



May 14, 2008

Dear Members of the Financial Services Committee:

On May 6th, H.R. 2267 was filed to overturn American gambling laws and promote gambling, including sports betting, on the Internet. As Congress has long recognized, sports wagering threatens the integrity of professional and amateur athletics. It is on this basis that Congress has consistently legislated against sports betting. Because the newly-introduced bill would overturn decades of settled American law, we strenuously oppose this bill as introduced.

H.R. 2267 establishes a federal licensing and regulatory structure for private Internet gambling operations, with the caveat that the legislation does not authorize sports betting that would violate the Professional and Amateur Sports Protection Act of 1992 (PASPA). From that curious reference to PASPA, it may appear that the bill bars licensees from taking sports play. Instead, the bill does the exact opposite. H.R. 2267 reverses nearly 50 years of clear federal policy against sports betting and it opens the door wide to sports gambling on the Internet.

PASPA has nothing to do with the gambling being authorized by H.R. 2267 because PASPA simply prohibits states and tribal authorities from authorizing or operating sports betting. As the attached PASPA provisions and legislative history demonstrate, PASPA is not a ban on interstate sports wagering. That prohibition is found in the Wire Act, enacted in 1961. HR 2267 effectively repeals the Wire Act by granting private licensees who do not violate PASPA's bar on state-sponsored sports betting a "complete defense" from prosecution under the Wire Act.

Thus, H.R. 2267 references a law that is irrelevant to interstate sports gambling (PASPA) in order to disable the only one that is meaningful (the Wire Act).

To remain faithful to longstanding federal policy against sports betting, the bill could simply have barred licensees from accepting sports wagers. We urge the sponsors to do just that. Anything other than a straightforward prohibition on licensees conducting sports gambling will demonstrate a contrary intent.

Beyond this serious substantive defect, H.R. 2267 is badly timed. In May 2007, the United States began a process to exclude gambling from its commitments under the General Agreement on Trade in Services (GATS). That process is nearly concluded. Necessary agreements have been tentatively reached with all but one of our trading partners. Completion of these negotiations, which is expected shortly, will protect federal and state gambling laws, including ones barring sports betting, from being challenged in the WTO as trade violations.

Passage of H.R. 2267 could dramatically complicate this process, and lead to sharply escalated demands for U.S. trade concessions. We support prompt completion of the gambling exclusion process, which will end this problematic situation without imposing undue costs.

At the same time, H.R. 2266 has been introduced to delay by one year the compliance deadline for regulations issued under the Unlawful Internet Gambling Enforcement Act – regulations that are already more than two years overdue. The bill would provide for delay only; it adds nothing in the way of alternative, stronger enforcement mechanisms. In its present form, H.R. 2266 would serve simply to disable a law that passed the House in July 2006 317-93, with large majorities of both party caucuses. Therefore, we oppose it.

Nearly 50 years ago, Attorney General Robert Kennedy proposed legislation that criminalized interstate sports wagering. Enacted as the 1961 Wire Act, this unambiguous ban has been the bedrock of federal sports betting policy. Do not reverse it now with legislation that is both ill-considered and ill-timed.

We urge you to reject H.R. 2267 and H.R. 2266. Thank you for considering our views.

Sincerely,

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