

110TH CONGRESS
1ST SESSION

H. R. 2046

To amend title 31, United States Code, to provide for the licensing of Internet gambling facilities by the Director of the Financial Crimes Enforcement Network, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 26, 2007

Mr. FRANK of Massachusetts (for himself, Mr. PAUL, Mr. WEXLER, Mr. ACKERMAN, Mr. CLAY, Mr. GUTIERREZ, Mr. CAPUANO, Mr. WATT, Ms. BERKLEY, Ms. CARSON, Mr. KING of New York, and Mr. ISRAEL) introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committee on Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend title 31, United States Code, to provide for the licensing of Internet gambling facilities by the Director of the Financial Crimes Enforcement Network, and for other purposes.

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 may be cited as the “Internet Gambling Reg-
5 ulation and Enforcement Act of 2007”.

1 **SEC. 2. FEDERAL LICENSING REQUIREMENT FOR INTER-**
2 **NET GAMBLING OPERATORS.**

3 (a) IN GENERAL.—Chapter 53 of Title 31, United
4 States Code, is amended by adding at the end the fol-
5 lowing new Subchapter:

6 “SUBCHAPTER V—REGULATION OF LAWFUL
7 INTERNET GAMBLING

8 “§ 5381. **Congressional findings and purpose**

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

10 “(1) Internet gambling is a \$13,000,000,000
11 and growing industry worldwide.

12 “(2) Gambling is a popular activity domesti-
13 cally, with some form of gambling being permitted
14 in nearly every State.

15 “(3) Internet gambling is a licensed, regulated
16 activity in more than 50 countries, providing billions
17 of dollars in tax revenue to those countries.

18 “(4) The global gaming market grossed about
19 \$258,000,000,000 in 2005, with online revenues rep-
20 resenting an estimated 5.0 percent. North American
21 residents accounted for an estimated 47 percent of
22 the global gross gaming yield in 2005.

23 “(5) A licensing and regulatory regime for
24 Internet gambling in the United States is needed to
25 provide appropriate protections against underage
26 gambling, compulsive gambling, money laundering,

1 and fraud for those citizens who choose to gamble
2 online.

3 “(6) Licensing and regulating Internet gam-
4 bling in the United States would provide additional
5 tax revenues, and would reduce tax avoidance.

6 **“§ 5382. Definitions**

7 “For purposes of this subchapter, the following defi-
8 nitions shall apply:

9 “(1) DIRECTOR.—The term ‘director’ means
10 the Director of the Financial Crimes Enforcement
11 Network.

12 “(2) BET OR WAGER.—The term ‘bet or wager’
13 shall have the same meaning as in section 5362(1).

14 “(3) LICENSEE.—The term ‘licensee’ shall
15 mean an Internet gambling operator licensed by the
16 Director in accordance with this subchapter.

17 “(4) STATE.—The term ‘State’ means any
18 State of the United States, the District of Columbia,
19 or any commonwealth, territory, or other possession
20 of the United States.

21 “(5) INTERNET.—The term ‘Internet’ means
22 the international computer network of interoperable
23 packet switched data networks.

1 “(6) SPORTING LEAGUE.—The term ‘sporting
2 league’ shall mean any sporting association, whether
3 professional, scholastic, or amateur.

4 “(7) OPERATE AN INTERNET GAMBLING FACIL-
5 ITY.—The term ‘operate an Internet gambling facil-
6 ity’ means the direction, management, supervision,
7 or control of an Internet site through which bets or
8 wagers are placed, accepted, or otherwise made,
9 whether by telephone, Internet or other wire commu-
10 nication.

11 “(8) INDIAN LANDS AND INDIAN TRIBE.—The
12 terms ‘Indian lands’ and ‘Indian tribe’ have the
13 same meanings as in section 4 of the Indian Gaming
14 Regulatory Act.

15 **“§ 5383. Establishment and administration of licens-**
16 **ing program**

17 “(a) FINCEN REQUIREMENTS.—Subject to the over-
18 sight and direction of the Secretary of the Treasury, the
19 Director shall prescribe such regulations as may be nec-
20 essary to administer and enforce the requirements under
21 this subchapter.

