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(Original Signature of Member)

109TH CONGRESS  
2D SESSION

# H. R. \_\_\_\_\_

To create a commission to study the proper response of the United States to the growth of Internet gambling.

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## IN THE HOUSE OF REPRESENTATIVES

Mr. PORTER (for himself and [see attached list of cosponsors]) introduced the following bill; which was referred to the Committee on \_\_\_\_\_

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# A BILL

To create a commission to study the proper response of the United States to the growth of Internet gambling.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act shall be known as the “Internet Gambling  
5 Study Commission Act”.

6 **SEC. 2. FINDINGS AND PURPOSE.**

7 (a) FINDINGS.—The Congress finds as follows:



1           (1) Gambling is regulated primarily by State  
2           and tribal governments and Federal statutes gov-  
3           erning the interstate placement of wagers are out-  
4           dated.

5           (2) Over the past decade, the number of Ameri-  
6           cans gambling on the Internet has risen dramatically  
7           to several million, accounting for over half of a  
8           multibillion dollar worldwide market.

9           (3) Many observers believe that it is impossible  
10          to stop the sale of most products or services over the  
11          Internet.

12          (4) Congress must avoid merely symbolic, inef-  
13          fective responses to the growth of Internet gambling,  
14          and should instead focus on establishing safeguards  
15          against gambling by minors, compulsive gambling,  
16          and fraud, money laundering, and other forms of  
17          abuse.

18          (5) Although interpretations of a recent ruling  
19          of the World Trade Organization's appellate body  
20          differ, legal experts agree that it calls into question  
21          whether certain of Federal and State gambling laws  
22          violate the commitments of the United States under  
23          the General Agreement on Trade and Services.

24          (6) While only the United States and Antigua  
25          are parties to that dispute, the ruling could have



1           ramifications for interested nations from the United  
2           Kingdom to Australia.

3           (b) PURPOSE.—The purpose of this Act is provide for  
4 a detailed examination of the issues posed by the contin-  
5 ued spread and growth of interstate commerce with re-  
6 spect to Internet gambling through the establishment of  
7 a commission for such purpose.

8   **SEC. 3. INTERNET GAMBLING STUDY COMMISSION.**

9           (a) ESTABLISHMENT OF COMMISSION.—There is es-  
10 tablished a commission to be known as the Internet Gam-  
11 bling Study Commission (hereinafter in this Act referred  
12 to as the “Commission”).

13          (b) MEMBERSHIP.—

14               (1) APPOINTMENT.—The Commission shall con-  
15 sist of 9 members appointed as follows:

16                       (A) 2 shall be appointed by the Speaker of  
17                       the House of Representatives.

18                       (B) 2 shall be appointed by the Minority  
19                       Leader of the House of Representatives.

20                       (C) 2 shall be appointed by the Majority  
21                       Leader of the Senate.

22                       (D) 2 shall be appointed by the Minority  
23                       Leader of the Senate.



1 (E) 1 shall be appointed by consensus by  
2 the 8 commissioners appointed in accordance  
3 with subparagraphs (A), (B), (C), and (D)..

4 (2) TERM.—Commissioners shall be appointed  
5 for the life of the Commission.

6 (3) ELIGIBILITY FOR MEMBERSHIP.—The mem-  
7 bers of the Commission—

8 (A) shall be appointed from among individ-  
9 uals who, by virtue of their education, training,  
10 or experience in matters to be studied by the  
11 Commission under section 4 are especially  
12 qualified to serve on the Commission; and

13 (B) may be from the public or private sec-  
14 tor, and may include Federal, State, local, or  
15 Native American tribal officers or employees,  
16 members of academia, nonprofit organizations,  
17 industry, or other interested individuals.

18 (4) CONSULTATION AND TIMELY APPOINTMENT  
19 REQUIRED.—The Speaker of the House of Rep-  
20 resentatives, the Minority Leader of the House of  
21 Representatives, the Majority Leader of the Senate,  
22 and the Minority Leader of the Senate shall—

23 (A) consult among themselves prior to the  
24 appointment of the members of the Commission  
25 in order to achieve, to the maximum extent pos-



1           sible, fair and equitable representation of var-  
2           rious points of view with respect to the matters  
3           to be studied by the Commission under section  
4           4; and

5           (B) each make their respective appoint-  
6           ments not later than 60 days after the date of  
7           enactment of this Act.

