

111TH CONGRESS
1ST SESSION

H. R. 2267

To amend title 31, United States Code, to provide for the licensing of Internet gambling activities by the Secretary of the Treasury, to provide for consumer protections on the Internet, to enforce the tax code, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 6, 2009

Mr. FRANK of Massachusetts (for himself, Mr. PAUL, Mr. GUTIERREZ, Mr. KING of New York, Mr. WATT, Mr. ACKERMAN, Mr. CAPUANO, Mr. CARSON of Indiana, Mr. McDERMOTT, Mr. DELAHUNT, Mr. MCGOVERN, Mr. WEXLER, Ms. BERKLEY, Mr. COHEN, Mr. PERRIELLO, and Mr. SABLAN) introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committees on Energy and Commerce and the Judiciary, 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 activities by the Secretary of the Treasury, to provide for consumer protections on the Internet, to enforce the tax code, 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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Internet Gambling
3 Regulation, Consumer Protection, and Enforcement Act”.

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

6 (a) IN GENERAL.—Chapter 53 of title 31, United
7 States Code, is amended by adding at the end the fol-
8 lowing new subchapter:

9 “SUBCHAPTER V—REGULATION OF LAWFUL
10 INTERNET GAMBLING

11 “§ 5381. Congressional findings

12 “The Congress finds the following:

13 “(1) Since the development of the Internet, mil-
14 lions of people have chosen to gamble online, and
15 today Internet gambling is offered by operators lo-
16 cated in many different countries under a variety of
17 licensing and regulatory regimes.

18 “(2) Despite the increasing use of the Internet
19 for gambling by persons in the United States, there
20 is no Federal or State regulatory regime in place to
21 protect United States citizens who choose to engage
22 in this interstate activity, or to oversee operators to
23 establish and enforce standards of integrity and fair-
24 ness.

25 “(3) In the United States, gambling activities,
26 equipment, and operations have been subject to var-

1 ious forms of Federal and State control, regulation,
2 and enforcement, with some form of gambling being
3 permitted in nearly every State and by many Indian
4 tribes.

5 “(4) Internet gambling in the United States
6 should be controlled by a strict Federal licensing and
7 regulatory framework to protect underage and other-
8 wise vulnerable individuals, to ensure the games are
9 fair, to address the concerns of law enforcement,
10 and to enforce any limitations on the activity estab-
11 lished by the States and Indian tribes.

12 “(5) An effective Federal licensing system
13 would ensure that licenses are issued only to Inter-
14 net gambling operators which meet strict criteria to
15 protect consumers, and which—

16 “(A) are in good financial and legal stand-
17 ing, and of good character, honesty, and integ-
18 rity;

19 “(B) utilize appropriate technology to de-
20 termine the age and location of users;

21 “(C) adopt and implement systems to pro-
22 tect minors and problem gamblers;

23 “(D) adopt and implement systems to en-
24 force any applicable Federal, State, and Indian
25 tribe limitations on Internet gambling; and

1 “(E) have in place risk-based methods to
2 identify and combat money laundering and
3 fraud relating to Internet gambling, and to pro-
4 tect the privacy and security of users.

5 “(6) There is a need to extend the regulatory
6 provisions of this Act to all persons, locations, equip-
7 ment, practices, and associations related to Internet
8 gambling, with each State and Indian tribe having
9 the ability to limit Internet gambling operators from
10 offering Internet gambling to persons located within
11 its territory by opting out of the provisions of this
12 Act.

13 **“§ 5382. Definitions**

14 “For purposes of this subchapter, the following defi-
15 nitions shall apply:

16 “(1) APPLICANT.—The term ‘applicant’ means
17 any person who has applied for a license pursuant
18 to this subchapter.

19 “(2) BET OR WAGER.—The term ‘bet or wager’
20 has the same meaning as in section 5362(1).

21 “(3) ENFORCEMENT AGENT.—The term ‘en-
22 forcement agent’ means any individual authorized by
23 the Secretary to enforce the provisions of this sub-
24 chapter and regulations prescribed under this sub-
25 chapter.

1 “(4) INDIAN LANDS AND INDIAN TRIBE.—The
2 terms ‘Indian lands’ and ‘Indian tribe’ have the
3 same meanings as in section 4 of the Indian Gaming
4 Regulatory Act.

5 “(5) INTERNET.—The term ‘Internet’ has the
6 same meaning as in section 5362(5).

7 “(6) LICENSEE.—The term ‘licensee’ means an
8 entity authorized to operate an Internet gambling
9 facility in accordance with this subchapter.

10 “(7) OPERATE AN INTERNET GAMBLING FACIL-
11 ITY.—The term ‘operate an Internet gambling facil-
12 ity’ or ‘operation of an Internet gambling facility’
13 means the direction, management, supervision, or
14 control of an Internet site through which bets or wa-
15 gers are initiated, received, or otherwise made,
16 whether by telephone, Internet, satellite, or other
17 wire or wireless communication.

18 “(8) SECRETARY.—The term ‘Secretary’ means
19 the Secretary of the Treasury, or any person des-
20 ignated by the Secretary.

21 “(9) STATE.—The term ‘State’ means any
22 State of the United States, the District of Columbia,
23 or any commonwealth, territory, or other possession
24 of the United States.

1 “(10) SPORTING EVENT.—The term ‘sporting
2 event’ means any athletic competition, whether pro-
3 fessional, scholastic, or amateur.

4 **“§ 5383. Establishment and administration of licens-
5 ing program**

6 “(a) TREASURY RESPONSIBILITIES.—The Secretary
7 shall have responsibility for the following activities:

8 “(1) Exercising full regulatory jurisdiction
9 over—

10 “(A) the operation of Internet gambling fa-
11 cilities by licensees; and

12 “(B) the licensure of all applicants.

13 “(2) Prescribing such regulations as may be
14 necessary to administer and enforce the require-
15 ments of this subchapter.

16 “(3) Employing enforcement agents with suffi-
17 cient training and experience to administer the re-
18 quirements of this subchapter and the regulations
19 prescribed under this subchapter.

20 “(4) Enforcing the requirements of this sub-
21 chapter through all appropriate means provided
22 under this subchapter and other provisions of law.

