the flow of money to online gambling sites by regulating the payment systems they use to collect the money. And, finally, it authorizes penalties against those who facilitate illegal online gambling.

Simply put, Mr. Speaker, the law is being flouted, and this bill does something about it. I strongly urge its adoption.

Ms. HOOLEY. Mr. Speaker, I yield myself the balance of my time to close.

First of all, in my opening statement there was a person I forgot to thank who has carried this banner in Financial Services for a long time, Mr. BACHUS from Alabama. I thank you for all the hard work you have done on this.

In closing, Mr. Speaker, I would like to share some interesting facts from an article written for the New York Times by Matt Schwartz.

Researchers say that Internet gambling is addictive. Players say it is addictive. In fact, the action, the act of placing a bet, and the high that follows has been identified by neurologists as a similar high to doing a line of cocaine. Blood rushes to the face, the hands moisten, and the mouth dries up.

Internet gambling has also dramatically changed the face of addiction. An estimated 1.6 million of the 17 million U.S. college students gambled online last year, mostly on poker. According to a study by the Annenberg Public Policy Center, the number of college males who reported gambling online once or more a week quadrupled in the last year alone. This is a growing addiction.

The stereotypical compulsive gambler is now much more likely to be a teenager or a college student. Before

the rise of online gambling, the typical compulsive gambler was in his thirties or forties and took a decade to run the destructive course. Now online gamblers are running the same course in 18 months or less.

These facts are disturbing and highlight the need for action by this Congress. Again, this bill is a common-sense approach that cuts off the flow of money to Internet gambling Web sites by regulating the payment systems.

And, again, we have to remember these laws are already on the books. What we are trying to do is enforce the laws. The Department of the Treasury and the Federal Reserve will jointly develop policies and procedures for identifying and preventing financial transactions related to illegal Internet gambling. Payment systems will be required to comply with these regulations. Again, States are allowed to regulate gambling within their own States.

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I urge my colleagues to end the flow of money to illegal Internet gambling Web sites, and I urge the passage of H.R. 4411.

[From the New York Times, June 11, 2006]

CHAPTER 2: THE GAMBLER; THE HOLD-'EM  
HOLDUP

(By Mattathias Schwartz)

Greg Hogan Jr. was on tilt. For months now, Hogan, a 19-year-old Lehigh University sophomore, had been on tilt, and he would remain on tilt for weeks to come. Alone at the computer, usually near the end of one of his long online gambling sessions, the thought "I'm on tilt" would occur to him. Dude, he'd tell himself, you gotta stop. These thoughts sounded the way a distant fire alarm sounds in the middle of a warm bath. He would ignore them and go back to playing poker. "The side of me that said, 'Just one more hand,' was the side that always won," he told me months later. "I couldn't get away from it, not until all my money was gone." In a little more than a year, he had lost \$7,500 playing poker online.

"Tilt" is the poker term for a spell of insanity that often follows a run of bad luck. The tilter goes berserk, blindly betting away whatever capital he has left in an attempt to recoup his losses. Severe tilt can spill over past the poker table, resulting in reputations, careers and marriages being tossed away like so many chips. This is the kind of tilt Hogan had, tilt so indiscriminate that one Friday afternoon this past December, while on his way to see "The Chronicles of Narnia" with two of his closest friends, he cast aside the Greg Hogan everyone knew—class president, chaplain's assistant, son of a Baptist minister—and became Greg Hogan, the bank robber.

On Dec. 9, 2005, Hogan went to see "Narnia" with Kip Wallen, Lehigh's student-senate president, and Matt Montgomery, Hogan's best friend, in Wallen's black Ford Explorer. Hogan, who was sitting in front, asked Wallen to find a bank so he could cash a check, and Wallen pulled over at a small, oatmeal-colored Wachovia. Inside, Hogan paused at the counter for a moment and then joined the line. He handed the teller a note that said he had a gun, which was a bluff. "Are you kidding?" her face seemed to say. He did his best to look as if he weren't. With agonizing slowness, she began assembling the money. Moments later, a thin sheaf of

billings appeared in the tray: \$2,871. Hogan stuffed it into his backpack, turned around and walked back out to the car.

The movie ended, and the trio returned to campus. Hogan went immediately to Sigma Phi Epsilon, his fraternity, and used some of the stolen money to pay back brothers who had lent him hundreds of dollars. He then joined a few friends at an off-campus pizzeria for dinner. Someone's cellphone rang, with the news that police had stormed the Sig Ep house. No one knew why. Hogan stayed silent. After dinner, his friends dropped him off at orchestra practice. Allentown police officers were waiting for him. They handcuffed him and took him to headquarters, where he confessed almost immediately.

Hogan's first call was to his parents back home in Ohio. They had just finished eating dinner at T.G.I. Friday's. "He was at the end of himself," Greg Hogan Sr. told me. "He couldn't believe he had done it. Not that he was denying anything, but he felt like he was watching another person's life."

To wired college students today, Internet gambling is as familiar as beer, late-night pizza and the Saturday night hook-up. Poker—particularly Texas hold 'em—is the game of choice. Freshmen arrive already schooled by ESPN in the legend of Chris MoneyMaker, the dough-faced 27-year-old accountant who deposited \$40 into his PokerStars.com account and parlayed it into a \$2.5 million win at the World Series of Poker in Las Vegas. Throughout the dorms and computer labs and the back rows of 100-level lecture halls you can hear the crisp wsshpp, wsshpp, wsshpp of electronic hands being dealt as more than \$2 billion in untaxed revenue is sucked into overseas accounts each year.

Researchers say that Internet poker is addictive. Players say that it's addictive. The federal government says that it's illegal. But colleges have done little to stop its spread on campus. Administrators who would never consider letting Budweiser install taps in dorm rooms have made high-speed Internet access a standard amenity, putting every student with a credit card minutes away from 24-hour high-stakes gambling. Online casinos advertise heavily on sites directed at college students like CollegeHumor.com, where students post pictures of themselves playing online poker during lectures with captions like: "Gambling while in class. Who doesn't think that wireless Internet is the greatest invention ever?" Some schools have allowed sites to establish a physical on-campus presence by sponsoring live cash tournaments; the sites partner with fraternities and sports teams, even give away a semester's tuition, all as inducements to convert the casual dorm-lounge poker player to a steady online customer. An unregulated network of offshore businesses has been given unfettered access to students, and the students have been given every possible accommodation to bet and lose to their hearts' content. Never before have the means to lose so much been so available to so many at such a young age.

An estimated 1.6 million of 17 million U.S. college students gambled online last year, mostly on poker. According to a study by the Annenberg Public Policy Center, the number of college males who reported gambling online once a week or more quadrupled in the last year alone. "The kids really think they can log on and become the next world champion," says Jeffrey Derevensky, who studies youth problem gambling at McGill University in Montreal. "This is an enormous social experiment. We don't really know what's going to happen."

Greg Hogan is far from the only college student to see the game's role in his life grow from a hobby to a destructive obses-

sion. Researchers from the University of Connecticut Health Center interviewed a random sample of 880 college students and found that 1 out of every 4 of the 160 or so online gamblers in the study fit the clinical definition of a pathological gambler, suggesting that college online-poker addicts may number in the hundreds of thousands. Many, like Lauren Patrizi, a 21-year-old senior at Loyola University in Chicago, have had weeks when they're playing poker during most of their waking hours. Rarely leaving their rooms, they take their laptops with them to bed, fall asleep each night in the middle of a hand and think, talk and dream nothing but poker. By the time Patrizi finally quit, the game seemed to be both the cause of all her problems and her only means of escaping them. "I kept on playing so I wouldn't have to look at what poker had done to my bank account, my relationships, my life," she told me.

Other addicts, like Alex Alkula, a 19-year-old living outside Columbus, Ohio, decide to "go pro," drop out of school and wind up broke and sleeping on their friends' couches. Alkula, who left the Art Institute of Pittsburgh after five months, now makes his living dealing hold 'em in private home games and organizing tournaments in bars. Having overdrawn four bank accounts, Alkula can no longer play online himself. But when he gets home from work at 3 or 4 in the morning, he turns on his computer, clicks on Full Tilt Poker and watches the players' cards flicker on the screen until dawn. "I can't get away from it," he told me. "And really, I don't want to. I'll keep playing poker even if it means being broke for the rest of my life. I've fallen in love with the game."

In its outline, Hogan's story closely resembles that of the stereotypical compulsive gambler. Before the rise of online poker, however, such a story typically involved a man in his 30's or 40's and took a decade or more to run its course. Greg Hogan, on the other hand, went from class president to bank robber in 16 months. His fall took place not at the blackjack table or the track but within the familiar privacy of his computer screen, where he was seldom more than a minute away from his next hand of poker. He'd been brought up too well to waste himself in some smoky gambling den and knew too much to play a mere game of chance. He wanted to compete against his peers, to see his superior abilities yield dollars for the first time, a transaction he equated with adulthood. His stubborn faith in his own ability—a trait that had served him so well through his first 19 years—proved to be his undoing.

Today's ruined gamblers are often too young to know any better—too young, in fact, to legally gamble in most U.S. casinos. Until now, these young addicts were ignored by the news media, which swooned over the top of the poker pyramid, the Chris MoneyMakers and the ESPN heroes, the guys in the wraparound sunglasses and the cowboy hats who made the hustler's art seem somehow noble and athletic. No one was interested in whose losses keep the poker economy humming, not until a Baptist minister's son robbed a bank.

A minister's eldest boy learns to perform early in life. On Sundays, Greg's mother, Karen, would dress him and his two brothers in matching slacks and blazers and take them and their sister to hear Greg Sr. preach. The congregation looked on as the boys followed Greg Jr.'s polite, attentive example. Schooled at home through eighth grade, the straw-haired, blue-eyed boy emulated his father's steady gaze, the soft but firm quality in his voice. He saw that others would come to rely on him if he revealed only his strongest side. When Greg Sr. ran



for City Council, Greg Jr. enlisted his playmates to help him campaign door to door. Neighbors began calling Greg "the General." When it came to music, Greg was like a boat on a still pond—one small push from his parents and he'd glide on toward the goal. Karen, a psychiatric nurse, started him on the piano at 5. Greg Sr. worked a second job to help pay for \$50-an-hour private music lessons for his daughter and three boys. By 13, Greg had twice played onstage at Carnegie Hall. Music won him a scholarship to the prestigious University School, a day school outside Cleveland, where his classmates noticed his oddly mature ways and dubbed him "the 30-year-old man." By graduation, he'd developed something of an ego. "Greg will always be a people person," wrote his adviser in an evaluation letter. "Perhaps he should set his sights a little lower and just become president of the United States."