8           (5) VACANCY.— Any vacancy in the position of  
9           any Commissioner shall be filled in the same manner  
10          in which the original appointment was made and  
11          shall not affect the powers of the Commission

12          (c) CHAIRPERSON.—The member of the Commission  
13          appointed under subsection (b)(1)(E) shall serve as the  
14          Chairperson of the Commission.

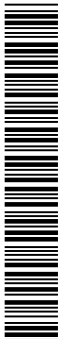
15          (d) ADMINISTRATION.—

16                (1) MEETINGS.—

17                   (A) IN GENERAL.—The Commission shall  
18                   meet at the call of the Chairperson.

19                   (B) INITIAL MEETING.— The initial meet-  
20                   ing of the Commission shall be conducted before  
21                   the end of the later of—

22                           (i) the 30-day period beginning on the  
23                           date of the appointment of the last mem-  
24                           ber of the Commission; or



1 (ii) the 30-day period beginning on  
2 the date on which appropriated funds be-  
3 come available for the Commission.

4 (2) QUORUM.—A majority of the members of  
5 the Commission shall constitute a quorum to con-  
6 duct business, but the Commission may establish a  
7 lesser number for conducting hearings scheduled by  
8 the Commission.

9 (3) VOTING.—Each member of the Commission  
10 shall have 1 vote, and the vote of each member shall  
11 be accorded the same weight.

12 (4) RULES.—The Commission may establish by  
13 majority vote any other rules for the conduct of the  
14 Commission's business, if such rules are not incon-  
15 sistent with this Act or other applicable law.

16 (e) COMPENSATION.—

17 (1) IN GENERAL.—Each member of the Com-  
18 mission who is not an officer or employee of the  
19 Federal Government, or whose compensation is not  
20 precluded by a State, local, or Native American trib-  
21 al government position, shall be compensated at a  
22 rate equal to the daily equivalent of the annual rate  
23 of basic pay prescribed for level IV of the Executive  
24 Schedule under section 5315 of title 5, United  
25 States Code, for each day (including travel time)



1 during which such member is engaged in the per-  
2 formance of the duties of the Commission.

3 (2) PROHIBITION OF COMPENSATION OF FED-  
4 ERAL EMPLOYEES.—All members of the Commission  
5 who are officers or employees of the United States  
6 shall serve without compensation in addition to that  
7 received for their services as officers or employees of  
8 the United States.

9 (f) TRAVEL EXPENSES.—The members of the Com-  
10 mission shall be allowed travel expenses, including per  
11 diem in lieu of subsistence, at rates authorized for employ-  
12 ees of agencies under subchapter I of chapter 57 of title  
13 5, United States Code, while away from their homes or  
14 regular places of business in the performance of service  
15 for the Commission.

16 **SEC. 4. DUTIES OF THE COMMISSION.**

17 (a) STUDY REQUIRED.—

18 (1) IN GENERAL.—It shall be the duty of the  
19 Commission to conduct a comprehensive study of  
20 Internet gambling, including the existing legal  
21 framework that governs such activities and trans-  
22 actions.

23 (2) ISSUES TO BE CONSIDERED.—The study  
24 conducted under paragraph (1) shall include a re-



1 view and consideration by the Commission of the fol-  
2 lowing issues:

3 (A) Existing Federal, State, tribal, local,  
4 and international laws governing various forms  
5 of wagering over the Internet, the effectiveness  
6 of such laws, and the extent to which such pro-  
7 visions of law conform or do not conform of law  
8 with each other.

9 (B) The rate and extent of the expansion  
10 of Internet gambling, including an analysis of  
11 the availability and use within the United  
12 States of such form of gambling.

13 (C) The impact of Internet gambling on  
14 the availability of gambling to minors.

15 (D) The impact of Internet gambling on  
16 addicted or otherwise irresponsible gamblers.