22 “(b) INTERNET GAMBLING LICENSING PROGRAM.—
23 No person shall engage in the business of Internet betting
24 or wagering in the United States without a license issued
25 by the Director in accordance with this subchapter.

1 “(c) APPLICATION FOR LICENSE.—

2 “(1) IN GENERAL.—Any person seeking author-
3 ity to engage in the business of betting or wagering
4 in the United States may apply for a license issued
5 by the Director.

6 “(2) INFORMATION REQUIRED.—Any applica-
7 tion for a license under this subchapter shall contain
8 such information as may be required by the Direc-
9 tor, including—

10 “(A) a complete financial statements of the
11 applicant;

12 “(B) documentation showing the corporate
13 structure of the applicant and all related busi-
14 nesses and affiliates; and

15 “(C) a certification that the applicant
16 agrees to be subject to United States jurisdic-
17 tion and all applicable United States laws relat-
18 ing to Internet gambling activities.

19 “(d) REVIEW OF LICENSEES.—

20 “(1) IN GENERAL.—After the filing of a com-
21 plete application, the Director shall evaluate the gen-
22 eral fitness of the applicant on the basis of such fac-
23 tors as the Director determines to be appropriate.

24 “(2) FACTORS.—The factors taken into account
25 by the Director under paragraph (1) shall include—

1 “(A) the financial condition of the appli-
2 cant;

3 “(B) the business experience and record of
4 the applicant, including the applicant’s compli-
5 ance with similar laws and requirements in for-
6 eign jurisdictions;

7 “(C) if the applicant is an individual, a
8 background check to determine if the individual
9 has any criminal record; and

10 “(D) if the applicant is a corporation,
11 partnership, or other business entity, such
12 background check shall occur with respect to
13 the president or other chief executive of the cor-
14 poration, partnership, or other business entity
15 and other partners or senior executives and di-
16 rectors of the corporation, partnership, or enti-
17 ty, as determined appropriate by the Director,
18 in the Director’s sole discretion.

19 “(e) ASSESSMENTS FOR ADMINISTRATIVE EX-
20 PENSES.—

21 “(1) IN GENERAL.—

22 “(A) IN GENERAL.—The cost of admin-
23 istering this subchapter with respect to each li-
24 censee, including the cost of any review or ex-
25 amination of a licensee to ensure compliance

1 with the terms of the license and this sub-
2 chapter, shall be assessed by the Director
3 against the licensee institution by written notice
4 in an amount appropriate to meet the Direc-
5 tor's expenses in carrying out such administra-
6 tion, review, or examination.

7 “(B) DISPOSITION.—Amounts assessed by
8 the Director as user fees under subparagraph
9 (A) shall—

10 “(i) be maintained by the Director for
11 solely for use in accordance with clause
12 (ii);

13 “(ii) be available to the Director to
14 cover all expenses incurred by the Director
15 in carrying out this subchapter; and

16 “(iii) not be construed to be Govern-
17 ment Funds or appropriated monies, or
18 subject to apportionment for the purposes
19 of chapter 15 or any other authority.

20 “(C) HEARING.—Any licensee against
21 whom an assessment is assessed under this
22 paragraph shall be afforded an agency hearing
23 if such person submits a request for such hear-
24 ing within 20 days after the issuance of the no-
25 tice of assessment.

1 “(D) COLLECTION.—

2 “(i) REFERRAL.—If any licensee fails
3 to pay an assessment under this paragraph
4 after the assessment has become final, the
5 Director shall recover the amount assessed
6 by action in the appropriate United States
7 district court.

8 “(ii) APPROPRIATENESS OF ASSESS-
9 MENT NOT REVIEWABLE.—In any civil ac-
10 tion under clause (i), the validity and ap-
11 propriateness of the assessment shall not
12 be subject to review.

13 “(2) DIRECT AND EXCLUSIVE OBLIGATION OF
14 LICENSEE.—The user fee shall be the direct and ex-
15 clusive obligation of the licensee and may not be de-
16 ducted from amounts available as deposits to any
17 person placing a bet.