Hogan, who had palled around with the sons of bank executives at his high school, threw himself into this new environment. Even before his father had said goodbye to head back to Ohio, Greg announced his plan to run for class president. He played his first hands of live hold 'em with real money that night, a way to break the ice with the guys from his hall in the dorm lounge. A few weeks later, guided by one of his roommate's friends, Hogan opened his first online-poker account at PokerStars.com. He chose a screen name that would carry his new school's banner all around the world: geelehigh. He'd met someone from two floors down who had lost \$100—a fortune, it seemed—online. He decided to stick to the play-money tables. Within 10 minutes, Hogan was playing his first online hands.

A few days later he met another friend of his roommate's. Hogan claims that he remembers only his nickname, Phys. When he turned 21, Phys told Hogan, he would plunk down \$10,000 and become the youngest player ever to win poker's greatest prize—the World Series of Poker No Limit Texas Hold 'Em bracelet. He then showed Hogan where he planned on getting that kind of money. He clicked on the PokerStars icon on Hogan's computer, typed in a user name and password, clicked on "Cashier." And there it was, Phys's "real money" balance: more than \$160,000. Hogan clucked his tongue. "Un-be-lievable," he said, almost to himself. He knew that the money was indeed real. All Phys had to do was click on the "Cash Out" button and wait two weeks, and he'd receive a six-figure check in the mail. Four years' tuition, sitting there like a high score. It was absurd.

The next week, geelehigh used his debit card to make a \$75 PokerStars deposit. He received a \$25 "deposit bonus," which wouldn't clear until he'd played several hundred hands. The money was real now, but it still felt as ephemeral as it did at the play-money tables: \$100 was a digitized chip icon, an oval of black pixels on his computer screen. Green ovals were \$25, red ovals \$5. All were smaller than a grain of rice. When Hogan clicked on the "Bet" or "Raise" buttons, the chips made a chik sound and floated across the glowing table before melting into the pot. These tiny digital chips represented money controlled by a corporation in Costa Rica. The "cards" themselves were really just bits of data, "shuffled" by a random-number generator on a Mohawk Indian reservation in Quebec. The nine players at Hogan's table were scattered all over the world, each sitting alone at his screen, trying to take money from the other eight. Eventually, in chunks of \$50, then \$100, he took two summers' earnings, money his parents had given him for books and expenses, hundreds of dollars in loans from friends, \$2,000 in savings bonds bought in his name

(bonds he took from the family safe) and turned it into digital chips: \$7,500 in all.

Online, Hogan would play 60 to 100 hands an hour—three times the number of his live games. There was no more shuffling between hands, no more 30-second gaps to chat with his friends or consider quitting. Each hand interlocked with the next. The effect was paralyzing, narcotic. "Internet poker induces a trancelike state," says Derevensky, the McGill professor, who once treated a 17-year-old Canadian boy who lost \$30,000, much of it at PokerStars. "The player loses all track of time, where they are, what they're doing." When I spoke with an online hold-'em player from Florida who had lost a whopping \$250,000 online, he told me: "It fried my brain. I would roll out of bed, go to my computer and stay there for 20 hours. One night after I went to sleep, my dad called. I woke up instantly, picked up the phone and said, 'I raise.'"

A raked poker game cannot survive unless some players either overestimate their abilities or are willing to keep playing despite consistent losses. Fish, then, are the chum that keeps the rest of the poker ecosystem alive. Poker message boards monitor which sites are teeming with geelehighs and which have been leached dry. To stay in business, sites must attract fish, hold them for as long as possible and replace them when they go broke. According to Mike Shichtman, a professional gambler who consults for the online site Pacific Poker, there is "giant concern" in the industry that the total number of fish may be dwindling. It is, he adds, a trend that can be reversed only by tapping new markets.

In a few weeks, Hogan had run his initial \$75 up to \$300. Then, in November, came "the hand that got me hooked." Hogan drew a king-high flush and bet all \$300. When his opponent called the bet and showed his ace-high flush, Hogan felt an impotent rage that broke on his forehead and coursed through his body. Tilt. He cursed, shut down the program in disgust and vowed never to play online again. Four days later, however, he felt the traces of an urge as visceral as the need to eat.

Hogan was craving "action," the gambler's drug. "Getting action" is the act of placing a bet; being "in action" is the high that follows, a state of arousal that neurologists have likened to doing a line of cocaine. Blood rushes to the face, the hands moisten, the mouth dries up. Time slows down to a continuous present, an unending series of build-ups and climaxes. The gains and losses begin to feel the same. Action had already appeared intermittently in Hogan's life—when he cheered the Ohio State Buckeyes through the last seconds of overtime, when his father called him with Lehigh's admissions decision in hand. Poker gave him the same rush whenever he wanted it, for hours on end.

Back in Ohio, Hogan's October bank statement arrived with two \$50 PSTARS withdrawals. His father called, asked why he'd waste money like that. Greg promised to stop. He played again that day. He had not and would not read any of the half-dozen books that together give a rough grasp of how hard hold-em is to master. He had no idea that many of his opponents were self-styled professionals using a special program called Poker Tracker to analyze betting patterns and seek out fish like geelehigh. There were always some of these pros online, some playing 8 or 12 tables at once to leverage their advantage. They were waiting for him the night Lehigh's football team lost to rival Lafayette, when Hogan, who'd organized a cheering section, felt a little down and once again pushed aside his father's warnings. They followed him home over Thanksgiving

weekend in November 2004, where, amid the clutter of his father's small basement office, he watched the World Series of Poker on TV, never changed out of his pajamas and played online for 10 hours a day. He lost \$1,500, every penny he'd taken to school with him. Upstairs, the Hogans wondered what was wrong with their son.

"It's just play money, Dad," he told his father, who learned the truth when an overdraft notice arrived from Greg's bank. Greg Jr.'s phone rang the moment he returned to Lehigh. It was Greg Sr., who reminded Greg that the \$1,500 had come from friends and relatives who didn't give it to him so he could gamble it. Hogan, distraught, e-mailed Phys and begged him to cover the loss. Phys agreed, so long as Greg would stop playing. "You're a fish," he said. "You need to stop."

Greg had begun to daydream about poker during student-council meetings, at orchestra practice, whenever he had a free moment. Soon, Phys's \$1,500 had melted away. Hogan's parents arranged for him to meet with a Lehigh counselor. He was told that live poker was harmless but to stay away from online. For a time, the counseling worked. Hogan did not gamble during spring semester. But that summer, back at home in Ohio, Hogan was checking up on his friends at Facebook.com when he saw a PartyPoker ad: make a \$50 deposit, get a \$50 bonus. He'd been coveting a red Jeep and remembered the times he'd run \$100 up to \$500. Ten \$500 sessions, get the Cherokee, don't tilt and quit. And he did win, at first. Then, as always, his opponents began to outmaneuver him. "I kept going back online, depositing another \$50, winning, withdrawing," he recalls. "It happened a few times, but then I wouldn't be withdrawing. And then I'd just keep putting money in 'cause I kept losing."

In July, at his parents' behest, Hogan attended a few Cleveland-area Gamblers Anonymous meetings, which proved handy when a friend took him to a Canadian casino to play live poker. He found it easy to play a disciplined game under the appraising eyes of older strangers and won \$500. The G.A. meetings had taught him to recognize the fish at the table. Except for the one sitting in his seat.

Back at Lehigh that September, Hogan sometimes found himself shoe-horning counseling meetings between online-poker sessions. To his friends and professors he was a terrific success, the easygoing leader who organized landscaping projects around the Sig Ep house and hobnobbed with Lehigh's wealthy trustees at dinner parties. But to his parents, his situation was growing desperate. Hogan had reneged on his promise to attend G.A. meetings in Bethlehem. Withdrawals and overdrafts continued to appear on his bank statements. "I really don't want to do this anymore, but I don't know how to stop," Greg told his father. Greg Sr. then made the six-hour drive from Ohio to install a \$99 program called GamBlock on his son's computer. Highly regarded among gambling counselors, GamBlock makes it impossible for users to access any Internet casinos. (The company's founder, David Warr, says that half of his customer base, which he will only put in the "thousands," is connected to a college or university.)

Hogan soon found a way to circumvent GamBlock, gambling by night in the library's computer lounges. "It was funny to see how many other kids were playing," he says. "By this point I didn't really care so much who saw me." Greg Sr. realized what was happening and asked the administration to lock poker sites out of the public terminals. He says he was told that nothing could be done. As November approached, the wall Hogan had built between his Lehigh life and his poker life had begun to crack. He would

borrow \$100 or \$200 from his fraternity brothers and fail to pay them back by his self-imposed deadlines. He would skip classes and meetings for long binges in the fraternity lounge, gambling through the night and catching a few hours' sleep before noon. People he hardly knew were asking him what was the matter. On Oct. 19, when a fellow Sig Ep sent the house an e-mail asking if anyone wanted to try to hit a record Powerball jackpot, Greg sent this reply, a message that went to all 60 of his brothers: "O what the hell, maybe my bad luck can change??? Please God???"

The end came quickly, a weeklong series of 14-hour binges at the end of November. "There was very little thinking," he told me. "I'd get up and lose it. Get up, make another deposit, lose it again. As soon as I lost, I had to get more money in my account immediately. My whole body was shaking as I waited for the program to load, I wanted to play so badly." On Nov. 30, 2005, he lost the last \$150 in his account during a six-hour session in the Sig Ep lounge that ended when a friend told him dinner was ready. "I was up about \$500, and I was like, 'I'll play two more hands,'" Hogan says. "Then one more hand, and one more after that. And in those last three or four hands, I lost it all. All the muscles in my body gave way." He fell asleep, completely broke. All his poker accounts were at zero. His checking account had a negative balance. At the Sig Ep winter social, the fraternity treasurer told Hogan he would be kicked out if he failed to come up with \$200 in social fees. Having bailed him out twice before, Greg's parents refused to give him the money and were considering pulling him out of Lehigh altogether. Hogan spent the next week wandering around the Sig Ep house in a daze, skipping classes and drinking himself into a stupor each night.