17 (E) The susceptibility of Internet gambling  
18 to fraud and money laundering by terrorist or  
19 criminal enterprises and the extent to which  
20 such entities are utilizing Internet gambling  
21 sites for these purposes.

22 (F) An assessment of whether there are  
23 potential regulatory measures that may reduce  
24 the adverse impacts of Internet gambling iden-  
25 tified in subparagraphs (C), (D), and (E), in-





1 including a survey of recent technological innova-  
2 tions and the practices of other nations and  
3 international bodies that are designed to limit  
4 such adverse impacts.

5 (G) An evaluation of the use of credit,  
6 credit cards, electronic fund transfers, bank in-  
7 struments, and other payment providers to fund  
8 Internet gambling and an assessment of the po-  
9 tential, if any, for regulating of such financing  
10 methods as a means for reducing the adverse  
11 impacts of Internet gambling identified in sub-  
12 paragraphs (C), (D), and (E).

13 (H) An analysis of the issues of the rela-  
14 tionships of Federal, State and tribal laws that  
15 are presented by legislative and administrative  
16 proposals designed to address the proliferation  
17 of Internet gambling and the potential means of  
18 reconciling State-based legal and regulatory  
19 frameworks with the primarily interstate and  
20 international character of the Internet as a me-  
21 dium.

22 (I) An assessment of the problems posed  
23 by unregulated international Internet gambling  
24 to United States interests and the potential  
25 means, if any, by which the Federal Govern-



1           ment may seek international cooperation in ad-  
2           dressing these concerns.

3           (b) FINAL REPORT.—Before the end of the 18-month  
4 period beginning on the date the Commission first meets  
5 with a quorum present, the Commission shall—

6           (1) submit to the President and the Congress a  
7           comprehensive report containing the findings and  
8           conclusions of the Commission with regard to the  
9           study conducted under subsection (a), together with  
10          such recommendations, if any, for legislative or ad-  
11          ministrative action as the Commission may deter-  
12          mine to be appropriate and advisable, on the basis  
13          of such findings and conclusions, to provide a sound  
14          response to Internet gambling in the United States;  
15          and

16          (2) transmit a copy of such report to the Gov-  
17          ernor or chief executive officer of each State and  
18          Native American tribal government.

19 **SEC. 5. POWERS OF THE COMMISSION.**

20          (a) HEARINGS.—

21           (1) IN GENERAL.—The Commission may hold  
22          such hearings, sit and act at such times and places,  
23          administer such oaths, take such testimony, and re-  
24          ceive such evidence as the Commission considers ad-  
25          visable to carry out its duties under this Act.



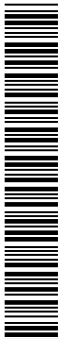
1           (2) WITNESS EXPENSES.—Witnesses requested  
2           to appear before the Commission shall be paid the  
3           same fees as are paid to witnesses under section  
4           1821 of title 28, United States Code, from funds ap-  
5           propriated to the Commission.

6           (b) SUBPOENAS.—

7           (1) IN GENERAL.—If a person fails to supply  
8           information requested by the Commission, the Com-  
9           mission may by majority vote require by subpoena  
10          the production of any written or recorded informa-  
11          tion, document, report, answer, record, account,  
12          paper, computer file, or other data or documentary  
13          evidence from any place withing the United States  
14          that the Commission determines is necessary to  
15          carry out this Act.

16          (2) NOTICE TO ATTORNEY GENERAL.—The  
17          Commission shall transmit to the Attorney General  
18          a confidential, written notice at least 10 days in ad-  
19          vance of the issuance of any such subpoena.

20          (3) INTERROGATORIES.—The Commission may,  
21          with respect only to information necessary to under-  
22          stand any materials obtained through a subpoena  
23          under paragraph (1), issue a subpoena requiring the  
24          person producing such materials to answer, either  
25          through a sworn deposition or through written an-



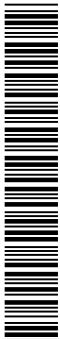
1 swers provided under oath (at the election of the  
2 person upon whom the subpoena is served), to inter-  
3 rogatories from the Commission regarding such in-  
4 formation. A complete recording or transcription  
5 shall be made of any deposition made under this  
6 paragraph.