18 “(f) APPROVAL OF LICENSE.—The Director shall
19 grant licenses under this subchapter if, in the Director’s
20 sole discretion, the applicant meets the criteria set by the
21 Director and is generally fit to engage in the business of
22 Internet gambling.

23 “(g) SAFEGUARDS REQUIRED OF LICENSEE.—No
24 person shall receive or retain a license under this section

1 unless the person implements and maintains the following
2 requirements with respect to any Internet bet or wager:

3 “(1) Appropriate safeguards to ensure that the
4 individual placing a bet or wager is 18 years of age
5 or older.

6 “(2) Appropriate safeguards to ensure that the
7 individual placing a bet or wager is physically lo-
8 cated in a jurisdiction that permits Internet gam-
9 bling at the time the bet or wager is placed.

10 “(3) Appropriate mechanisms to ensure that all
11 taxes relating to Internet gambling due to Federal
12 and State governments and to Indian tribes from
13 persons engaged in Internet gambling are collected
14 at the time of any payment of any proceeds of Inter-
15 net gambling.

16 “(4) Appropriate mechanisms to ensure that all
17 taxes relating to Internet gambling due to Federal
18 and State governments and to Indian tribes from
19 any licensee are collected as required by law.

20 “(5) Appropriate safeguards to combat fraud
21 and money laundering as may be prescribed by regu-
22 lations issued by the Director or a designee of the
23 Director.

24 “(6) Appropriate safeguards to combat compul-
25 sive Internet gambling.

1 “(7) Appropriate safeguards to protect the pri-
2 vacy and security of any person engaged in Internet
3 gambling.

4 “(8) Appropriate mechanisms to ensure that
5 any assessment under subsection (e) is paid to the
6 Director.

7 “(9) Such other requirements as the Director
8 may establish by regulation or order.

9 “(h) LICENSES DENIED.—

10 “(1) IN GENERAL.—No license shall be granted
11 to any individual who has been convicted under the
12 laws of any foreign country, the United States, or
13 any State for any criminal violation involving gam-
14 bling laws, financial markets, or financial laws, in-
15 cluding any money laundering, fraud, privacy, or in-
16 formation security law.

17 “(2) APPLICABILITY TO BUSINESS ENTITIES.—
18 If an applicant for a license is a corporation, part-
19 nership, or other business entity, paragraph (1) shall
20 apply with respect to each partner, officer, or direc-
21 tor of such corporation, partnership, or entity.

22 “(i) TERM AND RENEWAL OF LICENSE.—

23 “(1) TERM.—Any license issued under this sec-
24 tion shall be issued for a 1-year term beginning on
25 the date of issuance.

1 “(2) RENEWAL.—Licenses may be renewed in
2 accordance with the requirements prescribed by the
3 Director pursuant to this subchapter.

4 “(j) REVOCATION OF LICENSE.—

5 “(1) IN GENERAL.—Any license granted under
6 this subchapter shall be terminated or revoked by
7 the Director if—

8 “(A) the licensee fails to comply with any
9 provision of this subchapter; or

10 “(B) the licensee, or in any case in which
11 the licensee the licensee is a corporation, part-
12 nership, or other business entity, any officer,
13 partner, or director of that corporation, part-
14 nership, or other entity, is convicted of a crime
15 involving the payments system, financial mar-
16 kets, or Internet gambling laws of the United
17 States or of the jurisdiction in which the li-
18 censee is located.

19 “(2) FINAL ACTION.—Any revocation of a li-
20 cense under paragraph (1) shall be treated as a final
21 action by the Director.

22 “(k) COMPLIANCE WITH FEDERAL LAWS.—Licens-
23 ees shall be required to comply with anti-money laun-
24 dering, anti-fraud, anti-terrorism, and such other regula-

1 tions, requirements, and limitations as may be prescribed
2 by the Director.

