

113TH CONGRESS
1ST SESSION

H. R. 2282

To regulate Internet gambling, to provide consumer protections, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 6, 2013

Mr. KING of New York introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committees on Financial Services 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 regulate Internet gambling, to provide consumer protections, 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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Internet Gambling Regulation, Enforcement, and Con-
6 sumer Protection Act of 2013”.

7 (b) TABLE OF CONTENTS.—The table of contents for
8 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—INTERNET GAMBLING REGULATION AND CONSUMER
PROTECTION

- Sec. 101. Findings.
- Sec. 102. Definitions.
- Sec. 103. Prohibition on operation of internet gambling facilities.
- Sec. 104. Office of Internet Gambling Oversight.
- Sec. 105. Qualified bodies.
- Sec. 106. Establishment of licensing program for internet gambling.
- Sec. 107. Compulsive gaming, responsible gaming, and self-exclusion program requirements.
- Sec. 108. Prohibition on use of licenses in certain States and Indian lands.
- Sec. 109. Prohibition on bets or wagers on sporting events.
- Sec. 110. Public internet gambling and internet gambling parlors prohibited.
- Sec. 111. Safe harbor.
- Sec. 112. Cheating and other fraud.
- Sec. 113. Construction and relation to other law.
- Sec. 114. Orderly transition.
- Sec. 115. Annual reports.
- Sec. 116. Independent testing of licensed operator equipment.
- Sec. 117. Inclusion of authority to address gambling addiction in samhsa authorities.
- Sec. 118. Compilation of datasets on player behavior.
- Sec. 119. Effective date.

TITLE II—ENFORCEMENT UNDER TITLES 18 AND 31, UNITED
STATES CODE

- Sec. 201. Financial service providers.
- Sec. 202. Amendments relating to illegal gambling businesses.
- Sec. 203. Further amendments to subchapter IV of chapter 53 of title 31, United States Code.
- Sec. 204. Bettor forfeiture.
- Sec. 205. Regulations.
- Sec. 206. Conforming amendment.

TITLE III—OTHER MATTERS

- Sec. 301 Severability.

1 **TITLE I—INTERNET GAMBLING**
2 **REGULATION AND CON-**
3 **SUMER PROTECTION**

4 **SEC. 101. FINDINGS.**

5 (a) FINDINGS.—Congress makes the following find-
6 ings:

7 (1) Since the development of the Internet,
8 Internet sites offering Internet gambling have raised

1 consumer protection and enforcement concerns for
2 Federal and State governments as such Internet
3 sites are often run by unknown operators located in
4 many different countries, subject to little or no over-
5 sight, and have sought to attract customers from the
6 United States.

7 (2) Subchapter IV of chapter 53 of title 31,
8 United States Code, which was added by the enact-
9 ment of the Unlawful Internet Gambling Enforce-
10 ment Act of 2006 (title VIII of Public Law 109–
11 347; 120 Stat. 1952), makes it a Federal crime for
12 gambling businesses to knowingly accept most forms
13 of payment in connection with the participation of
14 another person in unlawful Internet gambling. Since
15 the enactment of the Unlawful Internet Gambling
16 Enforcement Act of 2006, such subchapter IV has
17 helped aid enforcement efforts against unlawful
18 Internet gambling operators and to limit unlawful
19 Internet gaming involving United States persons.

20 (3) In 2006, Congress enacted the Unlawful
21 Internet Gambling Enforcement Act, which prohib-
22 ited the acceptance or processing of financial instru-
23 ments for the purpose of unlawful Internet gam-
24 bling, but which did not clarify which bets or wagers
25 are prohibited by law. Groups such as the National

1 District Attorneys Association and the Fraternal
2 Order of Police have expressed support for a law
3 that clearly prohibits all unlicensed Internet gam-
4 bling. Enacting such a law will aid law enforcement,
5 prosecutors and courts in their efforts to curtail un-
6 lawful Internet gambling.

7 (4) On December 23, 2011, the Department of
8 Justice released a memorandum opinion of the Of-
9 fice of Legal Counsel dated September 20, 2011,
10 that construed section 1084 of title 18, United
11 States Code (referred to as the “Wire Act”), to
12 apply only to sports-related gambling activities in
13 interstate and foreign commerce, with the result that
14 non-sports related Internet gambling in the United
15 States has been found not to be prohibited under
16 Federal law if it is lawful under State law.

17 (5) A growing number of States and Indian
18 tribes have legalized or are considering legalizing
19 and promoting Internet gambling to generate rev-
20 enue. Absent Federal limitations and enforcement,
21 State regulation of Internet gambling, including con-
22 sumer safeguards, could vary widely from State to
23 State, and States could have difficulty enforcing
24 Internet gambling restrictions within their borders,
25 especially against out-of-State operators.