"It was the weirdest thing I've ever experienced in my life," he said. "Like an out-of-body experience. I was watching myself walk around. Watching myself go and eat food. Watching myself take a shower, but not actually doing those things. I remember looking in the mirror, and it was not me I was seeing in the reflection."

The night before the bank robbery, Greg spoke with his father one last time. Greg Sr. remembers what he heard in his son's voice. The tiredness. The lack of presence.

"Greg," he asked, "are you gambling?" Greg said what he always said. "Nah, Dad. It's been a while since I've done any of that." Greg Sr. had gotten used to his son's half-truths, the "wishing out loud," as he calls it. He knew it was useless to press further. "O.K., Gregory. I love you. Good night."

I met Greg Hogan Jr. for breakfast one morning this spring, at a diner a few miles from Lehigh. (As Hogan was in the process of negotiating a plea with the county's D.A., I agreed to ask him only about poker and refer all questions about the day of the bank robbery to his attorney.) He had recently completed an inpatient gambling-treatment program in Louisiana, where he wasn't allowed to have more than \$5 on him at any time. "I haven't played a hand of poker in 90 days," he said, with a recovering addict's confessional cheer. He is 20, but his jowly face and all-business baritone make him seem much older. Take away the American Eagle shirt and the Ohio State Buckeyes cap and he'd resemble a young, pale Harry Truman.

Beside us sat Greg Sr. and Karen, still fuming over media accounts that they are "affluent." On the contrary, they have scrimped to put children through college. After paying Greg's treatment costs, legal fees and bank debts, they expect to be out \$35,000. Hogan's lawyer has been fielding calls from bookers at "Oprah," "Montel" and "Good Morning America," all drawn in by the irresistible "good kid robs bank" story.

Some \$60 billion was bet last year in online poker games, two-thirds of which came from the United States. The vast majority of this money moves from player to player. About \$3 billion wound up as revenue in the form of rake, a figure that is growing by about 20 percent per year, making poker the fastest-growing segment of the \$12 billion online-gambling industry. Unlike their brick-and-mortar counterparts, online casinos don't have to pay for dealers, free drinks or air-conditioning, and they enjoy profit margins as high as 60 percent.

There are more than 400 online card rooms operating today, offering every variety of poker game and every level of stakes. Hold 'em, the most popular game, can be played for anywhere from pennies to tens of thousands of dollars a hand. Like pornography before it, gambling is shedding its stigma, transitioning from the black market to Wall Street, from a back-room vice to ubiquitous "content." PartyGaming, the largest operator, is valued at about \$10 billion on the London Stock Exchange. Its shares are held by Goldman Sachs, Merrill Lynch and other top Wall Street firms. Five years from now, if the plans of PartyGaming and other Internet casinos come to pass, consumers will be able to place bets on their cellphones and P.D.A.'s while waiting for a table in a restaurant.

The public visibility of online-poker seems to be growing as fast as its revenues. Calvin Ayre, the globetrotting founder of the online card room and sports-betting site Bodog.com, spends \$50 million a year promoting himself and his company as a Hefner-like lifestyle brand. He has run ads in *Esquire* and *Vice* magazine and on Gawker Media's sites in which Ayre himself often appears as a dapper, rakish bachelor, personally embodying both the new poker wealth and the rewards his younger customers hope the game might bring. The image has caught on—this March he appeared on the cover of *Forbes's* Billionaires issue.

While the Department of Justice maintains that online poker violates U.S. laws, not a single player or site has been indicted, and online gambling remains as available as pirated music. To shut down Internet gambling, the D.O.J. would either have to start monitoring what we download from the Internet or raid legal, licensed businesses in Antigua, Britain, Costa Rica and other countries where it has no jurisdiction. The D.O.J. has succeeded in persuading some credit-card companies to stop financing online-poker accounts, but this hasn't stopped the flow of rake overseas. U.S. players simply move funds through offshore third-party "e-wallets" like Neteller and Firepay, which charge a small fee and then pass the money on to the sites.

"The Department of Justice takes the position that online poker is illegal," says the former U.S. attorney Jim Martin, who led the first phases of the department's campaign against online-gambling advertising. "But I don't think they have much of a motive to go after individual bettors at all."

Analysts say that online gambling's gray legal status allows operators to avoid paying more than \$7 billion a year in federal taxes. And \$7 billion is a lot of tax money to leave on the table—nearly half of NASA's budget for next year. It's probably too much for this ambiguous state of affairs to continue for much longer. Late last month, the House Judiciary Committee approved a bill introduced by Representative Bob Goodlatte that would make it harder—but far from impossible—for players to move their money offshore, while leaving the question of domestic online gambling to the states. With Congress unlikely to pass any law authorizing federal oversight of our online activities, Internet

gambling's near future appears as healthy as illegal downloading's. In the long term, the federal government's response is likely to resemble either its response to tobacco, with high taxes and more rigorous controls over marketing and access to young people, or to marijuana, a costly and mostly fruitless campaign to eradicate a demand-driven business by cutting off the supply.

With plenty of disposable income and spare time, college students constitute one of the gambling industry's most coveted demographics. "We've been surprised by this natural, organic groundswell of demand from the college audience," says Jason Reindorp, marketing director for AbsolutePoker.com, which gave away a semester's tuition to the winner of a college-only online tournament and promoted its Web site at halftime during N.C.A.A. basketball tournament games. Like many sites, AbsolutePoker.com enlists players in multilevel marketing programs. Known as "affiliates," players are rewarded with a \$75 bonus or a percentage of the rake each time they find AbsolutePoker a new customer. Reindorp says that AbsolutePoker relies on students to make sure all this jibes with campus policy. "The student audience is very responsible," he says. "They know how to avoid getting into trouble by breaking their school's rules, just like they know how to avoid playing beyond their means."

I'd heard the same from almost every online player I'd spoken with: I lose big, I win big, but at the end of the day, I come out ahead. Johnson did know one losing player who'd lost several thousand dollars and had to take a \$6.25-an-hour job at this very smoothie shop to pay for his books.

Johnson said Hogan never had much of a reputation among Lehigh's hard-cord poker players. "The funny thing is, he wasn't even in that deep," he told me. "Five thousand is nothing. I know whole halls full of kids who play the thousand-dollar buy-in No Limit tables. If everyone did the same thing when they lost five large," he added with a chuckle, "well, there'd be a lot more bank robberies."

Mr. Speaker, I yield back the balance of my time.

Mr. LEACH. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, very briefly, I would simply like to express a lot of personal appreciation to Chairman MIKE OXLEY of the Banking Committee, SPENCER BACHUS and all those who have preceded us on this side, to Chairman SENBRENNER and, extraordinarily, to BOB GOODLATTE who has led this movement for quite a long time.

I also want to express a great deal of respect for points in the opposition, RON PAUL, our distinguished Libertarian leader in the House, and BARNEY FRANK, who from a liberal perspective has taken a Libertarian view, have thoughts that deserve great respect; and I have always admired the work of the ranking member, JOHN CONYERS, on this committee.

But I want to just conclude with this observation. This is not a partisan bill. It is not an ideological bill. As Ms. HOOLEY very thoughtfully reflected, from a Democratic perspective, this is a family bill, and this bill, I am hopeful, will get a lot of support from both sides, and it will get a little opposition from both sides. This is for the good of the American people, and in the development of legislation like this, outside

groups do play a role. Sometimes they are nefarious; that happens around here. Sometimes they are high-minded.

When I think of Marty Gold of the NFL, when I think of Cynthia Abrams from United Methodist Church, I think of really fine Americans who have indicated that we should act in this area, and I am honored to work with them.

I urge support for this legislation.

The SPEAKER pro tempore. The gentleman's time has expired.

Mr. SENSENBRENNER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in strong support of H.R. 4411, the Internet Gambling Prohibition and Enforcement Act. The version we consider today merges H.R. 4777, the Internet Gambling Prohibition Act, offered by the gentleman from Virginia (Mr. GOODLATTE), and H.R. 4411, the Unlawful Internet Gambling Enforcement Act of 2006 introduced by the gentleman from Iowa (Mr. LEACH).

I am pleased to have worked closely with Mr. GOODLATTE, Mr. LEACH and members of the Committee on Financial Services to draft a compromise on this important legislation which has allowed it to come to the floor today.

In recent years, illegal online gambling activities and their adverse social consequences have risen dramatically. Americans will send \$6 billion to unregulated, offshore, online casinos this year, 50 percent of the \$12 billion wagered on Internet gambling worldwide.

The Department of Justice has warned that Internet gambling sites are often fronts for money laundering, drug trafficking and even terrorist financing. Furthermore, these sites evade vigorous U.S.-based gambling regulations that restrict gambling by minors, protect chronic gamblers and ensure the integrity of the games.

The characteristics of Internet gambling are unique: online players can gamble 24 hours a day from home; children may play without sufficient age verification; and betting with a credit card can undercut a player's perception of the value of cash, leading to addiction, bankruptcy and crime. Young people and compulsive gamblers are particularly vulnerable.

The legislation we consider today clarifies the application of the Wire Act to the Internet, and prohibits not only sports betting, but traditional gambling such as online poker, blackjack and roulette.

It further provides Federal, State and tribal law enforcement with the tools to combat Internet gambling and cuts off revenue to those who profit from this destructive and illegal activity. The bill accomplishes this by prohibiting the use of financial instruments such as credit cards, electronic fund transfers, checks and drafts to pay for online gambling bets. It also increases the criminal penalties for violation of the Wire Act from a maximum of 2 years to a maximum of 5 years.

Legislation to address illegal online gambling is strongly supported by a

broad and diverse coalition representing religious organizations, professional sports leagues, entertainment companies, the financial services industry, and State lottery commissions. Moreover, the unique national and global character of the Internet requires a clear and decisive congressional response to illegal activities that occur online.

The time to pass strong prohibitions against Internet gambling is now. I urge my colleagues to pass this vital legislation.

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON THE JUDICIARY,  
Washington, DC, July 10, 2006.