3 “(l) ADMINISTRATIVE PROVISIONS.—

4 “(1) GENERAL POWERS OF DIRECTOR.—Sub-
5 ject to the oversight and direction of the Secretary
6 of the Treasury, the Director may—

7 “(A) require a class of licensees to main-
8 tain appropriate procedures to ensure compli-
9 ance with this subchapter and regulations pre-
10 scribed under this subchapter;

11 “(B) examine any licensee and any books,
12 papers, records, or other data of licensees rel-
13 evant to any recordkeeping or reporting require-
14 ments imposed by the Director under this sub-
15 chapter;

16 “(C) summon a licensee or an applicant
17 for a license, an officer or employee of a li-
18 censee or any such applicant (including a
19 former officer or employee), or any person hav-
20 ing possession, custody, or care of the reports
21 and records required by the Director under this
22 subchapter, to appear before the Director or a
23 designee of the Director at a time and place
24 named in the summons and to produce such
25 books, papers, records, or other data, and to

1 give testimony, under oath, as may be relevant
2 or material to any investigation in connection
3 with the enforcement of this subchapter or any
4 application for a license under this subchapter.

5 “(2) ADMINISTRATIVE ASPECTS OF SUM-
6 MONS.—

7 “(A) PRODUCTION AT DESIGNATED
8 SITE.—A summons issued pursuant to this sub-
9 section may require that books, papers, records,
10 or other data stored or maintained at any place
11 be produced at any business location of a li-
12 censee or applicant for a license or any des-
13 igned location in any State or in any territory
14 or other place subject to the jurisdiction of the
15 United States not more than 500 miles distant
16 from any place where the licensee or applicant
17 for a license operates or conducts business in
18 the United States.

19 “(B) NO LIABILITY FOR EXPENSES.—The
20 United States shall not be liable for any ex-
21 pense incurred in connection with the produc-
22 tion of books, papers, records, or other data
23 under this subsection.

24 “(C) SERVICE OF SUMMONS.—Service of a
25 summons issued under this subsection may be

1 by registered mail or in such other manner cal-
2 culated to give actual notice as the Director
3 may prescribe by regulation.

4 “(3) CONTUMACY OR REFUSAL.—

5 “(A) REFERRAL TO ATTORNEY GEN-
6 ERAL.—In case of contumacy by a person
7 issued a summons under this subsection or a
8 refusal by such person to obey such summons
9 or to allow the Director to conduct an examina-
10 tion, the Director shall refer the matter to the
11 Secretary of the Treasury for referral to the At-
12 torney General.

13 “(B) JURISDICTION OF COURT.—The At-
14 torney General may invoke the aid of any court
15 of the United States within the jurisdiction of
16 which—

17 “(i) the investigation which gave rise
18 to the summons or the examination is
19 being or has been carried on;

20 “(ii) the person summoned is an in-
21 habitant; or

22 “(iii) the person summoned carries on
23 business or may be found,
24 to compel compliance with the summons.

1 “(C) COURT ORDER.—The court may issue
2 an order requiring the person summoned to ap-
3 pear before the Director or a delegate of the
4 Director to produce books, papers, records, and
5 other data, to give testimony as may be nec-
6 essary to explain how such material was com-
7 piled and maintained, to allow the Director to
8 examine the business of a licensee, and to pay
9 the costs of the proceeding.

10 “(D) FAILURE TO COMPLY WITH ORDER.—
11 Any failure to obey the order of the court may
12 be punished by the court as a contempt thereof.

13 “(E) SERVICE OF PROCESS.—All process
14 in any case under this subsection may be served
15 in any judicial district in which such person
16 may be found.

17 **“§ 5384. Financial institutions**

18 “(a) INVESTMENT BANKING.—No person shall be
19 held liable for engaging in investment banking activities
20 for or on behalf of a licensee or involving a licensee, if
21 such activities are performed in compliance with this sub-
22 chapter, the Sarbanes-Oxley Act, the Securities Act of
23 1933 Act, the Securities Exchange Act of 1934, and any
24 other applicable laws governing securities.

1 “(b) PAYMENT AND TRANSACTION PROCESSING.—
2 No person shall be held liable for engaging in payments
3 processing activities for or on behalf of a licensee or involv-
4 ing a licensee, if such activities are performed in compli-
5 ance with this subchapter.