23 “(b) INTERNET GAMBLING LICENSING PROGRAM.—

24 “(1) LICENSING REQUIRED FOR CERTAIN
25 INTERNET GAMBLING.—No person may operate an

1 Internet gambling facility that knowingly accepts
2 bets or wagers from persons located in the United
3 States without a license issued by the Secretary in
4 accordance with this subchapter.

5 “(2) AUTHORITY UNDER VALID LICENSE.—A li-
6 censee may accept bets or wagers from persons lo-
7 cated in the United States, subject to the limitations
8 set forth in this subchapter, so long as its license re-
9 mains in good standing.

10 “(c) APPLICATION FOR LICENSE.—

11 “(1) IN GENERAL.—Any person seeking author-
12 ity to operate an Internet gambling facility offering
13 services to persons in the United States may apply
14 for a license issued by the Secretary.

15 “(2) INFORMATION REQUIRED.—Any applica-
16 tion for a license under this subchapter shall contain
17 such information as may be required by the Sec-
18 retary, including the following:

19 “(A) The criminal and credit history of the
20 applicant, any senior executive and director of
21 the applicant, and any person deemed to be in
22 control of the applicant.

23 “(B) The financial statements of the appli-
24 cant.

1 “(C) Documentation showing the corporate
2 structure of the applicant and all related busi-
3 nesses and affiliates.

4 “(D) Documentation containing detailed
5 evidence of the applicant’s plan for complying
6 with all applicable regulations should a license
7 be issued, with particular emphasis on the ap-
8 plicant’s ability to—

9 “(i) protect underage and problem
10 gamblers;

11 “(ii) ensure games are being operated
12 fairly; and

13 “(iii) comply with and address the
14 concerns of law enforcement.

15 “(E) Certification that the applicant
16 agrees to submit to United States jurisdiction
17 and all applicable United States laws relating to
18 acceptance by the applicant of bets or wagers
19 over the Internet from persons located in the
20 United States and all associated activities.

21 “(d) STANDARDS FOR LICENSE ISSUANCE; SUIT-
22 ABILITY QUALIFICATIONS AND DISQUALIFICATION
23 STANDARDS.—

24 “(1) SUITABILITY FOR LICENSING STAND-
25 ARDS.—

1 “(A) IN GENERAL.—No person shall be eli-
2 gible to obtain a license unless the Secretary
3 has determined, upon completion of a back-
4 ground check and investigation, that the appli-
5 cant, and any person deemed to be in control
6 of the applicant, is suitable for licensing.

7 “(B) ASSOCIATES OF APPLICANTS.—If the
8 applicant is a corporation, partnership, or other
9 business entity, a background check and inves-
10 tigation shall occur with respect to the presi-
11 dent or other chief executive of the corporation,
12 partnership, or other business entity and other
13 partners or senior executives and directors of
14 the corporation, partnership, or entity, as deter-
15 mined appropriate by the Secretary, in the Sec-
16 retary’s sole discretion.

17 “(C) BACKGROUND CHECK AND INVES-
18 TIGATION.—The Secretary shall establish
19 standards and procedures for conducting back-
20 ground checks and investigations for purposes
21 of this subsection.

22 “(2) SUITABILITY FOR LICENSING STANDARDS
23 DESCRIBED.—For purposes of this subchapter, an
24 applicant and any other person associated with the
25 applicant, as applicable, is suitable for licensing if

1 the applicant demonstrates to the Secretary by clear
2 and convincing evidence that the applicant (or indi-
3 vidual associated with the applicant, as applicable)—

4 “(A) is a person of good character, hon-
5 esty, and integrity;

6 “(B) is a person whose prior activities,
7 reputation, habits, and associations do not—

8 “(i) pose a threat to the public inter-
9 est or to the effective regulation and con-
10 trol of the licensed activities; or

11 “(ii) create or enhance the dangers of
12 unsuitable, unfair, or illegal practices,
13 methods, and activities in the conduct of
14 the licensed activities or the carrying on of
15 the business and financial arrangements
16 incidental to such activities;

17 “(C) is capable of and likely to conduct the
18 activities for which the applicant is licensed in
19 accordance with the provisions of this sub-
20 chapter and any regulations prescribed under
21 this subchapter;

22 “(D) has or guarantees acquisition of ade-
23 quate business competence and experience in
24 the operation of Internet gambling facilities;
25 and

1 “(E) has or will obtain sufficient financing
2 for the nature of the proposed operation and
3 from a suitable source.

4 “(3) UNSUITABLE FOR LICENSING.—An appli-
5 cant or any other person may not be determined to
6 be suitable for licensing within the meaning of this
7 subchapter if the applicant or such person—

8 “(A) has failed to provide information and
9 documentation material to a determination of
10 suitability for licensing under paragraph (1);

11 “(B) has supplied information which is un-
12 true or misleading as to a material fact per-
13 taining to any such determination;

14 “(C) has been convicted of an offense pun-
15 ishable by imprisonment of more than 1 year;
16 or

17 “(D) is delinquent in filing any applicable
18 Federal or State tax returns or in the payment
19 of any taxes, penalties, additions to tax, or in-
20 terest owed to a State or the United States.

21 “(4) ONGOING REQUIREMENT.—A licensee (and
22 any other person who is required to be determined
23 to be suitable for licensing in connection with such
24 licensee) shall meet the standards necessary to be

1 suitable for licensing throughout the term of the li-
2 cense.

3 “(5) PROTECTION OF THE PUBLIC TRUST.—

4 The Secretary may take such action as is necessary
5 to protect the public trust, including the implemen-
6 tation of such safeguards as may be necessary to en-
7 sure the operation of an Internet gambling facility
8 licensed under this subchapter is controlled only by
9 persons who are suitable for licensing.

10 “(6) ENFORCEMENT ACTIONS.—

11 “(A) DETERMINATION OF UNSUITABILITY
12 FOR CONTINUED LICENSURE.—If the Secretary
13 finds that an individual owner or holder of a se-
14 curity of a licensee, or of a holding or inter-
15 mediary company of a licensee or any person
16 with an economic interest in a licensee or a di-
17 rector, partner, or officer of a licensee is not
18 suitable for licensing, the Secretary may deter-
19 mine that the licensee is not qualified to con-
20 tinue as a licensee.