1 (6) A number of States have authorized or are
2 considering authorizing Internet purchases of lottery
3 subscriptions or other lottery games to generate rev-
4 enue, which should not be prevented by Federal law.

5 (7) Federal law needs to be updated to make
6 clear its relationship to Internet gambling to
7 strengthen enforcement and to ensure an effective
8 Internet gambling enforcement structure that pro-
9 tects consumers and the ability of States to enforce
10 State laws relating to Internet gambling.

11 (8) Since the passage of the Professional and
12 Amateur Sports Protection Act (Public Law 102-
13 559) in 1992, which added chapter 178 to title 28,
14 United States Code, such chapter has played an im-
15 portant and effective role in implementing long-
16 standing Federal policy against gambling on profes-
17 sional, scholastic, and amateur sporting events.

18 (9) Additional tools to assist law enforcement,
19 banks and financial transaction providers, and Inter-
20 net service providers in the prevention of unlawful
21 Internet gambling activities would be important and
22 beneficial. Maintenance of a list of licensed Internet
23 gambling operators would provide a level of certainty
24 as to permitted transactions and law enforcement ef-
25 forts.

1 (10) Internet gambling, like much other Inter-
2 net commerce, traverses State boundaries. Any par-
3 ticular transaction may cross a number of State
4 boundaries from origin to destination, and commu-
5 nications between the same parties at different times
6 may travel along markedly different routes, based on
7 factors such as traffic, load capacity, and other tech-
8 nical considerations outside the control of sender
9 and recipient. For that reason, among others, the
10 Federal courts consistently have ruled that the
11 Internet is an instrumentality and channel of inter-
12 state commerce and, as such, is subject to
13 Congress’s plenary authority. For these same rea-
14 sons, Internet gambling by its very nature implicates
15 Federal concerns, and is different in kind and effect
16 from traditional gambling activity.

17 (11) A Federal regime to regulate Internet
18 gambling and to protect consumers should include
19 an effective framework—

20 (A) to prevent underage wagering and oth-
21 erwise to protect vulnerable individuals;

22 (B) to ensure the games are fair and are
23 conducted honestly;

1 (C) to ensure that States and Indian tribes
2 that wish to prohibit Internet gambling may do
3 so;

4 (D) to promote the ability of State and
5 Tribal lotteries to generate revenue for the ju-
6 risdictions that license them; and

7 (E) to facilitate the enforcement of Fed-
8 eral, State, and tribal laws against unauthor-
9 ized Internet gambling.

10 (12) To avoid uneven treatment of Internet
11 gambling and land-based gambling and the risk of
12 discrimination against existing land-based gambling
13 operations and States that have authorized gam-
14 bling, a Federal regime to regulate Internet gam-
15 bling should contain revenue measures sufficient to
16 ensure that Internet gambling activities generate at
17 least equivalent revenues for the Federal Govern-
18 ment and the States combined as they would gen-
19 erate if the gambling was carried out at land-based
20 operations.

21 (13) Federal regulation of Internet gambling
22 should be designed and implemented to foster a
23 level-playing field among all forms of traditional
24 gambling and all types of Internet gambling opera-
25 tors, including casinos, Indian tribes offering gam-

1 bling services, State-licensed lotteries, horseracing,
2 and any other form of gambling that is not sports-
3 related, as well as among Internet companies with
4 relevant expertise in e-commerce who meet the same
5 qualifications as traditional casinos for integrity and
6 for the capacity to carry out Internet gambling oper-
7 ations that meet applicable Federal and State stand-
8 ards.

9 **SEC. 102. DEFINITIONS.**

10 In this title:

11 (1) **APPLICANT.**—The term “applicant” means
12 any person who has applied for a license under this
13 title.

14 (2) **BET OR WAGER.**—

15 (A) **IN GENERAL.**—Except as provided in
16 subparagraph (B), the term “bet or wager” has
17 the meaning given the term in section 5362 of
18 title 31, United States Code.

19 (B) **EXCEPTION.**—The term “bet or
20 wager” does not include the following:

21 (i) A bet or wager that is permissible
22 under the Interstate horseracing Act of
23 1978 (15 U.S.C. 3001 et seq.).

24 (ii) A qualifying intrastate lottery
25 transaction.

1 (3) CASINO GAMING.—

2 (A) IN GENERAL.—Except as provided in
3 subparagraph (B), the term “casino gaming”
4 means the full range of casino gaming activity
5 licensed by regulatory bodies of States or In-
6 dian tribes that would be qualified as class III
7 gaming under section 4 of the Indian Gaming
8 Regulatory Act (25 U.S.C. 2703) if that Act
9 were applicable to the gaming.