Hon. JOE BARTON,  
Chairman, Committee on Energy and Commerce,  
Washington, DC.

DEAR CHAIRMAN BARTON: Thank you for your recent letter concerning the Committee on Energy and Commerce's jurisdictional interest in H.R. 4411, the "Unlawful Internet Gambling Enforcement Act of 2006, as amended." I acknowledge the Committee on Energy and Commerce's jurisdictional interest in the amendment in the nature of a substitute to H.R. 4411 and appreciate your willingness to waive further consideration of the legislation in order to expedite its consideration on the House floor.

I agree that by foregoing consideration of the amendment in the nature of a substitute to H.R. 4411, the Committee on Energy and Commerce does not waive jurisdiction over subject matter contained in this or similar legislation. In addition, I agree to support representation from the Committee on Energy and Commerce for provisions of H.R. 4411 determined to be within its jurisdiction in the event of a House-Senate conference on the legislation.

Finally, as requested, I will include a copy of your letter and this response in the Congressional Record during floor consideration of this legislation.

Sincerely,  
F. JAMES SENSENBRENNER, Jr.,  
Chairman.

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON ENERGY AND COMMERCE,  
Washington, DC, July 10, 2006.

Hon. F. JAMES SENSENBRENNER, JR.,  
Chairman, Committee on the Judiciary,  
Washington, DC.

DEAR CHAIRMAN SENSENBRENNER: I understand that the House plans to consider H.R. 4411, as amended, the Unlawful Internet Gambling Enforcement Act of 2006, this week. The proposed amendment in the nature of a substitute contains provisions that fall within the jurisdiction of the Committee on Energy and Commerce.

I recognize your desire to join Chairman Oxley and bring this legislation before the House in an expeditious manner. Accordingly, I will not exercise my Committee's right to a referral. By agreeing to waive its consideration of the bill, however, the Energy and Commerce Committee does not waive its jurisdiction over the subject matter contained in the amendment in the nature of a substitute to H.R. 4411. In addition, the Energy and Commerce Committee reserves its right to seek conferees for any provisions of the bill that are within its jurisdiction during any House-Senate conference that may be convened on this or similar legislation. I ask for your commitment to support any request by the Energy and Commerce Committee for conferees on H.R. 4411 or similar legislation.

I request that you include this letter in the Congressional Record during consideration

of H.R. 4411. Thank you for your attention to these matters.

Sincerely,

JOE BARTON,  
Chairman.

Mr. Speaker, I reserve the balance of my time.

Mr. CONYERS. Mr. Speaker, I yield myself 4 minutes.

I just want to tell my friend, the gentleman from Virginia (Mr. WOLF), that if he thinks we have fixed the Abramoff problem of this House by passing this legislation, I am sure that Jack is somewhere saying, Fooled again.

Now, I oppose this bill for the same reasons that the Traditional Values Coalition opposes the bill, namely, that we are not doing the complete job; and if we were, I would be here as an advocate. But this legislation only bans certain forms of online gambling, while expanding legal authorization for certain favored special interests, including betting on the lotteries and interstate horse racing.

This latter exception, the one reserved especially for the horse racing industry, is a great concern because in the last few months the horse racing industry has made it clear that they intend to use the carve-out to go after who, children, in order to encourage them to engage in online gambling. This is a big problem for me.

But could we not have figured this out without going to the Baltimore Sun or listening to the chief executive officer of the Maryland Jockey Club tell us about the decades-long slump in attendance and wagering at the track and the ability of the Internet to turn that around?

In response, Mr. DeFrancis declared, "Over the 25 years I've been in this industry, not one day has gone by when I haven't heard people complaining that our customer base is getting older and we can't attract young people. And this gives us an opportunity to expand into the youth market unlike any we've ever had before."

Do you not get it? With this carve-out, we are starting something that is a slippery slope, and it has been thankfully remarked on by a number of people here.

So, regardless of one's position with respect to whether or not Internet gambling should be banned, we can all, and should, agree that innocent children should not be taken advantage of when they go online. As is the case when it comes to protecting kids from pornography and other forms of online predators, children should be equally protected from those who make it their mission to encourage underage gambling.

So, for that reason, the bill goes in the wrong direction and threatens to make an increasing problem even worse.

Mr. Speaker, I reserve the balance of my time.

Mr. SENSENBRENNER. Mr. Speaker, I yield 4 minutes to the gentleman from Virginia (Mr. GOODLATTE), the father of half this bill.

Mr. GOODLATTE. Mr. Speaker, first, I want to thank Chairman SENSENBRENNER for his long support of our efforts on this legislation. He is now in his sixth year as chairman of the Judiciary Committee, and this legislation even predates his strong leadership of the committee.

I want to thank most especially Congressman JIM LEACH of Iowa, who has worked very, very hard and very, very long in the Financial Services Committee to accomplish these same goals that we have worked on in the Judiciary Committee. Bringing these two bills together for the first time is a major accomplishment and provides the strongest bill that has ever been offered to deal with this scourge of Internet gambling.

I am also deeply grateful and indebted to the gentleman from Virginia (Mr. BOUCHER) who has been the lead Democratic cosponsor of the Judiciary version of the legislation with me for many years, as well, and I thank him for his efforts.

There are many Members on both sides of the aisle who have made great contributions, Congresswoman HOOLEY, Congressman CARDOZA of California, many other Members on the Democratic side who will join with us to finally pass this legislation.

Mr. Speaker, gambling on the Internet has become an extremely lucrative business. Internet gambling is now estimated to be a \$12 billion industry, with approximately \$6 billion coming from bettors based in the U.S. It has been reported that there are as many as 2,300 gambling sites, and the Department of Justice has testified that these offshore, fly-by-night Internet gambling operations can serve as vehicles for money laundering by organized crime syndicates and terrorists.

The anonymity of the Internet makes it much easier for minors to gamble online. In addition, online gambling can result in addiction, bankruptcy, divorce, crime and moral decline just as with traditional forms of gambling, the costs of which must be ultimately borne by society.

In fact, I have been contacted by a constituent in my district whose son fell prey to an Internet gambling addiction. Faced with insurmountable debt from Internet gambling, he took his own life.

We heard earlier from Congressman DENT and his constituent, whose son robbed a bank as a college student because he could not meet his Internet gambling debts, and the final thing that the father had to say just in today's Associated Press story, This bill would have definitely helped my son.

That is what we are about here today. As Congressman LEACH said, this is about protecting America's families.

Traditionally, States have had the authority to permit or prohibit gambling within their borders. With the development of the Internet, however, State prohibitions and regulations gov-

erning gambling have become increasingly hard to enforce as electronic communications move freely across borders.

Current Federal law already prohibits interstate gambling over telephone wires. However, these laws, which were written before the invention of the Internet, have become outdated. The Internet Gambling Prohibition and Enforcement Act brings the current prohibition against wireline interstate gambling up to speed with the development of new technology. It also makes clear once and for all that the prohibition is not limited to sports-related bets and wagers, and would provide Federal, State and tribal law enforcement with new injunctive authority to prevent and restrain violations of the law.

In addition, H.R. 4411 prohibits a gambling business from accepting certain forms of noncash payment, including credit cards and electronic fund transfers. In order to block transactions going overseas, the legislation also requires the Federal Reserve Board and the Treasury Department to issue regulations to help banks block illegal gambling transactions.

H.R. 4411 also protects the rights of citizens in each State to decide through their State legislatures whether to permit gambling within their borders. The regulation of intrastate gambling has always been within the jurisdiction of each State, and this bill leaves the regulation of wholly intrastate betting to the States with tight controls to ensure that such betting or wagering does not extend beyond their borders or to minors.

The opponents of this legislation have a lot to lose. Offshore, online gambling Web sites are cash cows, and the greed that propels these companies leads them to solicit bettors in the United States despite the fact that the Department of Justice already believes this activity is illegal. The greed that motivates many of these offshore establishments has also motivated nefarious lobbyists such as Jack Abramoff to spread misinformation about previous attempts of the Congress to ban online gambling.

Internet gambling is a serious problem that must be stopped. The Internet Gambling Prohibition and Enforcement Act will help eliminate this harmful activity before it spreads further.

This is legislation that was defeated by Jack Abramoff before. He is still out there with other lobbyists trying to do it again. Support the legislation. Defeat the amendment.

Mr. CONYERS. Mr. Speaker, I am delighted to yield 3 minutes to the gentleman from Virginia (Mr. SCOTT), an esteemed member of the Judiciary Committee.

Mr. SCOTT of Virginia. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I oppose the bill because it does not prohibit Internet gambling; it only tries to prohibit run-

ning an Internet gambling operation. But because of the nature of the Internet, it is probably unlikely to do that, and that is because even if we are successful in closing down business sites in the United States or in countries we can get to cooperate, it will be ineffective because it will have no effect on those operations run outside of the reach of the Department of Justice.

Furthermore, it does not prohibit illegal gambling, just running the operations so that gamblers will be as free as they are now to gamble over the Internet.

Further, Mr. Speaker, it provides a credit card prohibition. We heard from witnesses during our hearings that this will create an enforcement nightmare for financial institutions because it requires them to stop and look for illegal Internet gambling transactions.

□ 1300

It is hard to identify those transactions, because they are not going to be identified as an illegal Internet transaction. It will just be you may have a company with one code for all payments, even though the company may have many activities, including Internet gambling.

Just as Caesar's Palace has a hotel and a gaming operation, a foreign company may have a hotel and a casino and an Internet gaming operation which is legal in that country, all paid to a single account. What about e-cash or electronic payment systems, or an escrow agent located in another country? All the bank knows is that the payment came from PayPal or went to some escrow agent.

With some Internet gambling operations being legal, how would the final institution distinguish between what is legal and what is illegal? Furthermore, we should not overestimate the cooperation we might get from other countries. The Internet gambling Web sites were virtually unheard of a few years ago and now represent billion-dollar businesses and are growing at phenomenal rates.

Over 85 foreign countries allow some form of gambling online, and that number is likely to grow as well. So what governments are likely to cooperate with us in prosecuting businesses that they authorize to operate?

Even if we are successful in getting cooperation from some countries, it would simply increase the profit opportunities for sites located in uncooperative countries, especially those with whom the United States does not have normal diplomatic relations, and those sites would be unregulated with no consumer protections.