21 “(B) ACTION TO PROTECT THE PUBLIC IN-
22 TEREST, INCLUDING SUSPENSION.—If the Sec-
23 retary may determine that the licensee is not
24 qualified to continue as a licensee, the Secretary
25 shall propose action necessary to protect the

1 public interest, including, if deemed necessary,
2 the suspension of the licensee.

3 “(C) IMPOSITION OF CONDITIONS INCLUD-
4 ING REMOVAL OF PARTIES.—Notwithstanding a
5 determination under subparagraph (A), the
6 Secretary may allow a licensee to continue en-
7 gaging in licensed activities by imposing condi-
8 tions on the licensee under penalty of revocation
9 or suspension of a license, including—

10 “(i) the identification of any person
11 determined to be unsuitable for licensing;
12 and

13 “(ii) the establishment of appropriate
14 safeguards to ensure such person is ex-
15 cluded from any interest in the licensed ac-
16 tivities.

17 “(e) ASSESSMENTS FOR ADMINISTRATIVE EX-
18 PENSES.—

19 “(1) USER FEES.—

20 “(A) IN GENERAL.—The cost of admin-
21 istering this subchapter with respect to each li-
22 censee, including the cost of any review or ex-
23 amination of a licensee to ensure compliance
24 with the terms of the license and this sub-
25 chapter, shall be assessed by the Secretary

1 against the licensee institution by written notice
2 in an amount appropriate to meet the Sec-
3 retary’s expenses in carrying out such adminis-
4 tration, review, or examination.

5 “(B) DISPOSITION.—Amounts assessed by
6 the Secretary as user fees under subparagraph
7 (A) shall—

8 “(i) be maintained by the Secretary
9 solely for use in accordance with clause
10 (ii);

11 “(ii) be available to the Secretary to
12 cover all expenses incurred by the Sec-
13 retary in carrying out this subchapter; and

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

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

24 “(D) COLLECTION.—

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

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

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

17 “(f) APPROVAL OF LICENSE.—The Secretary shall
18 grant licenses under this subchapter if the applicant meets
19 the criteria set by the Secretary set forth in this sub-
20 chapter and in any regulations promulgated thereunder.

21 “(g) SAFEGUARDS REQUIRED OF LICENSEE.—No
22 person shall receive or retain a license under this section
23 unless the person maintains or requires mechanisms so
24 that the following requirements, and the standards estab-

1 lished under section 5384, are met with respect to any
2 Internet bet or wager:

3 “(1) LEGAL AGE.—Appropriate safeguards to
4 ensure that the individual placing a bet or wager is
5 of legal age as defined by the law of the State or
6 tribal area in which the individual is located at the
7 time the bet or wager is placed.

8 “(2) PERMISSIBLE LOCATION.—Appropriate
9 safeguards to ensure that the individual placing a
10 bet or wager is physically located in a jurisdiction
11 that permits Internet gambling at the time the bet
12 or wager is placed.

13 “(3) COLLECTION OF CUSTOMER TAXES.—Ap-
14 propriate mechanisms to ensure that all taxes relat-
15 ing to Internet gambling from persons engaged in
16 Internet gambling are collected at the time of any
17 payment of any proceeds of Internet gambling.

18 “(4) COLLECTION OF TAXES OF LICENSEE.—
19 Appropriate mechanisms to ensure that all taxes re-
20 lating to Internet gambling from any licensee are
21 collected and disbursed as required by law, and that
22 adequate records to enable later audit or verification
23 are maintained.

1 “(5) SAFEGUARDS AGAINST FINANCIAL
2 CRIME.—Appropriate safeguards to combat fraud,
3 money laundering, and terrorist finance.

4 “(6) SAFEGUARDS AGAINST COMPULSIVE GAM-
5 BLING.—Appropriate safeguards to combat compul-
6 sive Internet gambling.

7 “(7) PRIVACY SAFEGUARDS.—Appropriate safe-
8 guards to protect the privacy and security of any
9 person engaged in Internet gambling.

10 “(8) PAYMENT OF ASSESSMENTS.—Appropriate
11 mechanisms to ensure that any assessment under
12 subsection (e) is paid to the Secretary.

13 “(9) OTHER REQUIREMENTS.—Such other re-
14 quirements as the Secretary may establish by regula-
15 tion or order.

16 “(h) TERM AND RENEWAL OF LICENSE.—

17 “(1) TERM.—Any license issued under this sec-
18 tion shall be issued for a 5-year term beginning on
19 the date of issuance.

20 “(2) RENEWAL.—Licenses may be renewed in
21 accordance with the requirements prescribed by the
22 Secretary pursuant to this subchapter.

23 “(i) REVOCATION OF LICENSE.—

1 “(1) IN GENERAL.—Any license granted under
2 this subchapter may be revoked by the Secretary
3 if—

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

6 “(B) the licensee is determined to be un-
7 suitable for licensing, within the meaning of
8 this subchapter.

9 “(2) FINAL ACTION.—Any revocation of a li-
10 cense under paragraph (1) shall be treated as a final
11 action by the Secretary.

12 “(j) REGULATIONS.—The regulations prescribed by
13 the Secretary under this subchapter shall include regula-
14 tions to fully implement—

15 “(1) safeguards required for licensees under
16 subsection (g); and

17 “(2) the requirements for programs relating to
18 the Problem Gambling, Responsible Gambling, and
19 Self-Exclusion Program under section 5384.

20 “(k) ADMINISTRATIVE PROVISIONS.—

21 “(1) GENERAL POWERS OF SECRETARY.—The
22 Secretary shall have the authority to engage in the
23 following:

24 “(A) Investigate the suitability of each ap-
25 plicant to ensure compliance with this sub-

1 chapter and regulations prescribed under this
2 subchapter.

3 “(B) Require licensees to maintain appro-
4 priate procedures to ensure compliance with
5 this subchapter and regulations prescribed
6 under this subchapter.