10 (B) EXCEPTION.—The term “casino gam-
11 ing” does not include lotteries of States or In-
12 dian tribes in compliance with the law of that
13 State or Indian tribe, as applicable, and which
14 solely provide lottery tickets to participants
15 wholly within the boundaries of such State or
16 the Indian lands of such Indian tribe.

17 (4) GAMING DEVICE.—

18 (A) IN GENERAL.—Except as provided in
19 subparagraph (B), the term “gaming device”
20 means any computer-based gambling machine,
21 including slot machines and video lottery termi-
22 nals that have been approved by a gaming regu-
23 latory authority of a State or Indian tribe.

1 (B) EXCEPTION.—The term “gaming de-
2 vice” does not include machines that process
3 bets or wagers for pari-mutuel betting pools.

4 (5) INDIAN LANDS AND INDIAN TRIBE.—The
5 terms “Indian lands” and “Indian tribe” have the
6 meaning given the terms in section 4 of the Indian
7 Gaming Regulatory Act (25 U.S.C. 2703).

8 (6) INTERNET.—The term “Internet” has the
9 meaning given the term in section 5362 of title 31,
10 United States Code.

11 (7) INTERNET GAMBLING FACILITY.—The term
12 “Internet gambling facility” means an Internet
13 website, or similar communications facility in which
14 transmissions may cross State boundaries, through
15 which a bet or wager is initiated, received, or other-
16 wise made, whether transmitted by telephone, Inter-
17 net, satellite, or other wire or wireless communica-
18 tion facility, service, or medium, including an Inter-
19 net gambling facility not operating under a license
20 in good standing issued under this title, including
21 any facility that facilitates qualifying intrastate lot-
22 tery transactions to the degree that such facility fa-
23 cilitates such transactions.

24 (8) LICENSEE.—The term “licensee” means a
25 person who operates an Internet gambling facility

1 under a license issued by a qualified body pursuant
2 to this title.

3 (9) LIVE RACING.—The term “live racing”
4 means, with respect to a physical race track, the
5 conduct of live thoroughbred horse races at such
6 race track and does not include any races
7 simulcasted from a separate race track.

8 (10) OPERATE AN INTERNET GAMBLING FACIL-
9 ITY.—The term “operate an Internet gambling facil-
10 ity” means to conduct, direct, manage, own, super-
11 vise, or control an Internet gambling facility.

12 (11) PERSON.—The term “person” means a
13 natural person, corporation, casino gambling facility,
14 or race track, an Internet gambling facility, an
15 Internet poker facility, a State or State agency, or
16 an Indian tribe or corporation, agency, or instru-
17 mentality of an Indian tribe.

18 (12) QUALIFIED BODY.—The term “qualified
19 body” means the following:

20 (A) The Office of Internet Gambling Over-
21 sight established under section 104(a) and des-
22 ignated under section 105(a)(2).

23 (B) Any State agency or regulatory body
24 of an Indian tribe that has been designated as

1 a qualified body under paragraph (1) or (3) of
2 section 105(a).

3 (13) QUALIFIED RACE TRACK.—The term
4 “qualified race track” means a race track that has
5 been licensed by a regulatory authority of a State or
6 Indian tribe.

7 (14) QUALIFYING INTRASTATE LOTTERY.—The
8 term “qualifying intrastate lottery” means a lottery
9 or other prize, through the purchase of a chance or
10 opportunity to win, that is offered by a State or In-
11 dian tribe—

12 (A) that is operating lawfully under the
13 laws of that State or Indian tribe, as the case
14 may be;

15 (B) that is not related to a sporting event;

16 (C) in which the opportunity to win is pre-
17 dominately subject to chance; and

18 (D) that provides the chances or oppor-
19 tunity to win for purchase to participants only
20 within the boundaries of that State or the In-
21 dian lands of that Indian tribe, as the case may
22 be.

23 (15) QUALIFYING LOTTERY TRANSACTION.—
24 The term “qualifying lottery transaction” means the
25 purchase of a chance or opportunity to win a lottery

1 or other prize offered by a State lottery, operating
2 lawfully under the laws of a State or Indian tribe,
3 that is not sports-related and—

4 (A) which opportunity to win is predomi-
5 nantly subject to chance; and

6 (B) which is authorized by a State or In-
7 dian tribe.

8 (16) REMOTE GAMING EQUIPMENT.—

9 (A) IN GENERAL.—Except as provided in
10 subparagraph (B), the term “remote gaming
11 equipment” means electronic or other equip-
12 ment principally used by or on behalf of an op-
13 erator of an Internet gambling facility, includ-
14 ing by any significant vendor to such operator,
15 to—

16 (i) register a person’s participation in
17 Internet gambling and to store information
18 relating thereto;

19 (ii) present to persons who are partici-
20 pating or who may participate in Internet
21 gambling the game that is to be played;

22 (iii) determine all or part of, or the ef-
23 fect of, a result relevant to Internet gam-
24 bling and to store information relating
25 thereto;

1 (iv) accept payment with respect to
2 Internet gambling from the player; or

3 (v) authorize payment of any winnings
4 in respect of Internet gambling.