Again, we have heard these stories about the problems of Internet gambling. But this bill does not prohibit Internet gambling. It prohibits running the operation. If we wanted to be effective in prosecuting illegal gambling on the Internet, we would prosecute the individual gamblers. A few sting operations would get the word out that if

you gamble on the Internet, you will be caught, because the money trail will lead back to each individual Internet gambler.

So as long as individuals can gamble over the Internet with impunity, the market will be provided for them from some place.

Mr. Speaker, this bill does not prohibit Internet gambling, just tries to prohibit running the operation in a jurisdiction within the reach of the Department of Justice, then it sets up an impossible regulatory scheme, requiring banks to figure out which of billions of transactions might be related to illegal Internet gambling.

If we want to prohibit Internet gambling, let's debate that. Meanwhile, we should defeat this bill.

Mr. SENSENBRENNER. Mr. Speaker, I yield 2 minutes to the gentleman from Virginia (Mr. BOUCHER).

(Mr. BOUCHER asked and was given permission to revise and extend his remarks.)

Mr. BOUCHER. Mr. Speaker, I thank the gentleman from Wisconsin for yielding this time and commend him for his work on this measure.

Mr. Speaker, it has been my pleasure to work with our Virginia colleague, Mr. GOODLATTE, in introducing this bipartisan measure that is before the House today, which will crack down on the growing problem of illegal offshore gambling as well as illegal gambling that crosses State lines by way of connections to the Internet.

These activities take billions of dollars out of our national economy each year, serve as a vehicle for money laundering, undermine families, and threaten the ability of States to enforce their own laws. The time to approve a ban on Internet gambling has now arrived. The basic policy that we are promoting in this bill was adopted in the 1960s when Congress passed the Wire Act. That law makes it illegal to carry out a gambling transaction through use of the telephone network. We are modernizing the Wire Act to account for the arrival of the Internet as a communications medium by making it illegal to use the Internet for gambling transactions as well.

In view of the fact that people connect to the Internet by means other than telephone lines, and that a large amount of Internet traffic does not even touch the public switched telephone network, we think it is necessary to specify that prohibited traffic which crosses either the telephone network or the Internet is illegal under the Wire Act.

Our bill has now been joined with Mr. LEACH's measure, which inhibits financial transactions arising from Internet gambling. This bill is needed. It effectively attacks the growing problem of offshore gambling. It attacks the money laundering that often attends these activities. It strengthens the ability of States to prohibit or to allow gambling transactions as they desire within their borders.

It will enable States to enforce their own laws. I want to commend Mr. GOODLATTE and Mr. LEACH for their careful work on this measure. I am pleased to urge its adoption by the House.

Mr. CONYERS. Mr. Speaker, no one has worked harder on this bill than the gentlewoman from Nevada (Ms. BERKLEY), and I yield her 4 minutes.

Ms. BERKLEY. Mr. Speaker, I would like to thank Mr. CONYERS for his extraordinary efforts on this legislation.

Mr. Speaker, I rise in strong opposition to this legislation. Despite the misinformed and misguided claims of this bill's supporters, it would neither prohibit Internet gaming nor increase enforcement capabilities of the United States Government.

Instead, passing this bill will do the exact opposite. The millions of Americans who currently wager online will continue to use offshore Web sites out of the reach of U.S. law enforcement, and they will remain unprotected by State regulators who ensure the integrity of brick and mortar gaming establishments in this country.

I continue to be astounded by the Members of this body who constantly rail against an intrusive Federal Government; and yet when it comes to gaming, they are the first, the first to call for government intrusion.

A man's home is his castle unless he chooses to participate in online gaming. Then his home is the province of the Federal Government. This bill was recently included on the House Republicans' American Values Agenda.

Which American values is this promoting? It certainly cannot be the right to privacy. It certainly cannot be the right of individuals to be free to make their own decisions about what type of recreation to enjoy. And, yes, my colleagues, gaming is considered a form of recreation for millions of our fellow citizens.

Gaming is legal in this country in those States who choose to allow it and to regulate it. The vast majority of States do allow gaming and regulate it, whether it be lotteries, racing, card rooms, casinos, or bingo. This bill would make a legal activity illegal in those same States solely because it is done online rather than in a casino or in a church. In reality, the intent of this bill, and it is rather obvious, is to attack and outlaw legal gaming in our Nation.

Supporters of this bill argue that online gaming is a great danger to society and our youth because some people gamble too much and some underage people might access online wagering sites. By that logic, the next piece of legislation we should be considering is banning online shopping. Surely those who overspend their budgets online and young people who borrow their mom's credit card must be stopped by the long arm of Federal law enforcement.

Supporters of the bill before us today claim that their target is the offshore gambling operations that are sucking

billions of dollars out of the United States, as Mr. GOODLATTE said. Indeed, Internet gaming has grown from a \$3 billion industry in 2001, and it is projected to reach \$25 billion by the end of the decade.

Americans account for as much as half of that amount. But there is nothing in this bill, let me repeat that, nothing in this bill that will shut down these offshore companies who operate legally in other countries. Like it or not, Americans who wish to wager online will find a way to do so.

The very nature of a free World Wide Web will continue to make online gaming available across the globe, including the United States. Under this bill, billions of dollars will continue to flow out of our country, with millions of Americans wishing to wager online. It is ridiculous, ridiculous to think this bill will actually stop online gaming. Just like Prohibition failed, this prohibition on gaming in the comfort of your own living room will fail as well.

Mr. SENSENBRENNER. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts (Mr. MEEHAN).

Mr. MEEHAN. Mr. Speaker, I rise in support of this important bill to stop Internet gambling. Mr. Speaker, I do not have a problem with gambling; but the fact is that the Internet has grown, and gambling on the Internet has exploded. In 1995 the first online gambling site was born.

By 1999, that number had grown to 100 sites. Today there are more than 2,300 gambling Web sites. This increase in availability has mirrored an explosion in the amount of money spent on online gambling. In 1999, online gambling revenues were estimated at \$1 billion. By 2002 that number had tripled to \$3 billion. Today that number has quadrupled to \$12 billion.

Within those \$12 billion are stories of families that are finally ruined, and children that are addicted to gambling. We take this drastic action today because the problem of Internet gambling is so unique. Because it is so accessible and unregulated, Internet gambling is marketed to minors.

Now, I have been a leader in this institution in trying to prevent cigarette sales on the Internet. Why? Because if you go to try to purchase cigarettes at a convenience store, you have to demonstrate you are an adult or 18 years of age. When children can buy cigarettes on the Internet, they are able to get access. Young people, it is the same way with gambling. They cannot get in to brick and mortar casinos, but they can get onto a computer.

Because Internet gambling does not know borders or boundaries, it does not recognize State law, or any law for that matter. That is one of the reasons why 48 State attorneys general support the action that this Congress is taking today. Congress has a unique opportunity today to pass a strong anti-Internet gambling bill.

This bill does not do anything to affect legitimate gambling that is going

on in brick and mortar establishments. But the fact of the matter is when you allow unlimited, unregulated gambling, particularly in a country where States rely on gambling for revenues, but we see little money being spent on dealing with those people who have a problem, an addiction with gambling that has ruined literally thousands and thousands of lives across this country, we need to deal with this.

I urge my colleagues to vote for this bill and put the brakes on Internet gambling.

Mr. CONYERS. Mr. Speaker, I yield myself 15 seconds.

Mr. Speaker, I want to just let me dear friend from Massachusetts know that this bill requires no age verification for minors to place horse racing bets.

Mr. Speaker, I yield 1 minute to the gentleman from Nevada (Mr. PORTER).

Mr. PORTER. Mr. Speaker, I thank my colleague from Michigan. In all fairness to my friends and colleagues on this side of the aisle, I respectfully disagree with the concept.

Whether you are for or against Internet gaming, this bill is not going to change some realities. The reality, as has been mentioned here time and time again is close to \$12 billion is being invested on the Internet. We are not sure who these folks are, but we know the bulk of them are somewhere in other parts of the world.

I would highly encourage that my colleagues in the House look seriously at my bill, which is H.R. 5474, that I cosponsored with SHELLEY BERKLEY from Nevada, my friend and colleague. It is an Internet gambling study. It is a comprehensive study that looks at government activities, existing legal frameworks. There is so much confusion for those that are using the Internet. I would highly encourage, this is a very complex issue that needs intense review in a bipartisan approach. We are not going to stop Internet gambling. It is illegal today. This bill is one more piece that is not going to be enforced. I encourage opposition to this bill.

Mr. CONYERS. Mr. Speaker, I yield myself the balance of the time.

Mr. Speaker and ladies and gentlemen, H.R. 4411 is Abramoff's revenge. If he were still lobbying and not on the way to imprisonment, he and his former client would have no reason to panic about H.R. 4411, because that bill contains the loophole for State lotteries that he was hired to secure in 2000, which is why he opposed the bill then. And now that he has got it, he would be in support of the bill.

The supporters often note the defeat of his bill in 2000, and his role in that defeat, as the reason to enact this year's bill. Wrong. However, the supporters conspicuously fail to note that Abramoff's goal was to preserve the ability of his then clients to bring State lotteries onto the Internet. He only worked to defeat the Goodlatte bill when it was clear that State lotteries would not be exempt from the

ban. He would be able and is able to rest easy today because we contain in this measure an amendment to the Wire Act that would allow States to sell lottery tickets online so long as certain minimal conditions are met, that is, that the State must specifically authorize online ticket sales.

Please, let's be real. Let's be candid. Let's be honest with the American people about what they were doing.

□ 1315

If we didn't have this loophole as big as a barn door, this bill would be a lot better off. And so H.R. 4411 is Abramoff's revenge. It is a bill that he could have supported in 2000. And though the passage of this bill is rationalized as a way to exorcise the demons of 2000 from the House, the reality is this bill serves his clients' interests. Please oppose this measure unless there are some changes made about it.

Mr. Speaker, I yield back the balance of my time.

Mr. SENSENBRENNER. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, it puzzles me greatly to hear my distinguished friend from Michigan (Mr. CONYERS) call this bill Abramoff's revenge. There are no two Members of this body that fought Mr. Abramoff more strongly on this issue than the gentleman from Iowa (Mr. LEACH) and the gentleman from Virginia (Mr. GOODLATTE). And what side are they on? They are the sponsors of this bill, because they realize that we have to do something to curtail Internet gambling.