6 “(c) FINANCIAL INSTITUTIONS.—No financial insti-
7 tution shall be held liable for engaging in financial activi-
8 ties and transactions for or on behalf of a licensee or in-
9 volving a licensee, if such activities are performed in com-
10 pliance with this subchapter and with applicable Federal,
11 State, and foreign banking laws and regulations.

12 **“§ 5385. Prohibition and limitation of licenses in**
13 **States and Indian lands**

14 “(a) STATE OPT OUT.—

15 “(1) IN GENERAL.—No Internet gambling li-
16 censee may engage, under any license issued under
17 this subchapter, in the business of Internet betting
18 or wagering in any State which prohibits such busi-
19 ness within such State if the Governor or other chief
20 executive officer of such State informs the Director
21 of such prohibition before the end of the 90-day pe-
22 riod beginning on the date of the enactment of the
23 Internet Gambling Regulation and Enforcement Act
24 of 2007, or in accordance with paragraph (3), until
25 such time as any notice of any subsequent repeal of

1 such prohibition becomes effective under paragraph
2 (3).

3 “(2) LIMITATIONS IMPOSED BY STATES.—No
4 Internet gambling licensee may engage, under any li-
5 cense issued under this subchapter, in the business
6 of conducting any particular types of gambling ac-
7 tivities or other contests in any State which pro-
8 hibits or limits such particular types of gambling ac-
9 tivities or other contests if the Governor or other
10 chief executive officer of such State informs the Di-
11 rector of such prohibition or limitation, in a manner
12 which clearly identifies the nature and extent of such
13 prohibition or limitation, before the end of the 90-
14 day period beginning on the date of the enactment
15 of the Internet Gambling Regulation and Enforce-
16 ment Act of 2007, or in accordance with paragraph
17 (3), until such time as any notice of any amendment
18 or repeal of such specific prohibition or limitation
19 becomes effective under paragraph (3).

20 “(3) CHANGES TO STATE LIMITATIONS.—The
21 establishment, repeal, or amendment by any State of
22 any prohibition or limitation referred to in para-
23 graph (1) or (2) after the end of the 90-day period
24 beginning on the date of the enactment of the Inter-
25 net Gambling Regulation and Enforcement Act of

1 2007 shall apply, for purposes of this subchapter,
2 with respect to the business of Internet betting or
3 wagering in such State by any licensee beginning on
4 the first January 1 that occurs after the end of the
5 30-day period beginning on the later of—

6 “(A) the date a notice of such establish-
7 ment, repeal, or amendment is provided by the
8 Governor or other chief executive officer of such
9 State in writing to the Director; or

10 “(B) the effective date of such establish-
11 ment, repeal, or amendment.

12 “(b) INDIAN TRIBE OPT OUT.—

13 “(1) IN GENERAL.—No Internet gambling li-
14 censee may engage, under any license issued under
15 this subchapter, in the business of Internet betting
16 or wagering within the tribal lands of any Indian
17 tribe which prohibits such business within such trib-
18 al lands if the principal chief or other chief executive
19 officer of such Indian tribe informs the Director of
20 such prohibition before the end of the 90-day period
21 beginning on the date of the enactment of the Inter-
22 net Gambling Regulation and Enforcement Act of
23 2007, or in accordance with paragraph (3), until
24 such time as any notice of any repeal or amendment

1 of such prohibition becomes effective under para-
2 graph (3).

3 “(2) LIMITATIONS IMPOSED BY INDIAN
4 TRIBES.—No Internet gambling licensee may en-
5 gage, under any license issued under this sub-
6 chapter, in the business of conducting any particular
7 types of gambling activities or other contests in the
8 tribal lands of any Indian tribe which prohibits or
9 limits such particular types of gambling activities or
10 other contests if the principal chief or other chief ex-
11 ecutive officer of such Indian tribe informs the Di-
12 rector of such prohibition or limitation, in a manner
13 which clearly identifies the nature and extent of such
14 prohibition or limitation, before the end of the 90-
15 day period beginning on the date of the enactment
16 of the Internet Gambling Regulation and Enforce-
17 ment Act of 2007, or in accordance with paragraph
18 (3), until such time as any notice of any amendment
19 or repeal of such specific prohibition or limitation
20 becomes effective under paragraph (3).

