



March 22, 2007

The Honorable Alberto Gonzalez
U.S. Department of Justice
950 Pennsylvania Avenue, NW
Washington, DC 20530-0001

The Honorable Henry Paulson
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Dear General Gonzales and Secretary Paulson:

On behalf of our respective professional and amateur sports organizations, we are writing to urge you to issue strong regulations to implement the Unlawful Internet Gambling Enforcement Act of 2006.

Our sports organizations each have strict policies against sports betting, because wagering on sports can corrupt athletic contests or create the appearance of corruption. Internet gambling also runs directly contrary to federal and state statutes against sports gambling, particularly the Professional and Amateur Sports Protection Act of 1992. Though Internet gambling on sports has never been legal, easy access to offshore Internet gambling websites has created the opposite impression among the general public, particularly before this law was passed. Congress has also found, as have others who have examined this issue, that Internet gambling serves as a vehicle for money laundering, and that it has contributed to both underage and compulsive gambling.

We are gratified by recent reports from sports gambling insiders indicating that the new law has already caused wagering on the Super Bowl and "March Madness" to decline by over a third, even though there are no implementing regulations in effect yet. However, some of the same industry insiders believe that sports gambling will return to its previous levels by next year. Effective regulations are essential to ensuring that sports gambling does *not* rebound, but continues to decline as Congress intended.

Internet gambling businesses seek to – and until the passage of the UIGEA were easily able to – evade U.S. prosecutors by operating offshore. Thus, the most effective way to curtail Internet sports gambling is to interrupt the flow of funds between U.S.-based gamblers and offshore website operators. In the new law, Congress gave the Treasury Department, together with the Federal Reserve and the Department of Justice, responsibility for writing regulations to guide different types of payment systems in identifying and blocking these financial transactions.

Some payment systems, such as credit cards, can use "coding" to block online gambling funds. But other types of payment systems, such as checking and Automated Clearing House (ACH) transfers, need a list of prohibited recipients or bank accounts in order to effectively block fund transfers. To prevent undue burden on financial institutions, such a list needs to be compiled and maintained by the government. The House Financial Services Committee Report clearly states that Congress intended law enforcement to provide financial institutions with the identities of illegal online gambling businesses or their financial accounts. The Committee Report also gave the agencies regulatory flexibility to develop alternative policies and procedures for "non-coded" transactions, consistent with the law's goals.

We are asking you to commit the regulatory and law enforcement resources necessary to effectively implement the law. If proposed and final regulations are not strong, the illegal Internet gambling industry will once again see the U.S. market as a prime target for sports gambling operations.

Sincerely,

Rick Buchanan
Executive VP and General Counsel
National Basketball Association

Tom Ostertag
Senior VP and General Counsel
Major League Baseball

Elsa Kircher Cole
General Counsel
National Collegiate Athletic Association

Jeffrey Pash
Executive VP and General Counsel
National Football League

William Daly
Deputy Commissioner
National Hockey League