Now, this bill started out before I became the chairman of the Judiciary Committee. It is still around, and Internet gambling is growing by leaps and bounds.

Now, I think that they have struck a good compromise, they have struck a good balance, and they have come up with legislation that is practical not only in attempting to deal with the methods of payment for debts accrued through Internet gambling, but also through an amendment of the Wire Act to deal with this issue, since most transmissions over the Internet no longer even touch the public wire telephone and telecommunications system.

I think that they have done a good job in coming up with something that can be passed by both Houses and signed into law; and the executive office of the President and the Office of Management and Budget issued a statement of administration policy saying that the administration supports passage of this bill.

How come everybody who has been fighting for this issue, or almost everybody who has been fighting for this issue, wants to have the bill passed, and we see some folks from Nevada and elsewhere that don't? Vote "aye" on the bill.

Mr. SMITH of Texas. Mr. Speaker, I support this legislation. It protects families and upholds the rule of law.

Any gambling not currently regulated by the states is illegal in this country. To avoid such regulation, gambling organizations have established themselves offshore and have put their businesses on the World Wide Web.

And the Internet has given anyone who knows how to use a computer—including children—access to unlimited gambling.

Unfortunately, illegal gambling businesses are rarely prosecuted. These 24-hour-a-day businesses entice children and adults and can lead to addiction, criminal behavior, financial troubles, and worse.

What these Internet sites do impacts every American. Also, officials from the FBI recently testified that Internet gambling serves as a vehicle for money laundering activities by terrorists.

The Internet Gambling Prohibition and Enforcement Act simply updates current law to make sure that all methods of gambling, even those done using the latest and ever-changing technologies, are covered under the established law known as the Wire Act.

The bill does this while at the same time ensuring that a State has the right to regulate gambling that happens solely within that State's borders.

And H.R. 4411 marginalizes organized gambling by banning those businesses from taking checks, wire transfers, and credit cards in payment for illegal gambling.

Mr. Speaker, I thank Mr. GOODLATTE and Mr. LEACH for offering this legislation, and I urge my colleagues to support the bill.

Mr. SHAYS. Mr. Speaker, I rise in strong support of H.R. 4411, of which I am a cosponsor. This legislation would prohibit banks and credit card companies from processing payments for online bets.

I believe gambling is inherently dishonest and am opposed to it in any form. During my 14 years in the State legislature I voted against every gambling bill we considered.

Gambling financially cripples those who can least afford it—the poor—through the cruel and misleading lure of "winning it big."

I am concerned about the spread of gambling, especially among our children. We need to pause and rethink whether we truly want to legalize so many forms of gambling in so many areas of the country.

In my judgment, Internet gambling should be regulated the same way as traditional forms of gambling, as was recommended by the National Gambling Impact Study Commission.

Illegal acts should be prohibited wherever they occur—including cyberspace—and society clearly has the right to prevent cyberspace from being used for illegal purposes. I urge my colleagues to support this important legislation.

Mr. RYAN of Wisconsin. Mr. Speaker, I supported H.R. 2143, the Unlawful Internet Gambling Funding Prohibition Act, which passed the House by an overwhelming 319-104 vote in 2003. I also voted in favor of H.R. 3125, the Internet Gambling Prohibition Act, in 2000. I supported reforming Internet gambling then, and I am pleased that Congress has decided to take up this issue again today.

Current regulations on Internet gambling are out of date and ineffective. Forty-eight State Attorneys General have already written to Congress asking for Federal Internet gambling legislation, and many sports organizations have echoed their support. Although States



have passed laws attempting to stem the tide against Internet gambling, it continues to occur with greater frequency, with more and more Web sites being created daily that explicitly target our children. These sites not only take advantage of young Americans who have no means to pay their debts, but also encourage a dangerous, and possibly lifelong, addiction. Equally problematic, online gambling also serves as a tool for criminals to launder money and evade taxes. We must ensure that this stream of funding is closed to those who seek to do harm to the United States.

While it is essential to protect an individual's right to engage in legal and honest gaming, I also believe we have a duty to protect the public from abusive and fraudulent websites that take advantage of minors and exploit the system for their own gain. H.R. 4411 walks the fine line between these goals and provides law enforcement with the tools it needs to aggressively crack down on illegal gambling. I support this legislation and am pleased at its passage through the U.S. House of Representatives.

Mr. SENSENBRENNER. Mr. Speaker, I yield back the balance of my time.

AMENDMENT OFFERED BY MS. BERKLEY

Ms. BERKLEY. Mr. Speaker, I offer an amendment.

The SPEAKER pro tempore (Mr. LATHAM). The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment printed in House Report 109-551 offered by Ms. BERKLEY:

Page 13, strike line 12 and all that follows through line 18 on page 15.

Redesignate succeeding subsections accordingly.

Page 21, strike lines 21 through 23.

Redesignate succeeding subsections accordingly.

Strike section 106.

The SPEAKER pro tempore. Pursuant to House Resolution 907, the gentlewoman from Nevada (Ms. BERKLEY) and the gentleman from Wisconsin (Mr. SENSENBRENNER) each will control 10 minutes.

The Chair recognizes the gentlewoman from Nevada.

Ms. BERKLEY. Mr. Speaker, I am pleased to join the ranking member of the Judiciary Committee, Mr. CONYERS, and my colleague from Florida, Mr. WEXLER, in offering this amendment.

Despite all the righteous indignation we are hearing about the supposed evils of Internet gaming, this bill specifically and brazenly exempts one giant gambling enterprise from its prohibition. This bill's advocates proclaim the immorality of online gaming and shout that it will destroy our society unless you are betting on horse races.

Mr. GOODLATTE asserts that his bill is neutral on the subject of interstate online pari-mutuel betting, but there is no getting around the fact that this bill very clearly and specifically states that online betting on horse racing is not prohibited.

And if you don't believe me, Mr. Speaker, let's look at what the National Thoroughbred Racing Associa-

tion has said about the bill. In March of this year, after Financial Services approved the Leach bill, the NTRA issued a press release saying, "The National Thoroughbred Racing Association has secured language in the unlawful Internet Gambling Enforcement Act to protect Internet and account wagering on horse races."

Later in the same release, "The NTRA worked with Congressman GOODLATTE to ensure that H.R. 4777 also contained language that protects online and account pari-mutuel wagering." That sounds pretty clear to me.

But wait, Mr. Speaker, there is more. After the Judiciary Committee approved both the Goodlatte and Leach bills in May, the Thoroughbred Times published an article titled, "Gambling Bill Passes Committee With Racing Exemption Intact." The article states that the bill includes an exemption that would allow the United States horse racing industry to continue to conduct interstate account and Internet wagering. And, finally, it includes a quote from the NTRA spokesman who said, "Not only did the bill pass by a significant margin, but three separate amendments to either slip out or substantially limit our exception were all defeated." It sounds to me like they think they got an exception in this bill.

The bill also includes another hypothetical exemption for intrastate lotteries that is highly ironic because, as has been stated here before, this exemption is exactly what the notorious felon, Jack Abramoff, wanted when he reportedly orchestrated the defeat of a similar bill several years ago because it had no exemption for lotteries. Mr. Abramoff, if he were here, would be laughing about this turn of events. I am sure his former clients are giddy.

Our amendment would strike the horse racing and lottery exemptions from this bill. Members who say they dislike Internet gaming have the opportunity to prove it by supporting this amendment.

If we do not adopt the amendment, then this entire debate is a farce, Mr. Speaker, because the Internet Gambling Prohibition and Enforcement Act before us does not completely prohibit Internet gaming. You want to outlaw Internet gaming? This body wants to outlaw Internet gaming? Well, let's do it. Let's test the mettle of our fellow colleagues.

I have heard many speakers talk about the special interests involved in this bill. Well, it seems to me that the most special interest is the Thoroughbred Horse Racing Association. They seem to have the most clout because they are the ones that got the exemption.

I ask all of my colleagues to join with me. If you are serious about outlawing Internet gaming, then let's really do it, and let's not carve out an exemption because it suits your purposes and your special interests.

Mr. Speaker, I reserve the balance of my time.

Mr. SENSENBRENNER. Mr. Speaker, I yield myself 2 minutes.

Mr. Speaker, I rise in strong opposition to the amendment. This amendment impairs States' rights to regulate gambling within their borders and eliminates the protection in this legislation that prevents gambling from crossing State lines.

Now, what State has got the most gambling to export? I believe it is the State of the author of this amendment, the gentlewoman from Nevada. Congress has consistently found that States have the primary responsibility for determining what forms of gambling may legally take place within their borders, and this amendment infringes on that right and subverts this principle. Forty-nine of the 50 State attorneys general support a ban on Internet gambling. Guess which attorney general doesn't. It is the attorney general from Nevada, the same State as the sponsor of this amendment, my distinguished colleague the gentlewoman from Nevada (Ms. BERKLEY).

And, unlike previous versions of the Internet gambling bills, H.R. 4411 is neutral as it relates to the Interstate Horse Racing Act. The relevant provision in the legislation simply states that, if an activity is permitted under the Interstate Horse Racing Act, it would not be prohibited by this legislation. If someone wants to amend the Interstate Horse Racing Act, let them introduce a bill to do so and it will be considered by the Congress.

It has been the Justice Department's position that the existing Wire Act covers gambling on interstate horse racing. So what is the beef? If the Wire Act already covers it, then this bill does not touch what the Wire Act covers. The amendment is nothing less than a poison pill to this crucial legislation. I urge my colleagues to oppose the amendment.

Mr. Speaker, I reserve the balance of my time.

Ms. BERKLEY. I would like to yield 2 minutes to the distinguished gentleman from Michigan (Mr. CONYERS).

Mr. CONYERS. I thank the gentlewoman for her amendment and for yielding to me, because the same Internet gambling legislation Abramoff fought so hard to defeat on behalf of a client that helped States conduct lotteries over the Internet now includes an exemption to protect those lotteries; and she speaks to this point in this amendment that she and I and the gentleman from Florida (Mr. WEXLER) now present.

If you are really for doing what you say you want to do, then what is wrong with this amendment? If we want to prohibit Internet gambling, let's do it completely. Let's not try to continue to fool the public.

