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November 30, 2007

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Via Facsimile

The Honorable Nancy Pelosi
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H-232, The Capitol
Washington, D.C. 20515

The Honorable John Boehner
Minority Leader
U.S. House of Representatives
H-204, The Capitol
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The Honorable Harry Reid
Majority Leader
United States Senate
S-221, The Capitol
Washington, D.C. 20510

The Honorable Mitch McConnell
Minority Leader
United States Senate
S-230, The Capitol
Washington, D.C. 20510

To the Leadership of the U.S. House of Representatives and Senate:

We, the Attorneys General of our respective States, have grave concerns about H.R. 2046, the "Internet Gambling Regulation and Enforcement Act of 2007." We believe that the bill would undermine States' traditional powers to make and enforce their own gambling laws.

On March 21, 2006, 49 NAAG members wrote to the leadership of Congress:

We encourage the United States Congress to help combat the skirting of state gambling regulations by enacting legislation which would address Internet gambling, while at the same time ensuring that the authority to set overall gambling regulations and policy remains where it has traditionally been most effective: at the state level.

Congress responded by enacting the Unlawful Internet Gambling Enforcement Act of 2006 (UIGEA), which has effectively driven many illicit gambling operators from the American marketplace.

But now, less than a year later, H.R. 2046 proposes to do the opposite, by replacing state regulations with a federal licensing program that would permit Internet gambling companies to do business with U.S. customers. The Department of the Treasury would alone decide who would receive federal licenses and whether the licensees were complying with their terms. This would represent the first time in history that the federal government would be responsible for issuing gambling licenses.

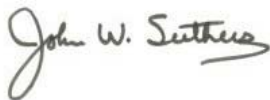
A federal license would supersede any state enforcement action, because § 5387 in H.R. 2046 would grant an affirmative defense against any prosecution or enforcement action under any Federal or State law to any person who possesses a valid license and complies with the requirements of H.R. 2046. This divestment of state gambling enforcement power is sweeping and unprecedented.

The bill would legalize Internet gambling in each State, unless the Governor clearly specifies existing state restrictions barring Internet gambling in whole or in part. On that basis, a State may “opt out” of legalization for all Internet gambling or certain types of gambling. However, the opt-out for *types* of gambling does not clearly preserve the right of States to place *conditions* on legal types of gambling. Thus, for example, if the State permits poker in licensed card rooms, but only between 10 a.m. and midnight, and the amount wagered cannot exceed \$100 per day and the participants must be 21 or older, the federal law might nevertheless allow 18-year-olds in that State to wager much larger amounts on poker around the clock.

Furthermore, the opt-outs may prove illusory. They will likely be challenged before the World Trade Organization. The World Trade Organization has already shown itself to be hostile to U.S. restrictions on Internet gambling. If it strikes down state opt-outs as unduly restrictive of trade, the way will be open to the greatest expansion of legalized gambling in American history and near total preemption of State laws restricting Internet gambling.

H.R. 2046 effectively nationalizes America’s gambling laws on the Internet, “harmonizing” the law for the benefit of foreign gambling operations that were defying our laws for years, at least until UIGEA was enacted. We therefore oppose this proposal, and any other proposal that hinders the right of States to prohibit or regulate gambling by their residents.

Sincerely,



John Suthers
Attorney General of Colorado




Bill McCollum
Attorney General of Florida



Douglas Gansler
Attorney General of Maryland



Troy King
Attorney General of Alabama



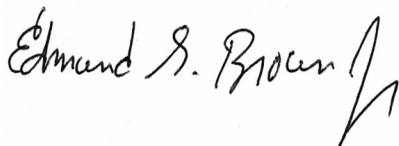
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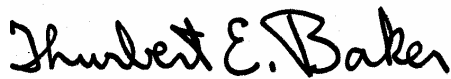
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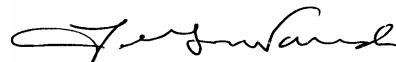
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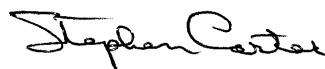
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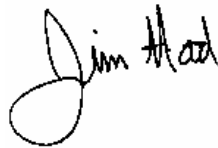
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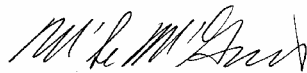
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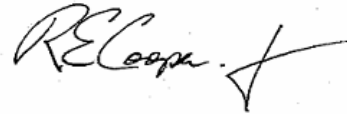
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