7 (4) CERTIFICATION.—Each person who submits  
8 materials or information to the Commission pursu-  
9 ant to a subpoena issued under this subsection shall  
10 certify, subject to the provisions of section 1001 of  
11 title 18, United States Code, to the Commission the  
12 authenticity and completeness of all materials or in-  
13 formation submitted.

14 (5) NO LIABILITY FOR EXPENSES.—The United  
15 States shall not be liable for any expense, other than  
16 any witness appearance fee described in subsection  
17 (a)(2), incurred in connection with the production of  
18 books, papers, records, or other data under this sub-  
19 section.

20 (6) SERVICE OF PROCESS.—Service of any sub-  
21 poena issued under this subsection may be by reg-  
22 istered mail or in such other manner calculated to  
23 give actual notice as the Commission may prescribe  
24 by regulation.

25 (7) CONTUMACY OR REFUSAL.—



1 (A) REFERRAL TO ATTORNEY GENERAL.—  
2 In case of contumacy by a person issued a sub-  
3 poena under this subsection or a refusal by  
4 such person to obey such subpoena, the Com-  
5 mission shall refer the matter to the Attorney  
6 General.

7 (B) JURISDICTION OF COURT.—To compel  
8 compliance with a subpoena issued under this  
9 subsection, the Attorney General may invoke  
10 the aid of any court of the United States within  
11 the jurisdiction of which—

12 (i) the person required to produce the  
13 documents or answer an interrogatory is  
14 an inhabitant; or

15 (ii) the person required to produce  
16 documents or answer an interrogatory car-  
17 ries on business or may be found.

18 (C) COURT ORDER.—The court may issue  
19 an order requiring the person summoned to  
20 produce books, papers, records, and other data  
21 or to answer an interrogatory, and to pay the  
22 costs of the proceeding.

23 (D) FAILURE TO COMPLY WITH ORDER.—  
24 Any failure to obey the order of the court may  
25 be punished by the court as a contempt thereof.



1 (c) INFORMATION FROM FEDERAL AGENCIES.—

2 (1) IN GENERAL.—The Commission may secure  
3 directly from any Federal department or agency  
4 such information as the Commission considers nec-  
5 essary to carry out its duties under this Act.

6 (2) REQUEST TO HEAD OF DEPARTMENT OR  
7 AGENCY.—Upon the request of the Commission, the  
8 head of such department or agency may furnish  
9 such information to the Commission.

10 (d) ADMINISTRATIVE SUPPORT.—Upon the request  
11 of the Commission, the Administrator of General Services  
12 shall provide to the Commission, on a reimbursable basis,  
13 the administrative support services necessary for the Com-  
14 mission to carry out its responsibilities under this Act.

15 (e) CONTRACT AUTHORITY.—To the extent or in the  
16 amounts provided in advance in appropriation Acts, the  
17 Commission may contract with and compensate govern-  
18 ment and private agencies or persons for research con-  
19 tracts under section 7 and other services, without regard  
20 to section 3709 of the Revised Statutes.

21 (f) MAILS.—The Commission may use the United  
22 States mails in the same manner and under the same con-  
23 ditions as other departments and agencies of the United  
24 States.

25 (g) CONFIDENTIALITY.—



1           (1) TREATMENT OF COMMISSION.—The Com-  
2           mission shall be considered an agency of the Federal  
3           Government for purposes of section 1905 of title 18,  
4           United States Code, and any individual employed by  
5           an individual, entity, or organization under contract  
6           to the Commission under this Act shall be consid-  
7           ered an employee of the Commission for the pur-  
8           poses of section 1905 of title 18, United States  
9           Code.

10          (2) NONDISCLOSURE.—Information obtained by  
11          the Commission, other than information available to  
12          the public, shall not be disclosed to any person in  
13          any manner, except—

14                 (A) to any Commission employee or any  
15                 employee of any person under contract to the  
16                 Commission for the purpose of receiving, re-  
17                 viewing, or processing such information;

18                 (B) upon a lawful of any court of com-  
19                 petent jurisdiction; or

20                 (C) when publicly released by the Commis-  
21                 sion, in an aggregate or summary form that  
22                 does not directly or indirectly disclose—

23                         (i) the identity of any person; or



1 (ii) any information which could not  
2 be released under section 1905 of title 18,  
3 United States Code.