21 “(3) CHANGES TO INDIAN TRIBE LIMITA-
22 TIONS.—The establishment, repeal, or amendment
23 by any Indian tribe of any prohibition or limitation
24 referred to in paragraph (1) or (2) after the end of
25 the 90-day period beginning on the date of the en-

1 actment of the Internet Gambling Regulation and
2 Enforcement Act of 2007 shall apply, for purposes
3 of this subchapter, with respect to the business of
4 Internet betting or wagering in the tribal lands of
5 such Indian tribe by any licensee beginning on the
6 first January 1 that occurs after the end of the 30-
7 day period beginning on the later of—

8 “(A) the date a notice of such establish-
9 ment, repeal, or amendment is provided by the
10 principal chief or other chief executive officer of
11 such Indian tribe in writing to the Director; or

12 “(B) the effective date of such establish-
13 ment, repeal, or amendment.

14 “(c) ENFORCING STATE AND INDIAN TRIBE LIMITA-
15 TIONS.—

16 “(1) IN GENERAL.—The Director shall take ef-
17 fective measures to ensure that any licensee under
18 this subchapter, as a condition of the license, com-
19 plies with any limitation or prohibition imposed by
20 any State or Indian tribe to which the licensee is
21 subject under paragraph (1), (2) or (3) of subsection
22 (a) or (b), as the case may be.

23 “(2) VIOLATIONS.—It shall be a violation of
24 this subchapter for any licensee knowingly to accept
25 bets or wagers, or engage in any Internet gambling

1 activity within any State or in the tribal lands of
2 any Indian tribe for which a notice is in effect under
3 paragraph (1), (2), or (3) of subsection (a) or (b),
4 as the case may be.

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

9 **“§ 5386. Sporting leagues may prohibit internet gam-**
10 **bling on league activities**

11 “(a) SPORTING LEAGUE OPT-OUT.—No Internet
12 gambling licensee may engage, under any license issued
13 under this subchapter, in the business of Internet betting
14 or wagering in connection with any sport event or contest
15 of any sporting league which prohibits such business if the
16 chief executive officer of such sporting league informs the
17 Director of such prohibition before the end of the 90-day
18 period beginning on the date of the enactment of the
19 Internet Gambling Regulation and Enforcement Act of
20 2007, or in accordance with subsection (c), until such time
21 as any notice of any repeal of such prohibition becomes
22 effective under paragraph (3).

23 “(b) ESTABLISHMENT OR REPEAL OF SPORTING.—
24 The establishment or repeal by any sporting league of any
25 prohibition referred to in subsection (a) after the end of

1 the 90-day period beginning on the date of the enactment
2 of the Internet Gambling Regulation and Enforcement Act
3 of 2007 shall apply, for purposes of this subchapter, with
4 respect to the business of Internet betting or wagering in
5 connection with any sport event or contest of such sport-
6 ing league by any licensee beginning on the first January
7 1 that occurs after the end of the 30-day period beginning
8 on the later of—

9 “(1) the date a notice of such establishment or
10 repeal is provided by the chief executive officer of
11 such sporting league in writing to the Director; or

12 “(2) the effective date of such establishment or
13 repeal.

14 “(c) VIOLATION OF SPORTING LEAGUE LIMITA-
15 TION.—

16 “(1) IN GENERAL.—The Director shall take ef-
17 fective measures to ensure that any licensee under
18 this subchapter, as a condition of the license, com-
19 plies with any prohibition imposed by any sporting
20 league to which the licensee is subject under sub-
21 section (a) or (b).

22 “(2) VIOLATIONS.—It shall be a violation of
23 this subchapter for any licensee knowingly to engage
24 in the business of Internet betting or wagering in
25 connection with any sport event or contest of any

1 sporting league for which a notice is in effect under
2 subsection (a) or (b).

3 **“§ 5387. Safe harbors**

4 “It shall be a defense against any prosecution or en-
5 forcement action under any Federal or State law against
6 any person possessing a valid license under this sub-
7 chapter that the activity is authorized under and has been
8 carried out lawfully under the terms of this subchapter.