5 (B) EXCEPTION.—The term “remote gam-
6 ing equipment” does not include the following:

7 (i) Equipment used for business con-
8 tinuity, back-up, excess capacity, or other
9 secondary use.

10 (ii) A computer which is used by a
11 person to participate in Internet gambling
12 unless the computer is provided by or on
13 behalf of the person who is conducting or
14 providing the facilities for the game.

15 (iii) Equipment operated in the ordi-
16 nary course of providing banking, tele-
17 communications, or payment processing
18 services.

19 (iv) Such other equipment that pro-
20 vides ancillary services as the Secretary
21 considers appropriate.

22 (17) SECRETARY.—The term “Secretary”
23 means the Secretary of the Treasury.

24 (18) SIGNIFICANT VENDOR.—The term “signifi-
25 cant vendor” means a person who—

1 (A) on behalf of a licensee, knowingly man-
2 ages, administers, or controls bets or wagers
3 that are initiated, received, or otherwise made
4 within the United States;

5 (B) on behalf of a licensee, knowingly
6 manages, administers, or controls the games
7 with which such bets or wagers are associated;

8 (C) on behalf of a licensee, develops, main-
9 tains, or operates the software or other system
10 programs or hardware on which the games or
11 the bets or wagers are managed, administered,
12 or controlled;

13 (D) provides the trademarks, tradenames,
14 service marks, or similar intellectual property
15 under which a licensee identifies its Internet
16 gambling facility to its customers in the United
17 States;

18 (E) sells, licenses, or otherwise receives
19 compensation for selling or licensing informa-
20 tion on individuals in the United States that
21 made bets or wagers with an Internet gambling
22 facility not licensed under this title via a data-
23 base or customer lists;

24 (F) provides any products, services, or as-
25 sets to a licensee and is paid a percentage of

1 gaming revenue or commission fees by the li-
2 censee (not including fees to financial institu-
3 tions and payment providers for facilitating a
4 deposit by a customer); or

5 (G) with respect to an applicant, proposes
6 to provide any of the activities, services, or
7 items identified in subparagraphs (A) through
8 (F).

9 (19) SPORTING EVENT.—

10 (A) IN GENERAL.—Except as provided in
11 subparagraph (B), the term “sporting event”
12 means any athletic competition, whether profes-
13 sional, scholastic, or amateur or any perform-
14 ance of any athlete in such competitions.

15 (B) EXCEPTION.—The term “sporting
16 event” does not include any activity described
17 in section 3704(a)(4) of title 28, United States
18 Code.

19 (20) STATE.—The term “State” means each of
20 the several States of the United States, the District
21 of Columbia, and any commonwealth, territory, or
22 possession of the United States.

23 **SEC. 103. PROHIBITION ON OPERATION OF INTERNET GAM-**
24 **BLING FACILITIES.**

25 (a) PROHIBITION.—

1 (1) IN GENERAL.—It shall be unlawful for a
2 person to operate an Internet gambling facility that
3 offers services to persons in the United States, ex-
4 cept as authorized under this Act.

5 (2) EXCEPTION.—Paragraph (1) shall not
6 apply to the operation of an Internet gambling facil-
7 ity by a person located inside the United States who
8 is a licensed operator under this Act; to any quali-
9 fied race track; to any operator offering qualifying
10 lottery transactions; to any operator authorized and
11 licensed to provide services relating to bets or wa-
12 gers by a State or Indian tribe in compliance with
13 the law of that State or Indian tribe, as applicable,
14 and which solely provides services to participants
15 wholly within the boundaries of such State or the In-
16 dian lands of such Indian tribe; or to any person en-
17 gaged outside the United States in which bets or wa-
18 gers are initiated, received, or otherwise made solely
19 by individuals located outside the United States.

20 (b) CRIMINAL PENALTIES.—Any person who violates
21 this section shall be fined under title 18, United States
22 Code, imprisoned for not more than 10 years, or both.

23 **SEC. 104. OFFICE OF INTERNET GAMBLING OVERSIGHT.**

24 (a) ESTABLISHMENT.—

1 (1) IN GENERAL.—Not later than 180 days
2 after the date of the enactment of this Act, the Sec-
3 retary shall establish within the Department of the
4 Treasury an office to exercise the functions of the
5 Secretary under this title.

6 (2) DESIGNATION.—The office established
7 under paragraph (1) shall be known as the “Office
8 of Internet Gambling Oversight” (in this section re-
9 ferred to as the “Office”).

10 (b) EXECUTIVE DIRECTOR.—

11 (1) IN GENERAL.—The Secretary shall appoint
12 as the head of the Office an executive director.