The Hill article that I quoted went on to point out that "in addition to exemption for lotteries, the measure also included language to protect interstate pari-mutuel betting on horse races." The existence of these latter carve-outs

have also been confirmed by members of the horse racing industry themselves.

The amendment that my colleagues and I join together to offer today merely seeks to prove, once and for all, that State lotteries and the horse racing industry are no better than any other form of Internet gambling.

And so I am proud to strongly urge my colleagues to support our amendment. Please support the amendment and an across-the-board ban for all forms of online gambling.

Mr. SENSENBRENNER. Mr. Speaker, I yield 4 minutes to Mr. GOODLATTE from Virginia.

Mr. GOODLATTE. Mr. Speaker, I rise in strong opposition to this amendment. A lot has been said here today about motivations. Well, I won't talk about motivations, but I will talk about consequences of this legislation, of this amendment.

The gentlewoman from Las Vegas, who has here on the floor lauded the merits of gambling, or gaming as she calls it, now offers an amendment to make this bill that we have fought for 8 years tighter and tougher on gambling? I don't think so. I will tell you that this is all about undoing what was done before.

The gentleman from Michigan tells us that this is what Jack Abramoff would love to see. But this is exactly the same method that Jack Abramoff used to derail this bill 6 years ago and 5 years ago, by arguing that the legislation was not strong enough on prohibiting gambling, when he was representing gambling interests, a whole host of gambling interests, offshore interests, lottery interests, a whole host of gambling interests. And that is what is being attempted here today.

This, Mr. Speaker, is an amendment that is clearly a poison pill designed to derail this legislation. Regardless of the intentions in offering it, 48 of 50 State attorneys general have come out in support of a ban on Internet gambling. An amendment such as this that restricts the right of States to continue to permit gambling within their borders is nothing more than an attempt to derail the bill by undermining the support from the States. That provision was in the previous versions of the bill; that provision is in this bill today, only it is even tighter.

The States have always had the right to allow or prohibit gambling within their borders. H.R. 4411 continues to ensure that States have that right, while imposing strict safeguards to ensure that the activity stays within State borders and does not extend to other States. These safeguards include requiring that the bettor, the gambling business, and any entity acting with a gambling business to process the bets and wagers all be physically located within the authorizing State, and that age and residence requirements are effective and in place.

□ 1330

Everyone knows that there is no technology that enables that to be

done on the Internet and, therefore, there is no exception on this legislation for lotteries or any other form of State gambling on the Internet.

Furthermore, H.R. 4411 gives new authority to State and Federal law enforcement to enforce the provisions of this bill to ensure that States comply with the safeguards established in the bill and that the law is enforced to the greatest extent possible.

The Berkley-Conyers-Wexler amendment would limit what a State can do exclusively within its borders and infringes on the rights of the States that have always had the opportunity to create and enforce their own gambling laws.

This amendment also deletes crucial language in the bill supported by the Department of Justice and the horse racing industry that maintains neutrality with respect to the Intrastate Horse Racing Act, a separate Federal statute that is not a part of this legislation unless you allow the supporters of this amendment to inject it into this bill.

This amendment is nothing more than a poison pill that would kill this strong bipartisan legislation, and I urge my colleagues to vote "no" on the Berkley amendment.

Ms. BERKLEY. Mr. Speaker, I yield myself such time as I may consume.

I absolutely am flabbergasted by the righteous indignation being displayed on the other side of the aisle, and it shocks my conscience hearing what I am hearing.

If the gentleman from Virginia is so intent on banning Internet gaming, well, then he should be supporting my amendment. Better yet, I should not have had to introduce an amendment. It should have been included in his original legislation.

If we are serious about banning gaming, then we should ban all forms of gaming, and I can't possibly imagine why he would be opposed to that. When he says it is a poison pill, why, because the horse racing association told him they would fight this if he brought in legislation that had this included and didn't make an exemption out of it?

I am absolutely astounded also by the other gentleman from Virginia (Mr. WOLF), whom I don't think would be offended if I said that he was opposed to gaming of any form. But I find it incomprehensible that in the year 2000 Congress approved a provision allowing online betting on horse racing, and during consideration of the bill on the floor, Mr. WOLF made a statement in which he said, "This provision deeply troubles me, and would expand gambling at a time when men and women are becoming addicted to this process." Now he seems to be okay with the Leach-Goodlatte amendment which specifically exempts the activity made legal by this 2000 provision.

Now, if we want to let the States retain control of this issue, we should not be voting on doing this bill at all. It makes no sense. I would say that we

are interfering with the States' rights, not helping them out.

And if you are arguing that the bill is neutral on horse racing, then why is it even mentioned in this bill? And why does the Thoroughbred Horse Racing Association think they have an exemption? Is Mr. GOODLATTE willing to stand up here and make a statement for the record that the Thoroughbred Horse Racing Association and horse racing is exempt and the Department of Justice can go after them and shut them down? I don't think so.

And if you had an opportunity to go online, as I did just yesterday, and looked at the horse racing Internet sites, it is page after page after page. Anybody can log on. Anybody can place a bet. And I don't see any way to prevent children, and I don't see any way of keeping people from spending their hard-earned money on that.

This creates a huge exemption which we will have no control of, and totally, in my opinion, undermines the bill and makes a mockery and a farce of what we are doing here today, or supposed to be doing here today.

Mr. Speaker, I reserve the balance of my time.

Mr. SENSENBRENNER. Mr. Speaker, to demonstrate that all of the opposition to the amendment doesn't come from this side of the aisle, I yield 2 minutes to the gentleman from Virginia (Mr. BOUCHER), a very loyal Democrat.

(Mr. BOUCHER asked and was given permission to revise and extend his remarks.)

Mr. BOUCHER. Mr. Speaker, I thank the gentleman from Wisconsin for yielding to me, and I do rise in opposition to this amendment.

The underlying bill contains a carefully negotiated balance which reflects existing laws that allow States to control gambling activities within their borders. The gentlewoman's amendment strikes that carefully negotiated balance. Its adoption would doom the bill. To those who support passage of the bill and a ban on Internet gambling, I urge a "no" vote on this amendment.

Forty-eight of 50 State attorneys general have announced support for a ban on Internet gambling. But if the amendment that is offered by the gentlewoman passes and States lose the authority over gambling within their borders, the bill will fail because State support for it will be withdrawn.

The bill is very clear on what authorities States will retain. States have traditionally been empowered to prohibit or allow gambling within their borders. The bill continues to give States that right while imposing strict safeguards to assure that gambling stays within a State's border and does not extend to other States.

Those safeguards require that the bettor, the business conducting the gambling operation, any services that support the wagerers and other support services must be in the authorizing

State. Horse racing would continue to be governed by existing Federal law, and that is the Intrastate Horse Racing Act that has been on the books now for almost 30 years.

Mr. GOODLATTE's bill strikes a careful balance that respects States' rights and existing law. Don't upset that balance. Defeat this amendment and allow the bill that bans Internet gambling to pass.

Ms. BERKLEY. Mr. Speaker, may I inquire as to how much time we have left?

The SPEAKER pro tempore. The gentlewoman from Nevada has 1½ minutes, and the gentleman from Wisconsin has 2½ minutes.

Ms. BERKLEY. I yield 45 seconds to the gentleman from Michigan (Mr. CONYERS).

Mr. CONYERS. Mr. Speaker, I thank the gentlewoman for yielding to me yet again, but I have something that I will ask unanimous consent to put into the RECORD.

"Horse racing is betting on Internet wagering. Maryland industry chief DeFrancis says it could attract youth."

Now, maybe they don't understand their business as well as some of you here do, who think that they are mistaken when they think they have an exemption.

"Horse racing's problem is obvious: A decade's-long slump in attendance and wagering at the track. Horse racing's solution might be less obvious: Get people to stay home and bet."

Mr. Speaker, I ask unanimous consent that the article be included in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

[From the Baltimore Sun, May 15, 2006]

HORSE RACING IS BETTING ON INTERNET  
WAGERING

(By Bill Ordine)

Horse racing's problem is obvious: a decades-long slump in attendance and wagering at the track.

Horse racing's solution might be less obvious: Get people to stay home—and bet.

In a seemingly paradoxical and counterintuitive turn, online technology, which would appear to discourage going to the races, is being viewed as a potential lifesaver for a sport on life support.

"Over the 25 years I've been in this industry, not one day has gone by when I haven't heard people complaining that our customer base is getting older and we can't attract young people," said Joseph A. De Francis, chief executive officer of the Maryland Jockey Club and executive vice president for operations of interactive betting channels for parent Magna Entertainment Corp. "And this gives us an opportunity to expand into the youth market unlike any we've ever had before."

When the 131st Preakness Stakes is run Saturday at Pimlico Race Course in Baltimore, advanced-deposit wagering—the broader category of which online betting forms the greatest share—is expected to make up a growing portion of the bottom line. So-called ADW handle, meaning the money wagered, comes from bettors using telephones and

other interactive devices as well as computers.

Last year, ADW handle accounted for \$39 million, or nearly 8 percent of the total for racing at Pimlico and Laurel Park, according to the Maryland Jockey Club, which runs the tracks. Nationally, of the \$14.6 billion wagered on horse racing in 2005, approximately 88 percent was off-track, and ADW handle was about \$1.16 billion, according to data published by the Oregon Racing Commission.

During this year's Kentucky Derby Day, Youbet.com—the largest provider of Internet racing content in the country—processed nearly \$5.6 million in wagers, a 34 percent increase over 2005.

Horse racing and online wagering officials say the near-term consequence of online betting is an increase in the racing industry's overall handle. But just as important, they contend, is that in the long run, people who are introduced to horse racing via the computer will be enticed to see the real thing more often.

Racing hopes to follow the lead of poker, where card-playing Web sites, along with televised tournaments, inspired a rejuvenation of poker playing at brick-and-mortar casinos.

"If you find a shoe that fits—steal it," said Youbet.com CEO Chuck Champion. A publicly traded company based in California, Youbet.com handled about \$395 million in wagers last year, according to the company's annual report. Youbet.com's business plan calls for the company to retain 6 percent of the handle, and tens of millions of dollars were passed on to the racing industry last year.

