

April 23, 2008

Cosponsor the Internet Gambling Study Act

Dear Colleague:

In 2006, Congress approved the Unlawful Internet Gambling Enforcement Act (UIGEA) after it was attached to a must-pass port security bill at the end of the session. This bill was a transparent attempt to mobilize anti-gambling voters before that year's elections by targeting the financial transactions of those who choose to gamble online, but the resulting legislation merely threatens to drive law-abiding Americans into the arms of illegal offshore betting operations while carving out an exception for the horseracing industry and state lotteries.

Since passage of the UIGEA, several developments have further highlighted the folly of this effort. The proposed regulations jointly issued last year by the Treasury Department and the Federal Reserve to implement the UIGEA have been widely panned as confusing and overly broad. With no concise definition of "unlawful Internet gambling" to guide them (the UIGEA is purposely silent on that question, in order to maintain the ambiguity in current law that benefits horseracing and state lotteries), the regulators would leave it up to individual financial institutions to decide which transactions to block. Understandably, the financial industry is less than thrilled by this prospect.

Also last year, the World Trade Organization (WTO) ruled that the United States improperly restricted overseas companies from offering Internet gaming services while allowing the domestic horseracing industry and state lotteries to operate online, awarding Antigua the right to retaliate by violating copyright protections on certain goods. Rather than change our laws to comply with the WTO ruling, the United States Trade Representative (USTR) instead proposed to withdraw all gambling-related services from our international obligations, the equivalent of taking our ball and going home. The European Union has since begun an investigation into whether its members have been harmed by our actions.

The UIGEA is a product of Congress rushing to legislate without seeking any independent, unbiased research on the impact of Internet gaming. To remedy this problem, I have introduced the **Internet Gambling Study Act, HR 2140**. My bill will direct the National Research Council to undertake a comprehensive study of the online gaming industry, with a particular focus on the following issues:

1. The effectiveness and compatibility of current federal, state, tribal, local and international laws on Internet betting;
2. The availability and expansion of Internet gaming;
3. The extent to which Internet gaming is subject to fraud and money laundering;

4. The availability of regulatory measures and related technological innovations that would protect children and problem gamblers;
5. The problems presented by unregulated international Internet gambling to the United States; and
6. The fallout from the WTO's ruling that U.S. policy on Internet gaming violates international law, and the subsequent move by the USTR to withdraw all gambling-related services from our trade obligations.

If we are truly serious about protecting Americans from unscrupulous offshore gaming operations, then we must have more information about the problem and how best to address it without trampling the rights of states and individuals. **Cosponsor the Internet Gambling Study Act .**

For more information, please contact Bryan George in my office at [bryan.george@mail.house.gov](mailto:bryan.george@mail.house.gov).

Sincerely,

SHELLEY BERKLEY

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