13 (2) EXPERIENCE AND EXPERTISE.—The execu-
14 tive director of the Office shall be appointed by the
15 Secretary from among individuals who demonstrate
16 the following:

17 (A) Skill and experience in gaming regula-
18 tion and enforcement.

19 (B) Experience in criminal investigations
20 and law enforcement generally.

21 (C) A reputation for good character, hon-
22 esty, and integrity.

23 (3) BACKGROUND INVESTIGATION.—Before ap-
24 pointing an individual as executive director under
25 paragraph (1), the Secretary shall conduct a back-

1 ground investigation into the financial stability, in-
2 tegrity, and responsibility of the individual.

3 (4) LIMITATIONS.—The Secretary may not ap-
4 point under paragraph (1) an individual who—

5 (A) has been convicted of a felony; or

6 (B) maintains any ownership or equity in-
7 terest or any ongoing business relationship
8 with—

9 (i) an operator of a casino gaming fa-
10 cility, Internet gambling facility, race
11 track, lottery, or other regulated gambling
12 entity; or

13 (ii) A significant vendor.

14 (c) DELEGATION OF AUTHORITY.—

15 (1) IN GENERAL.—The Secretary may delegate
16 to the executive director of the Office any authority,
17 duty, or responsibility conferred upon the Secretary
18 by this title.

19 (2) REGULATORY AUTHORITY OF EXECUTIVE
20 DIRECTOR.—The executive director of the office may
21 prescribe such regulations and take such actions as
22 may be necessary to carry out such authorities, du-
23 ties, or responsibilities delegated to the executive di-
24 rector by the Secretary paragraph (1).

25 (d) REGULATIONS AND STANDARDS.—

1 (1) REGULATIONS AND STANDARDS NECESSARY
2 TO FUNCTION AS QUALIFIED BODY.—With respect to
3 the application of this title to the functions of the
4 Office as a qualified body under section 105(a)(2),
5 the Secretary shall, not later than 270 days after
6 the date of the enactment of this Act, prescribe reg-
7 ulations and standards to implement the require-
8 ments set out in subsections (d) and (g) of section
9 106 and section 107.

10 (2) MANNER OF PRESCRIPTION.—Regulations
11 prescribed under paragraph (1) shall be prescribed
12 in accordance with section 553 of title 5, United
13 States Code.

14 (e) PUBLICATION OF INFORMATION TO FACILITATE
15 SUBMITTAL OF APPLICATIONS FOR INITIAL DESIGNATION
16 AS QUALIFIED BODIES.—Not later than 150 days after
17 the date of the enactment of this Act, the Secretary shall
18 publish in the Federal Register such information as may
19 be necessary for an applicant to submit a complete appli-
20 cation under section 105(a)(1)(B).

21 (f) DETAIL OF GOVERNMENT EMPLOYEES.—Any
22 Federal Government employee may be detailed to the of-
23 fice without reimbursement, and such detail shall be with-
24 out interruption or loss of civil service status or privilege.

1 **SEC. 105. QUALIFIED BODIES.**

2 (a) DESIGNATION OF QUALIFIED BODIES.—

3 (1) INITIAL DESIGNATION OF QUALIFIED BOD-
4 IES.—

5 (A) DESIGNATION.—

6 (i) IN GENERAL.—Not later than 270
7 days after the date of the enactment of
8 this Act, the Secretary shall designate as
9 qualified bodies all State agencies, and reg-
10 ulatory bodies of Indian tribes, that submit
11 applications under subparagraph (B) and
12 satisfy the criteria set forth under sub-
13 paragraph (C).

14 (ii) SUBSEQUENT DESIGNATIONS.—
15 After the initial designations—

16 (I) the Secretary may at any
17 time designate additional State agen-
18 cies or regulatory bodies of Indian
19 tribes as qualified bodies as deemed
20 appropriate to carry out the goals of
21 this Act, so long as they meet the cri-
22 teria set forth under subparagraph
23 (C); and

24 (II) notify each such agency or
25 regulatory body of the determinations

1 and designations made under sub-
2 clause (I).

3 (B) APPLICATION.—Each State agency or
4 regulatory body of an Indian tribe seeking to be
5 designated as a qualified body under subpara-
6 graph (A) shall submit to the Secretary an ap-
7 plication therefor in such form and containing
8 such information as the Secretary may require,
9 which shall be submitted not later than 180
10 days after the date of the enactment of this Act
11 for any such agency or body that seeks to be
12 among those designated under subparagraph
13 (A)(i).