7 “(C) Examine any licensee and any books,
8 papers, records, or other data of licensees rel-
9 evant to any recordkeeping or reporting require-
10 ments imposed by the Secretary under this sub-
11 chapter.

12 “(D) When determined by the Secretary to
13 be necessary, summon a licensee or an appli-
14 cant for a license, an officer or employee of a
15 licensee or any such applicant (including a
16 former officer or employee), or any person hav-
17 ing possession, custody, or care of the reports
18 and records required by the Secretary under
19 this subchapter, to appear before the Secretary
20 or a designee of the Secretary at a time and
21 place named in the summons and to produce
22 such books, papers, records, or other data, and
23 to give testimony, under oath, as may be rel-
24 evant or material to any investigation in con-
25 nection with the enforcement of this subchapter

1 or any application for a license under this sub-
2 chapter.

3 “(E) Investigate any violation of this sub-
4 chapter and any regulation under this sub-
5 chapter and any other violation of law relating
6 to the operation of an Internet gambling facil-
7 ity.

8 “(F) Conduct continuing reviews of appli-
9 cants and licensees and the operation of Inter-
10 net gambling facilities by use of technological
11 means, onsite observation of facilities, including
12 servers, or other reasonable means to assure
13 compliance with this subchapter and any regu-
14 lations promulgated hereunder.

15 “(2) ADMINISTRATIVE ASPECTS OF SUM-
16 MONS.—

17 “(A) PRODUCTION AT DESIGNATED
18 SITE.—A summons issued pursuant to this sub-
19 section may require that books, papers, records,
20 or other data stored or maintained at any place
21 be produced at any business location of a li-
22 censee or applicant for a license or any des-
23 ignated location in any State or in any territory
24 or other place subject to the jurisdiction of the
25 United States not more than 500 miles distant

1 from any place where the licensee or applicant
2 for a license operates or conducts business in
3 the United States.

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

9 “(C) SERVICE OF SUMMONS.—Service of a
10 summons issued under this subsection may be
11 by registered mail or in such other manner cal-
12 culated to give actual notice as the Secretary
13 may prescribe by regulation.

14 “(3) CONTUMACY OR REFUSAL.—

15 “(A) REFERRAL TO ATTORNEY GEN-
16 ERAL.—In case of contumacy by a person
17 issued a summons under this subsection or a
18 refusal by such person to obey such summons
19 or to allow the Secretary to conduct an exam-
20 ination, the Secretary shall refer the matter to
21 the Secretary of the Treasury for referral to the
22 Attorney General.

23 “(B) JURISDICTION OF COURT.—The At-
24 torney General may invoke the aid of any court

1 of the United States to compel compliance with
2 the summons within the jurisdiction of which—

3 “(i) the investigation which gave rise
4 to the summons or the examination is
5 being or has been carried on;

6 “(ii) the person summoned is an in-
7 habitant; or

8 “(iii) the person summoned carries on
9 business or may be found.

10 “(C) COURT ORDER.—The court may issue
11 an order requiring the person summoned to ap-
12 pear before the Secretary or a delegate of the
13 Secretary to produce books, papers, records,
14 and other data, to give testimony as may be
15 necessary to explain how such material was
16 compiled and maintained, to allow the Secretary
17 to examine the business of a licensee, and to
18 pay the costs of the proceeding.

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

22 “(E) SERVICE OF PROCESS.—All process
23 in any case under this subsection may be served
24 in any judicial district in which such person
25 may be found.

1 “(1) CIVIL MONEY PENALTIES.—

2 “(1) IN GENERAL.—The Secretary may assess
3 upon any licensee or other person subject to the re-
4 quirements of this subchapter for any willful viola-
5 tion of this subchapter or any regulation prescribed
6 or order issued under this subchapter, a civil penalty
7 of not more than the greater of—

8 “(A) the amount (not to exceed \$100,000)
9 involved in the violation, if any; or

10 “(B) \$25,000.

11 “(2) ASSESSMENT.—

12 “(A) WRITTEN NOTICE.—Any penalty im-
13 posed under paragraph (1) may be assessed and
14 collected by the Secretary by written notice.

15 “(B) FINALITY OF ASSESSMENT.—If, with
16 respect to any assessment under paragraph (1),
17 a hearing is not requested pursuant to subpara-
18 graph (E) within the period of time allowed
19 under such subparagraph, the assessment shall
20 constitute a final and unappealable order.

21 “(C) AUTHORITY TO MODIFY OR REMIT
22 PENALTY.—The Secretary may compromise,
23 modify, or remit any penalty which the Sec-
24 retary may assess or has already assessed
25 under paragraph (1).

1 “(D) MITIGATING FACTORS.—In deter-
2 mining the amount of any penalty imposed
3 under paragraph (1), the Secretary shall take
4 into account the appropriateness of the penalty
5 with respect to—

6 “(i) the size of the financial resources
7 and the good faith of the person against
8 whom the penalty is assessed;

9 “(ii) the gravity of the violation;

10 “(iii) the history of previous viola-
11 tions; and

12 “(iv) such other matters as justice
13 may require.

14 “(E) HEARING.—The person against
15 whom any penalty is assessed under paragraph
16 (1) shall be afforded an agency hearing if such
17 person submits a request for such hearing with-
18 in 20 days after the issuance of the notice of
19 assessment.

20 “(F) COLLECTION.—

21 “(i) REFERRAL.—If any person fails
22 to pay an assessment after any penalty as-
23 sessed under this paragraph has become
24 final, the Secretary shall recover the

1 amount assessed by action in the appro-
2 priate United States district court.

3 “(ii) APPROPRIATENESS OF PENALTY
4 NOT REVIEWABLE.—In any civil action
5 under clause (i), the validity and appro-
6 priateness of the penalty shall not be sub-
7 ject to review.

8 “(G) DISBURSEMENT.—All penalties col-
9 lected under authority of this subsection shall
10 be deposited into the Treasury.

11 “(3) CONDITION FOR LICENSURE.—Payment by
12 a licensee of any civil penalty assessed under this
13 subsection that has become final shall be a require-
14 ment for the retention of its license.