9 **“§ 5388. Criminal penalties**

10 “(a) IN GENERAL.—Whoever knowingly violates any
11 provision of this subchapter shall be fined under title 18,
12 or imprisoned for not more than 5 years, or both.

13 “(b) PERMANENT INJUNCTION.—Upon conviction of
14 a person under this section, the court may enter a perma-
15 nent injunction enjoining such person from placing, receiv-
16 ing, or otherwise making bets or wagers or sending, receiv-
17 ing, or inviting information assisting in the placing of bets
18 or wagers.

19 **“§ 5389. Rules of construction**

20 “(a) NO EFFECT ON OTHER LAW.—No provision of
21 this subchapter shall be construed as altering, limiting, or
22 extending any Federal or State law or Tribal-State com-
23 pact prohibiting, permitting, or regulating gambling with-
24 in the United States.

1 “(b) COORDINATION WITH CERTAIN GAMBLING
2 LAWS.—No provision of this chapter shall be construed
3 as permitting any bet or wager that would otherwise vio-
4 late any provision of—

5 “(1) the Interstate Horse Racing Act;

6 “(2) the Professional and Amateur Sports Pro-
7 tection Act;

8 “(3) the Gambling Devices Transportation Act;

9 or

10 “(4) the Indian Gaming Regulatory Act.”.

11 (b) TECHNICAL AND CONFORMING AMENDMENT.—
12 Section 310(b)(2) of title 31, United States Code is
13 amended—

14 (1) by redesignating subparagraphs (J) and (K)
15 as subparagraphs (K) and (L), respectively; and

16 (2) by inserting after subparagraph (I) the fol-
17 lowing new subparagraph:

18 “(J) Administer the requirements of sub-
19 chapter V of chapter 53.”

20 (c) CLERICAL AMENDMENT.—The table of sections
21 for chapter 53 of title 31, United States Code, is amended
22 by adding at the end the following:

“SUBCHAPTER V—REGULATION OF LAWFUL INTERNET GAMBLING

“5381. Congressional findings and purpose.

“5382. Definitions.

“5383. Establishment and administration of licensing program.

“5384. Financial institutions.

“5385. Prohibition and limitation of licenses in States and Indian lands.

“5386. Sporting leagues may prohibit Internet gambling on league activities.

“5387. Safe harbors.

“5388. Criminal penalties.

“5389. Rules of construction.”.

1 **SEC. 3. REPORT REQUIRED.**

2 (a) IN GENERAL.—Before the end of the 1-year pe-
3 riod beginning on the effective date of the regulations pre-
4 scribed under section 4(a), and annually thereafter, the
5 Director shall submit a report to the Congress on the li-
6 censing and regulation of Internet gambling operators.

7 (b) INFORMATION REQUIRED.—Each report sub-
8 mitted under subsection (a) shall include the following in-
9 formation:

10 (1) A comprehensive statement regarding the
11 limitations imposed by the States, Indian tribes, and
12 sporting leagues.

13 (2) Relevant statistical information on appli-
14 cants and licenses.

15 (3) The amount of licensing and user fees col-
16 lected during the period covered by the report.

17 (4) Information on regulatory or enforcement
18 actions undertaken during the period.

19 (5) Any other information that may be useful
20 to the Congress in evaluating the effectiveness of the
21 Act in meeting its purpose, including the provision
22 of protections against underage gambling, compul-
23 sive gambling, money laundering, and fraud, and in
24 combating tax avoidance relating to online gambling.

1 **SEC. 4. EFFECTIVE DATE.**

2 (a) REGULATIONS.—The Director of the Financial
3 Crimes Enforcement Network shall prescribe such regula-
4 tions as may appropriate to implement subchapter V of
5 chapter 53 of title 31, United States Code (as added by
6 section 2(a) of this Act) and shall publish such regulations
7 in final form in the Federal Register before the end of
8 the 180-day period beginning on the date of the enactment
9 of this Act.

10 (b) SCOPE OF APPLICATION.—The amendment made
11 by section 2(a) shall apply after the end of the 90-day
12 period beginning on the date of the publication of the reg-
13 ulations in final form in accordance with subsection (a).

○