14 (C) STANDARDS FOR QUALIFIED BOD-
15 IES.—The Secretary shall prescribe strict
16 threshold requirements for the designation of
17 agencies or regulatory bodies as qualified bodies
18 under this paragraph, including standards re-
19 lating to the following:

20 (i) The size and qualification of staff
21 of the qualified body to ensure the quali-
22 fied body employs sufficient number of en-
23 forcement agents with experience in gam-
24 ing regulatory enforcement areas to dis-
25 charge its intended functions and has the

1 sophistication and resources necessary to
2 evaluate issues unique to the Internet envi-
3 ronment.

4 (ii) The length of time the qualified
5 body has regulated other forms of gaming
6 or e-commerce to ensure designations of
7 only those regulatory bodies that have a
8 history of demonstrated regulatory enforce-
9 ment and oversight commensurate with the
10 responsibilities imposed under this title.

11 (iii) The qualified body's experience
12 and willingness to work with Federal au-
13 thorities, including the Financial Crimes
14 Enforcement Network.

15 (iv) The capacity and experience of
16 the qualified body in conducting rigorous
17 suitability reviews under section 106.

18 (v) The adequacy of enforcement and
19 regulatory authorities for the qualified
20 body under the law of the applicable State
21 or Indian tribe, including, at a minimum,
22 requirements and authorities on the fol-
23 lowing:

24 (I) To investigate the suitability
25 of each person required to be found

1 suitable in connection with an applica-
2 tion or license under this title.

3 (II) To require licensees to main-
4 tain appropriate procedures to ensure
5 the compliance of licensees with the
6 provisions of this title and the regula-
7 tions prescribed thereunder.

8 (III) To examine any licensee
9 and any books, papers, records, or
10 other data of licensees and significant
11 vendors relevant to any recordkeeping
12 or reporting requirements imposed by
13 the agency or regulatory body under
14 this title.

15 (IV) To summon a licensee, an
16 applicant, a significant vendor, an of-
17 ficer or employee of a licensee, appli-
18 cant, or significant vendor (including
19 a former officer or employee), or any
20 person having possession, custody, or
21 care of the reports and records re-
22 quired by the agency or regulatory
23 body as a qualified body under this
24 title to appear before the agency or
25 regulatory body at such time and

1 place named in the summons, to
2 produce such books, papers, records,
3 or other data, and to give such testi-
4 mony, under oath, as may be relevant
5 or material to any investigation in
6 connection with the enforcement o
7 this title or any application for a li-
8 cense under this title.

9 (V) To enforce or direct enforce-
10 ment of a summons in State or tribal
11 court, as the case may be.

12 (VI) To investigate any violation
13 of a provision of this title, any appli-
14 cable regulation prescribed under this
15 title, and any other violation of appli-
16 cable State or tribal law relating to
17 the operation of an Internet gambling
18 facility.

19 (VII) To conduct continuing re-
20 views of applicants, licensees, and sig-
21 nificant vendors and the operation of
22 Internet gambling facilities by use of
23 technological means, on-site observa-
24 tion of facilities, including servers, or
25 other reasonable means to assure

1 compliance with the provisions of this
2 title and any applicable regulation
3 prescribed thereunder.

4 (VIII) To impose civil penalties
5 for violations of this title and any ap-
6 plicable regulation prescribed there-
7 under or applicable order issued there-
8 under, including State or tribal law
9 described under this subsection.

10 (IX) To ensure that the hard-
11 ware, software, and communications
12 equipment, randomness, configura-
13 tion, and network security of the
14 Internet gambling facility are tested
15 by an independent testing laboratory.

16 (X) To resolve disputes between
17 licensees and the individuals partici-
18 pating in Internet gambling via the
19 Internet gambling facilities of the li-
20 censees.

21 (vi) Such other standards as the Sec-
22 retary considers relevant to the ability of
23 an agency or regulatory body to serve as
24 an effective qualified body.

1 (2) DESIGNATION OF OFFICE OF INTERNET
2 GAMBLING OVERSIGHT.—

3 (A) IN GENERAL.—Not later than 270
4 days after the date of the enactment of this
5 Act, the Secretary shall designate the Office of
6 Internet Gambling Oversight established under
7 section 104(a) as a qualified body that may
8 issue licenses to Internet gambling facility ap-
9 plicants and regulate the operation of Internet
10 gambling facilities by any applicant who seeks
11 to operate a licensed Internet gambling facility
12 in the United States.

13 (B) CONSTRUCTION.—Subparagraph (A)
14 shall not be construed to require any applicant
15 seeking a license under this title and submitting
16 an application under section 106(c)(1) to sub-
17 mit such application directly to the Office of
18 Internet Gambling Oversight, rather than sub-
19 mitting such application to a State agency or
20 regulatory body of an Indian tribe that has
21 been designated by the Office of Internet Gam-
22 bling Oversight as a qualified body.