15 “(m) TREATMENT OF RECORDS.—In light of busi-
16 ness competition, confidentiality, and privacy concerns,
17 the Secretary shall protect from disclosure information
18 submitted in support of a license application under this
19 subchapter and information collected in the course of reg-
20 ulating licensees to the full extent permitted by sections
21 552 and 552a of title 5, United States Code.

22 “(n) SUITABILITY FOR LICENSING REQUIREMENTS
23 FOR CERTAIN SERVICE PROVIDERS.—

24 “(1) IN GENERAL.—Any person that knowingly
25 manages, administers, or controls bets or wagers

1 that are initiated, received, or otherwise made within
2 the United States or that otherwise manages or ad-
3 ministers the games with which such bets or wagers
4 are associated must meet all of the suitability for li-
5 censing criteria established under this section in the
6 same manner and to the same extent as if that per-
7 son were itself a licensee.

8 “(2) SUBJECT TO SAME ENFORCEMENT JURIS-
9 DICTION.—Any failure on the part of such person to
10 remain suitable for licensing shall be grounds for
11 revocation of the license of the licensee for whom
12 such service is provided, in the same manner and in
13 accordance with subsection (i).

14 “(o) RELIANCE ON STATE AND TRIBAL REGULATORY
15 BODY CERTIFICATIONS OF SUITABILITY FOR APPLI-
16 CANTS.—

17 “(1) QUALIFICATION OF STATE AND TRIBAL
18 REGULATORY BODIES.—

19 “(A) APPLICATION FOR DETERMINA-
20 TION.—Any State or tribal regulatory body with
21 expertise in regulating gambling may—

22 “(i) notify the Secretary of its willing-
23 ness to review prospective applicants to
24 certify whether any such applicant meets

1 the qualifications established under this
2 subchapter; and

3 “(ii) provide the Secretary with such
4 documentation as the Secretary determines
5 necessary for the Secretary to determine
6 whether such State or tribal regulatory
7 body is qualified to conduct such review
8 and may be relied upon by the Secretary to
9 make any such certification.

10 “(B) DETERMINATION AND NOTICE.—
11 Within 60 days after receiving any notice under
12 subparagraph(A)(i), the Secretary shall—

13 “(i) make the determination as to
14 whether a State or tribal regulatory body
15 is qualified to conduct a review of prospec-
16 tive applicants and may be relied upon to
17 certify whether any such applicant meets
18 the qualifications established under this
19 subchapter; and

20 “(ii) notify the State or tribal regu-
21 latory body of such determination.

22 “(2) ACTIONS BY QUALIFIED AUTHORITIES.—
23 During the period that any determination of quali-
24 fication under paragraph (1)(B) is in effect with re-

1 spect to any such State or tribal regulatory body,
2 the State or tribal regulatory body—

3 “(A) may undertake reviews of any appli-
4 cant to determine whether the applicant or any
5 person associated with the applicant meets the
6 criteria for suitability for licensing established
7 under this subchapter;

8 “(B) may impose on each such applicant
9 an administrative fee or assessment for con-
10 ducting such review in an amount the regu-
11 latory body determines to be necessary to meet
12 its expenses in the conduct of such review; and

13 “(C) shall process and assess each appli-
14 cant fairly and equally based on objective cri-
15 teria, regardless of any prior licensing of an ap-
16 plicant by the State or tribal regulatory body.

17 “(3) RELIANCE ON STATE OR TRIBAL CERTIFI-
18 CATION.—Any applicant may provide a certification
19 of suitability for licensing made by any State or trib-
20 al regulatory body under paragraph (2), together
21 with all documentation the applicant has submitted
22 to any such State or tribal regulatory body, to the
23 Secretary, and any such certification and docu-
24 mentation shall be relied on by the Secretary as evi-

1 dence that an applicant has met the suitability for
2 licensing requirements under this section.

3 “(4) AUTHORITY OF SECRETARY TO REVIEW.—
4 Notwithstanding any certification of suitability for
5 licensing made by any State or tribal regulatory
6 body, the Secretary retains the authority to review,
7 withhold, or revoke any license if the Secretary has
8 reason to believe that any applicant or licensee does
9 not meet the suitability requirements for licensing
10 established under this section, or any other require-
11 ment of a licensee.

12 “(5) RELIANCE ON QUALIFIED REGULATORY
13 BODY FOR OTHER PURPOSES.—At the discretion of
14 the Secretary, the Secretary may rely on any State
15 and tribal regulatory body found qualified under this
16 subsection for such other regulatory and enforce-
17 ment activities as the Secretary finds to be useful
18 and appropriate to carry out the purposes of this
19 subchapter.

20 “(6) REVOCATION OF QUALIFICATION.—The
21 Secretary may revoke, at any time and for any rea-
22 son, the qualification of any State or tribal regu-
23 latory body to certify or to conduct any other regu-
24 latory or enforcement activity to carry out the pur-
25 poses of this subchapter.

1 **“§ 5384. Problem Gambling, Responsible Gambling,**
2 **and Self-Exclusion Program**

3 “(a) REGULATIONS REQUIRED.—The Secretary and
4 any State or tribal regulatory body that has been qualified
5 under subsection 5383(o) shall prescribe regulations for
6 the development of a Problem Gambling, Responsible
7 Gambling, and Self-Exclusion Program on the basis of
8 standards that each licensee shall implement as a condi-
9 tion of licensure.

10 “(b) MINIMUM REQUIREMENTS.—Any application for
11 a license shall include a submission to the Secretary or
12 qualified State or tribal regulatory body setting forth a
13 comprehensive program that is intended—

14 “(1) to verify the identity and age of each cus-
15 tomer;

16 “(2) to ensure that no customers under the
17 legal age as defined by State or tribal law, as appli-
18 cable, may initiate or otherwise make any bets or
19 wagers;

20 “(3) to verify the State or tribal land in which
21 the customer is located at the time the customer at-
22 tempts to initiate a bet or wager;

23 “(4) to ensure that no customer who is located
24 in a State or tribal land that opts out pursuant to
25 section 5386 can initiate or otherwise make a bet or
26 wager prohibited by such opt-out;

1 “(5) to ensure that responsible gambling mate-
2 rials are made available to customers upon request;

3 “(6) to make available individualized respon-
4 sible gambling options that any customer may
5 choose, including any stake limit, loss limit, deposit
6 limit, and session time limit option, and any other
7 similar option, that the Secretary or qualified State
8 or tribal regulatory body may deem appropriate and
9 require to be made available;

10 “(7) to protect the privacy and security of any
11 customer in connection with any lawful Internet
12 gambling activity; and

13 “(8) to protect against fraud and money laun-
14 dering relating to Internet gambling activity.