4 **SEC. 6. STAFF OF COMMISSION; EXPERTS AND CONSULT-**  
5 **ANTS.**

6 (a) **DIRECTOR.**—The Chairman of the Commission  
7 may appoint an Executive Director for the Commission,  
8 subject to the confirmation of a majority of the members  
9 of the Commission.

10 (b) **STAFF.**—Subject to rules prescribed by the Com-  
11 mission, the Chairperson may appoint and fix the pay of  
12 such additional personnel as the Chairperson considers ap-  
13 propriate.

14 (c) **APPLICABILITY OF CERTAIN CIVIL SERVICE**  
15 **LAWS.**—The Director and staff of the Commission may  
16 be appointed without regard to the provisions of title 5,  
17 United States Code, governing appointments in the com-  
18 petitive service, and may be paid without regard to the  
19 provisions of chapter 51 and subchapter III of chapter 53  
20 of that title relating to classification and General Schedule  
21 pay rates, except that an individual so appointed may not  
22 receive pay in excess of the annual rate of basic pay for  
23 level V of the Executive Schedule under section 5316 of  
24 such title.





1 (d) EXPERTS AND CONSULTANTS.—The Chairman of  
2 the Commission may procure temporary and intermittent  
3 services under section 3109(b) of title 5, United States  
4 Code, at rates for individuals not to exceed the daily equiv-  
5 alent of the annual rate of basic pay prescribed for level  
6 V of the Executive Schedule under section 5316 of such  
7 title.

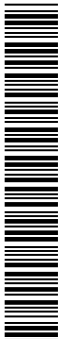
8 **SEC. 7. CONTRACTS FOR RESEARCH.**

9 (a) ADVISORY COMMISSION ON INTERGOVERN-  
10 MENTAL RELATIONS.—

11 (1) IN GENERAL.—In carrying out the require-  
12 ments of section 4, the Commission shall seek to  
13 contract with the Advisory Commission on Intergov-  
14 ernmental Relations for—

15 (A) a thorough review and cataloging of all  
16 applicable Federal, State, local, and Native  
17 American tribal laws, regulations, and ordi-  
18 nances that pertain to gambling in the United  
19 States; and

20 (B) assistance in conducting the studies  
21 required by the Commission under section 4(a),  
22 and in particular the review and assessments  
23 required in subparagraphs (A), (F), (H) and (I)  
24 of paragraph (2) of such section.



1           (2) REPORT.—Any contract entered into under  
2 paragraph (1) shall require the Advisory Commis-  
3 sion on Intergovernmental Relations to submit a re-  
4 port to the Commission detailing the results of the  
5 Advisory Commission's efforts under the contract  
6 not later than 12 months after the date upon which  
7 the Commission first meets with a quorum present.

8 (b) NATIONAL RESEARCH COUNCIL.—

9           (1) IN GENERAL.—In carrying out the require-  
10 ments of section 4, the Commission shall seek to  
11 contract with the National Research Council of the  
12 National Academy of Sciences for assistance in con-  
13 ducting the studies required by the Commission  
14 under section 4(a).

15           (2) REPORT.—Any contract entered into under  
16 paragraph (1) shall require the National Research  
17 Council of the National Academy of Sciences to sub-  
18 mit a report to the Commission detailing the results  
19 of the Council's efforts under the contract not later  
20 than 12 months after the date upon which the Com-  
21 mission first meets with a quorum present.

22 (c) OTHER ORGANIZATIONS.—No provision of this  
23 Act shall be construed as limiting the authority of the  
24 Commission to enter into contracts with any other person



1 for research necessary to carry out the Commission's du-  
2 ties under this Act.

3 **SEC. 8. TERMINATION.**

4 The Commission shall cease to exist at the end of  
5 the 60-day period beginning on the date the final report  
6 under section 4(b) is submitted to the President and the  
7 Congress.