23 (3) NONQUALIFYING STATE AND TRIBAL REGU-
24 LATORY AUTHORITIES DUE TO LIMITED EXPERI-
25 ENCE OR CONFLICTS.—

1 (A) IN GENERAL.—The Secretary may not
2 approve an application from a State agency or
3 regulatory body of an Indian tribe under para-
4 graph (1) if—

5 (i) the agency or regulatory body is lo-
6 cated in a State or Indian lands that—

7 (I) has not opted in under sec-
8 tion 108 and has not demonstrated an
9 intent to opt in under such section; or

10 (II) has not opted in under such
11 section and has demonstrated an in-
12 tent to opt in under such section but
13 has failed to opt in under such section
14 during the 1-year period beginning on
15 the date of the agency’s or regulatory
16 body’s application; or

17 (ii) the members of the agency or reg-
18 ulatory body are selected or controlled, di-
19 rectly or indirectly, by a person that has
20 any ownership interest in an applicant, li-
21 censee, or significant vendor under this
22 title or an Internet gambling facility, un-
23 less—

24 (I) such applicant or licensee is
25 licensed by the Secretary; or

1 (II) such significant vendor is
2 certified as suitable by the Secretary
3 (and remains so certified at all times
4 while providing services as a signifi-
5 cant vendor to any licensee under this
6 title).

7 (B) NON-CONTROLLING INVESTMENT.—A
8 non-controlling investment of a State, Indian
9 tribe, or local government pension, retirement,
10 annuity, or endowment fund shall not be con-
11 sidered an ownership interest for purposes of
12 subparagraph (A)(ii).

13 (4) WITHDRAWAL OF DESIGNATION.—

14 (A) IN GENERAL.—Beginning on the date
15 that is 1 year after the date on which the Sec-
16 retary prescribes final regulations under this
17 title, the Secretary may, after providing at least
18 60 days notice to a qualified body of the Sec-
19 retary’s intent to do so, withdraw the designa-
20 tion of a qualified body under this section if the
21 Secretary determines that—

22 (i) the qualified body is not in compli-
23 ance with the requirements of this title or
24 regulations prescribed thereunder; or

1 (ii) the qualified body is not in com-
2 pliance with the conditions under which
3 the qualified body was designated.

4 (B) OPPORTUNITY TO COMPLY.—

5 (i) IN GENERAL.—The Secretary may
6 provide a qualified body who receives no-
7 tice under subparagraph (A) with an op-
8 portunity to come into compliance as speci-
9 fied in that notice for a period of not more
10 than 90 days.

11 (ii) EXTENSION.—The Secretary may
12 extend the period in clause (i) by not more
13 than 180 additional days if the qualified
14 body has made substantial progress toward
15 compliance as of the expiration of the first
16 90 day period.

17 (C) EFFECT OF NOTICE.—The Secretary
18 may prohibit a qualified body that receives no-
19 tice under subparagraph (A) from issuing new
20 licenses under this title until the Secretary de-
21 termines that the qualified body is in compli-
22 ance with the requirements of this title and reg-
23 ulations prescribed thereunder.

24 (D) RIGHT TO APPEAL.—A State agency
25 or regulatory body of an Indian tribe that has

1 had its designation as a qualified body with-
2 drawn under subparagraph (A) or (B) may seek
3 judicial review of such withdrawal under chap-
4 ter 7 of title 5, United States Code.

5 (5) ACTION UPON WITHDRAWAL OF DESIGNA-
6 TION.—

7 (A) IN GENERAL.—Not later than 30 days
8 after the date on which the Secretary withdraws
9 a designation of a State agency or regulatory
10 body of an Indian tribe under paragraph (5),
11 each person with a license issued by the agency
12 or regulatory body shall—

13 (i)(I) cease offering, accepting, and
14 providing services with respect to bets or
15 wagers from persons located in the United
16 States under such license; and

17 (II) return all customer deposits of
18 United States customers, or place those
19 sums the return of which to United States
20 customers is not feasible due to change in
21 customer address, bank details, or similar
22 difficulty in escrow in an account with a fi-
23 nancial institution in the United States for
24 safekeeping and orderly disposition by the
25 Secretary; or

1 (ii) apply for a new license from a dif-
2 ferent qualified body.

3 (B) INTERIM OPERATION.—If a person ap-
4 plies for a new license under clause (ii) of sub-
5 paragraph (A), the person may continue the ac-
6 tivities described in clause (i)(I) of such sub-
7 paragraph until final action is taken on the li-
8 cense application by the qualified body.

9 (C) INTERIM REGULATORY OVERSIGHT.—

10 (i) IN GENERAL.—Until final action is
11 taken under subparagraph (B) with re-
12 spect to a person, the Secretary shall have
13 enforcement and regulatory authority over
14 the licensed activities of such person.

15 (ii) DELEGATION.—The Secretary
16 may delegate enforcement and regulatory
17 authority under clause (i) to such qualified
18 body as the Secretary considers appro-
19 priate, with the consent of the qualified
20 body.