15 “(c) LIST OF PERSONS SELF-EXCLUDED FROM GAM-
16 BLING ACTIVITIES.—

17 “(1) ESTABLISHMENT.—

18 “(A) IN GENERAL.—The Secretary shall
19 provide by regulation for the establishment of a
20 list of persons self-excluded from gambling ac-
21 tivities at all licensee sites.

22 “(B) PLACEMENT REQUEST.—Any person
23 may request placement on the list of self-ex-
24 cluded persons by—

1 “(i) acknowledging in a manner to be
2 established by the Secretary that the per-
3 son wishes to be denied gambling privi-
4 leges; and

5 “(ii) agreeing that, during any period
6 of voluntary exclusion, the person may not
7 collect any winnings or recover any losses
8 resulting from any gambling activity at
9 any licensee sites.

10 “(2) PLACEMENT AND REMOVAL PROCE-
11 DURES.—The regulations prescribed by the Sec-
12 retary under paragraph (1)(A) shall establish proce-
13 dures for placements on, and removals from, the list
14 of self-excluded persons.

15 “(3) LIMITATION ON LIABILITY.—

16 “(A) IN GENERAL.—The United States,
17 the Secretary, an enforcement agent, or a li-
18 censee, or any employee or agent of the United
19 States, the Secretary, an enforcement agent, or
20 a licensee, shall not be liable to any self-ex-
21 cluded person or to any other party in any judi-
22 cial or administrative proceeding for any harm,
23 monetary or otherwise, which may arise as a re-
24 sult of—

1 “(i) any failure to withhold gambling
2 privileges from, or to restore gambling
3 privileges to, a self-excluded person; or

4 “(ii) otherwise permitting a self-ex-
5 cluded person to engage in gambling activ-
6 ity while on the list of self-excluded per-
7 sons.

8 “(B) RULE OF CONSTRUCTION.—No provi-
9 sion of subparagraph (A) shall be construed as
10 preventing the Director from assessing any reg-
11 ulatory sanction against a licensee for failing to
12 comply with the minimum standards prescribed
13 pursuant to this subsection.

14 “(4) DISCLOSURE PROVISIONS.—

15 “(A) IN GENERAL.—Notwithstanding any
16 other provision of Federal or State law, the list
17 of self-excluded persons shall not be open to
18 public inspection.

19 “(B) AFFILIATE DISCLOSURE.—Any li-
20 censees may disclose the identities of persons on
21 the self-excluded list to any affiliated company
22 or, where required to comply with this sub-
23 section, any service provider, to the extent that
24 the licensee ensures that any affiliated company
25 or service provider maintains such information

1 under confidentiality provisions comparable to
2 those in this subsection.

3 “(5) LIMITATION ON LIABILITY FOR DISCLO-
4 SURE.—A licensee or an employee, agent, or affiliate
5 of a licensee shall not be liable to any self-excluded
6 person or to any other party in any judicial pro-
7 ceeding for any harm, monetary or otherwise, which
8 may arise as a result of disclosure or publication in
9 any manner.

10 “(d) GAMBLING BY PROHIBITED PERSONS.—

11 “(1) PROHIBITION BENEFITTING FROM PRO-
12 HIBITED GAMBLING ACTIVITY.—A person who is
13 prohibited from gambling with a licensee by law, or
14 by order of the Secretary or any court of competent
15 jurisdiction, including any person on the self-exclu-
16 sion list as established in accordance with subsection
17 (c), shall not collect, in any manner or proceeding,
18 any winnings or recover any losses arising as a re-
19 sult of any prohibited gambling activity.

20 “(2) FORFEITURE.—In addition to any other
21 penalty provided by law, any money or thing of value
22 that has been obtained by, or is owed to, any prohib-
23 ited person by a licensee as a result of bets or wa-
24 gers made by a prohibited person shall be subject to
25 forfeiture by order of the Secretary, following notice

1 to the prohibited person and opportunity to be
2 heard.

3 “(3) DEPOSIT OF FORFEITED FUNDS.—Any
4 funds forfeited pursuant to this subsection shall be
5 deposited into the general fund of the Treasury.

6 “(e) PROBLEM OR COMPULSIVE GAMBLERS NOT ON
7 THE LIST OF SELF-EXCLUDED PERSONS.—

8 “(1) PUBLIC AWARENESS PROGRAM.—

9 “(A) IN GENERAL.—The Secretary and
10 any State or tribal regulatory body that has
11 been qualified under subsection 5383(o) shall
12 provide by regulation for the establishment of a
13 program to alert the public to the existence,
14 consequences, and availability of the self-exclu-
15 sion list, and shall prepare and promulgate
16 written materials to be used in such a program.

17 “(B) LICENSEE-PROVIDED PUBLICITY.—
18 Regulations prescribed under subparagraph (A)
19 may require a licensee to make available lit-
20 erature or screen displays relating to the exist-
21 ence of the program.

22 “(2) RULE OF CONSTRUCTION.—No provision
23 of this subsection shall be construed as creating a
24 legal duty in the Secretary, a qualified State or trib-
25 al regulatory body, a licensee, or any representative

1 of a licensee to identify or to exclude problem or
2 compulsive gamblers not on the list of self-excluded
3 persons.

4 “(3) IMMUNITY.—The United States, the Sec-
5 retary, a qualified State or tribal regulatory body, a
6 licensee, and any employee or agent of a licensee,
7 shall not be liable to any person in any proceeding
8 for losses or other damages of any kind arising out
9 of that person’s gambling activities based on a claim
10 that the person was a compulsive, problem, or patho-
11 logical gambler.