Champion said a number of strategies employed by offshore gambling sites, which often include betting opportunities beyond horse racing, such as team sports and casino games, provide other lessons. One is to offer a nongambling version of a Web site (usually designated as a .net rather than a .com) to educate the public with tutorials and play-money games. Such Web sites also allow operators to get around federal bans on advertising for Internet gambling, especially on television.

Youbet.com has introduced such a .net version.

"Our sport is harder to understand than poker," Champion said, referring to the nuances of handicapping.

De Francis, who oversees Magna Entertainment's similar Web site, XpressBet, said people unfamiliar with poker usually would be too intimidated to play in a casino, but the online playing experience gives them the confidence to try the real thing.

"I've seen people come to the track—you'll see them at the Preakness next Saturday—and these are smart people, but they're not regulars, and they don't know what to do. They don't know what an exacta is, what across-the-board means, what a furlong is—and they don't want to look foolish," De Francis said. "If they learn about these things online in their home, then we may have new fans."

Some are not convinced that online bettors will become regular railbirds.

Hall of Fame trainer D. Wayne Lukas, a spokesman for Youbet.com, is sold on the benefits of online wagering for his industry but wonders about its impact at the track.

"We thought simulcasting would help with attendance, and I'm not sure that happened," he said. But he said online wagering is a necessary adaptation.

"We always worry about handle, but there's also the issue of a fan base that we have to grow," he said. "I had always said that people relate to the horses. But now, the thing that young people relate to is the technology."

And technology is what drives online horse wagering. The most sophisticated Web sites offer a menu of entertainment and information choices. A Web visitor can view the racing charts for dozens of racetracks, watch the races—both live and on replay—and wager on the outcomes.

"As we head toward what technology people call convergence between the computer and the TV, what we have at the end of the line is a product that appears to be ideally tailored for horse racing," De Francis said. "Where someone goes online, and with a high-resolution LCD screen, can see the post parade and get all the information needed to make an informed wager."

Still, there are obstacles posed by legal complexities at home and by illegal (in the United States) competitors offshore.

While the horse racing industry contends that federal legislation enacted in 1978 and amended in 2001 gives the green light to online wagering in states where it is legal, the Department of Justice holds that pre-existing statutes make the practice unlawful.

Last month, a Justice Department lawyer told a congressional subcommittee that the department is undertaking a civil investigation of a potential violation of law on interstate horse betting.

A department spokesman said there have been no prosecutions involving horse racing advanced deposit wagering operators.

Web sites also have varying approaches for individual states. For instance, Youbet.com will accept wagers from bettors who live in all but 11 states. TVG.com, owned by publicly traded Gemstar-TV Guide International, takes wagers from bettors in only 12 states. Both take bets from Maryland residents.

And there is formidable competition from offshore Internet sites that generally operate without U.S. legal constraints. One of the most popular, Bodog.com, which has a marketing partnership with Preakness-bound Brother Derek's racing team, reported in a news release a 100 percent year-over-year growth in betting volume for the Kentucky Derby without being specific about the figures.

De Francis concedes that offshore Web sites are "killing" the onshore competition because they offer rebates, give bettors the chance to gamble on other sports and extend credit. And little of the millions made offshore finds its way to the racing industry.

Still, he considers regulated online wagering important for horse racing.

"It's really the future," De Francis said. "When you look at the [wagering] numbers, you see us going from zero to something that's beginning to be significant. And if you plot that curve, there's no telling where the numbers will be in 10 years."

Mr. SENSENBRENNER. Mr. Speaker, I yield 1 minute to the gentleman from Virginia (Mr. WOLF).

Mr. WOLF. I thank the gentleman.

I rise in strong opposition to the amendment. It will gut the bill. If you want to kill this bill, hurt this bill, this amendment will do it. This is a poison pill. Mr. GOODLATTE was right. God bless Mr. GOODLATTE for staying in there. He is right.

Members have been manipulated in the past. The question is, and I think the answer is, this Congress is not made up of people who are so stupid and able to be manipulated, and so my sense is that this Congress, when given an opportunity, will not allow this outside lobbyist, the outside groups to manipulate it again.

I urge a “no” vote on the Conyers amendment and an “aye” vote and passage of the bill.

Ms. BERKLEY. Mr. Speaker, I have heard a lot today about a carefully negotiated balance in this bill. I would like to know who was involved in this negotiation. I certainly wasn't. Was the horsing racing industry involved? Apparently, they were. Talk about a special interest. The lotteries? Jack Abramoff, perhaps? Because they are all getting exactly what they want with this piece of legislation.

I would like to urge a little honesty on the floor today and urge my colleagues to support the Berkley-Conyers amendment. If you are serious about banning Internet gaming, well, then, let's ban it and let's not make a major exception that can drive a truck through this.

I urge all my colleagues, before you vote on this, go online. Check out horse racing online and see the pages and pages of online betting that you can do when it comes to racing horses. There is no excuse and no reason for this exemption other than you couldn't cut a deal with the horse racing industry, so you exempted them.

I urge everyone to vote for the Berkley amendment and against the Goodlatte bill.

Mr. SENSENBRENNER. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, let's forget about who is on which side of this legislation and this amendment here in the House of Representatives, and let's look at the fact that 49 out of the 50 State attorneys general support this legislation. They are not in the back pocket of any industry. They are all elected, or most of them are elected by the people, and they are the chief law enforcement officers of their respective States. They say we need this legislation and they support this legislation and oppose the amendment.

The only State attorney general that doesn't is the State attorney general of Nevada. Now, which State has got the most gambling to export across State lines into other States? I would submit it is Nevada. Which State doesn't have horse racing and doesn't have a State lottery to export? It is Nevada, among others.

So I give the gentlewoman from Nevada a lot of credit for representing her State and her constituents. I don't think that is the priority of the other 49 States. It certainly is not the priority of their State attorneys general, and we ought to vote down this amendment.

Mr. SWEENEY. Mr. Speaker, I rise to day in opposition of the Berkley amendment. This amendment would outlaw all gambling online throughout the United States. This is unnecessary and would hurt the domestic horseracing industry. The domestic horseracing industry is already regulated. This amendment would put unnecessary burdens on an industry that operates above board.

A provision allowing for legal horse gambling domestically and opening the door to allow horse gambling over the Internet is included in this bill. Regulated by States though the Interstate Horseracing Act, IHA, this provision was agreed to by the Justice Department and the domestic horseracing industry.

The primary focus of H.R. 4411 is to curb illegal—primarily offshore—wagering, not regulate further the domestic horse industry. We need to allow the States to continue regulating horseracing via State racing commissions or legislatures.

Currently, ongoing discussions are occurring between Justice Department and the horseracing industry concerning horse race gambling over the Internet. The Berkley amendment would prevent this review from continuing.

The horseracing industry is a massive economic engine in our Nation, providing \$26 billion in economic activity and maintaining over 1 million jobs. In my district alone, which is home to the Saratoga Racetrack, the oldest thoroughbred track in the country, the horseracing industry brings in over \$70 million into the local economy. If this amendment passes, hard-working individuals would certainly lose their jobs. The industry sustains more than 40,000 people across my home State of New York, over 10,000 in my district.

The industry supports a large sector of small businesses and is the reason for the existence of more than 400 New York State breeding farms. During the 2005 season alone, the Saratoga Racetrack attracted 1 million people, who wagered approximately \$145 million. That equates to 1 million people in Saratoga spending \$70 million at local restaurants, stores and various other attractions. These people make Saratoga the jewel of upstate New York that it is. We ought not to punish a legitimate industry that is already regulated.

This is a responsible industry that provides jobs, pumps money into our economy and is already regulated. I urge a “no” vote on this amendment.

Mr. SENSENBRENNER. I yield back the balance of my time.

The SPEAKER pro tempore. Pursuant to House Resolution 907, the previous question is ordered on the bill, as amended, and on the further amendment by the gentlewoman from Nevada (Ms. BERKLEY).

The question is on the amendment offered by the gentlewoman from Nevada (Ms. BERKLEY).

The question was taken; and the Speaker pro tempore announced that the yeas appeared to have it.

Ms. BERKLEY. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to the order of the House of today, further consideration of H.R. 4411 will be postponed.

## ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, the Chair will postpone further proceedings today on motions to suspend the rules on which a recorded vote or the yeas and nays are ordered, or on which the vote is objected to under clause 6 of rule XX.

Record votes on postponed questions will be taken tomorrow.

## TO STUDY AND PROMOTE THE USE OF ENERGY EFFICIENT COMPUTER SERVERS IN THE UNITED STATES

Mr. ROGERS of Michigan. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 5646) to study and promote the use of energy efficient computer servers in the United States, as amended.

The Clerk read as follows:

H.R. 5646

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

### SECTION 1. STUDY.

Not later than 180 days after the date of enactment of this Act, the Administrator of the Environmental Protection Agency, through the Energy Star program, shall transmit to the Congress the results of a study analyzing the rapid growth and energy consumption of computer data centers by the Federal Government and private enterprise. The study shall include—

(1) an overview of the growth trends associated with data centers and the utilization of servers in the Federal Government and private sector;

(2) analysis of the industry migration to the use of energy efficient microchips and servers designed to provide energy efficient computing and reduce the costs associated with constructing, operating, and maintaining large and medium scale data centers;

(3) analysis of the potential cost savings to the Federal Government, large institutional data center operators, private enterprise, and consumers available through the adoption of energy efficient data centers and servers;

(4) analysis of the potential cost savings and benefits to the energy supply chain through the adoption of energy efficient data centers and servers, including reduced demand, enhanced capacity, and reduced strain on existing grid infrastructure, and consideration of secondary benefits, including potential impact of related advantages associated with substantial domestic energy savings;

(5) analysis of the potential impacts of energy efficiency on product performance, including computing functionality, reliability, speed, and features, and overall cost;

(6) analysis of the potential cost savings and benefits to the energy supply chain through the use of stationary fuel cells for backup power and distributed generation;

(7) an overview of current government incentives offered for energy efficient products and services and consideration of similar incentives to encourage the adoption of energy efficient data centers and servers;

(8) recommendations regarding potential incentives and voluntary programs that could be used to advance the adoption of energy efficient data centers and computing; and

(9) a meaningful opportunity for interested stakeholders, including affected industry