12 **“§ 5385. Financial transaction providers**

13 “(a) IN GENERAL.—No financial transaction pro-
14 vider shall be held liable for engaging in financial activities
15 and transactions for or on behalf of a licensee or involving
16 a licensee, including payments processing activities, if such
17 activities are performed in compliance with this sub-
18 chapter and with applicable Federal and State laws.

19 “(b) DEFINITIONS.—For purposes of this section, the
20 following definitions shall apply:

21 “(1) FINANCIAL TRANSACTION PROVIDER.—
22 The term ‘financial transaction provider’ means a
23 creditor, credit card issuer, financial institution, op-
24 erator of a terminal at which an electronic fund
25 transfer may be initiated, money transmitting busi-

1 ness, or international, national, regional, or local
2 payment network utilized to effect a credit trans-
3 action, electronic fund transfer, stored value product
4 transaction, or money transmitting service, or a par-
5 ticipant in such network, or other participant in a
6 payment system.

7 “(2) OTHER TERMS.—

8 “(A) CREDIT, CREDITOR, CREDIT CARD,
9 AND CARD ISSUER.—The terms ‘credit’, ‘cred-
10 itor’, ‘credit card’, and ‘card issuer’ have the
11 meanings given the terms in section 103 of the
12 Truth in Lending Act.

13 “(B) ELECTRONIC FUND TRANSFER.—The
14 term ‘electronic fund transfer’—

15 “(i) has the meaning given the term
16 in section 903 of the Electronic Fund
17 Transfer Act, except that the term includes
18 transfers that would otherwise be excluded
19 under section 903(6)(E) of such Act; and

20 “(ii) includes any fund transfer cov-
21 ered by Article 4A of the Uniform Com-
22 mercial Code, as in effect in any State.

23 “(C) FINANCIAL INSTITUTION.—The term
24 ‘financial institution’ has the meaning given the
25 term in section 903 of the Electronic Fund

1 Transfer Act, except that such term does not
2 include a casino, sports book, or other business
3 at or through which bets or wagers may be
4 placed or received.

5 “(D) INSURED DEPOSITORY INSTITU-
6 TION.—The term ‘insured depository institu-
7 tion’—

8 “(i) has the meaning given the term
9 in section 3(e) of the Federal Deposit In-
10 surance Act; and

11 “(ii) includes an insured credit union
12 (as defined in section 101 of the Federal
13 Credit Union Act).

14 “(E) MONEY TRANSMITTING BUSINESS
15 AND MONEY TRANSMITTING SERVICE.—The
16 terms ‘money transmitting business’ and
17 ‘money transmitting service’ have the meanings
18 given the terms in section 5330(d) (determined
19 without regard to any regulations prescribed by
20 the Secretary under such section).

21 **“§ 5386. Limitation of licenses in States and Indian**
22 **lands**

23 “(a) STATE OPT-OUT EXERCISE.—

24 “(1) LIMITATIONS IMPOSED BY STATES.—

1 “(A) IN GENERAL.—No licensee may en-
2 gage, under any license issued under this sub-
3 chapter, in the operation of an Internet gam-
4 bling facility that knowingly accepts bets or wa-
5 gers initiated by persons who reside in any
6 State which provides notice that it will limit
7 such bets or wagers, if the Governor or other
8 chief executive officer of such State informs the
9 Director of such limitation, in a manner which
10 clearly identifies the nature and extent of such
11 limitation, before the end of the 90-day period
12 beginning on the date of the enactment of the
13 Internet Gambling Regulation, Consumer Pro-
14 tection, and Enforcement Act, or in accordance
15 with paragraph (2), until such time as any no-
16 tice of any amendment or repeal of such spe-
17 cific limitation becomes effective under para-
18 graph (2).

19 “(B) COORDINATION BETWEEN STATE AND
20 TRIBAL OPT-OUT EXERCISES.—Any State limi-
21 tation under subparagraph (A) shall not apply
22 to the acceptance by a licensee of bets or wa-
23 gers from persons located within the tribal
24 lands of an Indian tribe that—

1 “(i) has itself opted out pursuant to
2 subsection (b) (in which case the tribal
3 opt-out exercise under such subsection
4 shall apply); or

5 “(ii) would be entitled pursuant to
6 other applicable law to permit such bets or
7 wagers to be initiated and received within
8 its territory without use of the Internet.

9 “(C) COORDINATION WITH INDIAN GAMING
10 REGULATORY ACT.—No decision by a State
11 under this subsection shall be considered in
12 making any determination with regard to the
13 ability of an Indian tribe to offer any class of
14 gambling activity pursuant to section 11 of the
15 Indian Gaming Regulatory Act.

16 “(2) CHANGES TO STATE LIMITATIONS.—The
17 establishment, repeal, or amendment by any State of
18 any limitation referred to in paragraph (1) after the
19 end of the 90-day period beginning on the date of
20 the enactment of this subchapter shall apply, for
21 purposes of this subchapter, beginning on the first
22 January 1 that occurs after the end of the 60-day
23 period beginning on the later of—

24 “(A) the date a notice of such establish-
25 ment, repeal, or amendment is provided by the

1 Governor or other chief executive officer of such
2 State in writing to the Secretary; or

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

5 “(b) INDIAN TRIBE OPT-OUT EXERCISE.—

6 “(1) LIMITATIONS IMPOSED BY INDIAN
7 TRIBES.—No Internet gambling licensee knowingly
8 may accept a bet or wager from a person located in
9 the tribal lands of any Indian tribe which limits such
10 gambling activities or other contests if the principal
11 chief or other chief executive officer of such Indian
12 tribe informs the Secretary of such limitation, in a
13 manner which clearly identifies the nature and ex-
14 tent of such limitation, before the end of the 90-day
15 period beginning on the date of the enactment of the
16 Internet Gambling Regulation, Consumer Protection,
17 and Enforcement Act, or in accordance with para-
18 graph (2), until such time as any notice of any
19 amendment or repeal of such specific limitation be-
20 comes effective under paragraph (2).

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

1 chapter shall apply, for purposes of this subchapter,
2 beginning on the first January 1 that occurs after
3 the end of the 60-day period beginning on the later
4 of—

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

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

11 “(c) NOTIFICATION AND ENFORCEMENT OF STATE
12 AND INDIAN TRIBE LIMITATIONS.—

13 “(1) IN GENERAL.—The Secretary shall notify
14 all licensees and applicants of all States and Indian
15 tribes that have provided notice pursuant to para-
16 graph (1) or (2) of subsection (a) or (b), as the case
17 may be, promptly upon receipt of such notice and in
18 no event fewer than 30 days before the effective date
19 of such notice.

20 “(2) COMPLIANCE.—The Secretary shall take
21 effective measures to ensure that any licensee under
22 this subchapter, as a condition of the license, com-
23 plies with any limitation or prohibition imposed by
24 any State or Indian tribe to which the licensee is

1 subject under subsection (a) or (b), as the case may
2 be.

3 “(3) VIOLATIONS.—It shall be a violation of
4 this subchapter for any licensee knowingly to accept
5 bets or wagers initiated or otherwise made by per-
6 sons located within any State or in the tribal lands
7 of any Indian tribe for which a notice is in effect
8 under subsection (a) or (b), as the case may be.

9 “(4) STATE ATTORNEY GENERAL ENFORCE-
10 MENT.—In any case in which the attorney general of
11 a State, or any State or local law enforcement agen-
12 cy authorized by the State attorney general or by
13 State statute to prosecute violations of consumer
14 protection law, has reason to believe that an interest
15 of the residents of that State has been or is threat-
16 ened or adversely affected by a violation by a li-
17 censee pursuant to paragraph (2), the State, or the
18 State or local law enforcement agency on behalf of
19 the residents of the agency’s jurisdiction, may bring
20 a civil action on behalf of the residents of that State
21 or jurisdiction in a district court of the United
22 States located therein, to—

23 “(A) enjoin that practice; or

24 “(B) enforce compliance with this sub-
25 chapter.

1 **“§ 5387. Professional and Amateur Sports Protection**
2 **Act prohibitions**

3 “No provision of this subchapter shall be construed
4 as authorizing any licensee to operate an Internet gam-
5 bling facility that knowingly accepts bets or wagers on
6 sporting events from persons located in the United States
7 in violation of section 3702 of title 28, United States
8 Code, except for fantasy or simulation sports games (as
9 defined in section 5362 of this title).

10 **“§ 5388. Safe harbors**

11 “It shall be a complete defense against any prosecu-
12 tion or enforcement action under any Federal or State law
13 against any person possessing a valid license under this
14 subchapter that the activity is authorized under and has
15 been carried out lawfully under the terms of this sub-
16 chapter.

17 **“§ 5389. Relation to section 1084 of title 18 and the**
18 **Unlawful Internet Gambling Enforcement**
19 **Act**

20 “Section 1084 of title 18 and subchapter IV of this
21 chapter shall not apply to any Internet bet or wager occur-
22 ring pursuant to a license issued by the Secretary under
23 this subchapter.

24 **“§ 5390. Cheating and other fraud**

25 “(a) ELECTRONIC CHEATING DEVICES PROHIB-
26 ITED.—No person initiating, receiving, or otherwise mak-

1 ing a bet or wager with a licensee, or sending, receiving,
2 or inviting information assisting with a bet or wager with
3 a licensee, knowingly shall use, or assist another in the
4 use of, an electronic, electrical, or mechanical device which
5 is designed, constructed, or programmed specifically for
6 use in obtaining an advantage in any game authorized
7 under this subchapter, where such advantage is prohibited
8 or otherwise violates the rules of play established by the
9 licensee.

10 “(b) ADDITIONAL OFFENSE.—No person initiating,
11 receiving, or otherwise making a bet or wager with a li-
12 censee, or sending, receiving, or inviting information as-
13 sisting with a bet or wager with a licensee, knowingly shall
14 use or possess any cheating device with intent to cheat
15 or defraud any licensee or other persons placing bets or
16 wagers with such licensee.

17 “(c) PERMANENT INJUNCTION.—Upon conviction of
18 a person for violation of this section, the court may enter
19 a permanent injunction enjoining such person from initi-
20 ating, receiving, or otherwise making bets or wagers or
21 sending, receiving, or inviting information assisting in the
22 placing of bets or wagers.

23 “(d) CRIMINAL PENALTY.—Whoever violates sub-
24 section (a) or (b) of this section shall be fined under title

1 18 of the United States Code or imprisoned for not more
2 than 5 years, or both.”.

3 (b) RULES OF CONSTRUCTION.—

4 (1) TECHNICAL AND CONFORMING AMEND-
5 MENT.—Section 310(b)(2) of title 31, United States
6 Code is amended—

7 (A) by redesignating subparagraphs (J)
8 and (K) as subparagraphs (K) and (L), respec-
9 tively; and

10 (B) by inserting after subparagraph (I) the
11 following new subparagraph:

12 “(J) Administer the requirements of sub-
13 chapter V of chapter 53.”.

14 (c) CLERICAL AMENDMENT.—The table of sub-
15 chapters and sections for chapter 53 of title 31, United
16 States Code, is amended by adding at the end the fol-
17 lowing:

“SUBCHAPTER V—REGULATION OF LAWFUL INTERNET GAMBLING

“5381. Congressional findings and purpose.

“5382. Definitions.

“5383. Establishment and administration of licensing program.

“5384. Minimum requirements: Problem Gambling, Responsible Gambling, and
Self-Exclusion Program.

“5385. Financial transaction providers.

“5386. Limitation of licenses in States and Indian lands.

“5387. Professional and Amateur Sports Protection Act prohibitions.

“5388. Safe harbors.

“5389. Relation to section 1084 of title 18 and the Unlawful Internet Gambling
Enforcement Act.

“5390. Cheating and other fraud.”.

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 Secretary shall submit a report to the Congress on the
6 licensing 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 prohibitions notified by the States and Indian tribes
12 pursuant to section 5386 of title 31, United States
13 Code.

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

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

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

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

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

2 (a) REGULATIONS.—The Secretary of the Treasury
3 shall prescribe such regulations as the Secretary may de-
4 termine to be 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).

○