21 (b) OVERSIGHT OF QUALIFIED BODIES.—The Sec-
22 retary may investigate and take such action as the Sec-
23 retary considers appropriate with respect to any qualified
24 body that appears, based upon the Secretary's own inquiry
25 or based upon credible information provided by other

1 qualified bodies, applicants, licensees, or law enforcement
2 officials, to be deficient or substantially less rigorous than
3 other qualified bodies in the discharge of its responsibil-
4 ities under this title.

5 **SEC. 106. ESTABLISHMENT OF LICENSING PROGRAM FOR**
6 **INTERNET GAMBLING.**

7 (a) **TREASURY RESPONSIBILITIES AND POWERS.—**
8 The Secretary shall have responsibility and authority for
9 the following activities:

10 (1) Reviewing and qualifying applicants to be-
11 come Internet gambling facilities under section
12 105(a)(2).

13 (2) Reviewing and qualifying agencies and regu-
14 latory bodies under section 105(a)(2).

15 (3) Exercising oversight over qualified bodies to
16 ensure that qualified bodies—

17 (A) comply with the requirements of this
18 title; and

19 (B) carry out their regulatory and enforce-
20 ment functions under this title with appropriate
21 diligence.

22 (4) Investigating and taking appropriate reme-
23 dial action with respect to any qualified body under
24 section 105.

1 (5) Prescribing such regulations as may be nec-
2 essary to administer and enforce the provisions of
3 this title, including issuing regulations establishing
4 rules and procedures for dealing with sums placed in
5 escrow under subsection (l)(7), section
6 105(a)(6)(A)(i)(II), and section 114(b)(1)(E).

7 (6) Employing enforcement agents with suffi-
8 cient training and experience to administer the re-
9 quirements of this title and the regulations pre-
10 scribed thereunder.

11 (7) Enforcing the requirements of this title by
12 all appropriate means provided under this title and
13 other provisions of law.

14 (b) INTERNET GAMBLING FACILITY LICENSING PRO-
15 GRAM.—

16 (1) AUTHORITY TO ISSUE LICENSES LIMITED
17 TO NON-SPORTS RELATED INTERNET GAMBLING.—A
18 qualified body may issue licenses under this title
19 only for the operation of non-sports related Internet
20 gambling facilities.

21 (2) AUTHORITY TO OPERATE INTERNET GAM-
22 BLING FACILITY UNDER VALID LICENSE.—

23 (A) IN GENERAL.—Notwithstanding any
24 other provision of law and subject to the provi-
25 sions of this title, a licensee may accept a bet

1 or wager with respect to Internet gambling
2 from an individual located in the United States
3 and may offer related services so long as the li-
4 cense of the licensee issued under this title re-
5 mains in good standing.

6 (B) ONLY ONE LICENSE REQUIRED.—

7 Nothing in this title may be construed to re-
8 quire a person to obtain a license from more
9 than one qualified body in order to operate an
10 Internet gambling facility under this title.

11 (C) SIGNIFICANT VENDORS.—

12 (i) IN GENERAL.—Except as provided
13 in clause (ii), if a person seeks a certificate
14 of suitability from a qualified body to pro-
15 vide services to a licensee or applicant as
16 a significant vendor with respect to an
17 Internet gambling facility, such person
18 shall not be required to obtain a license
19 under this title to provide such services
20 with respect to that Internet gambling fa-
21 cility.

22 (ii) EXCEPTION.—If a qualified body
23 determines that requiring a person de-
24 scribed in clause (i) to seek a license is
25 necessary to prevent evasion of any provi-

1 sion of this title, and requiring so would
2 otherwise be consistent with the provisions
3 of this title, such qualified body may re-
4 quire such person to seek a license under
5 this title instead of a certificate of suit-
6 ability.

7 (3) OPERATION OUTSIDE THE UNITED
8 STATES.—

9 (A) LIMITATION.—A licensee or an affil-
10 iate of a licensee may not operate an Internet
11 gambling facility that accepts a bet or wager
12 from an individual located outside of the United
13 States unless the transaction is lawful under
14 this Act and is not unlawful in the jurisdiction
15 in which the individual is located.

16 (B) CONSTRUCTION.—Nothing in this title
17 shall be construed to authorize a licensee or a
18 foreign affiliate thereof to accept a bet or wager
19 from an individual located in any jurisdiction
20 outside the United States that prohibits the li-
21 censee or a foreign affiliate from accepting such
22 bet or wager.

23 (c) APPLICATION FOR LICENSE.—

24 (1) APPLICATION.—A person seeking to operate
25 an Internet gambling facility under this title shall

1 submit to the Office of Internet Gambling Oversight
2 or any other qualified body an application for a li-
3 cense therefor at such time, in such form, and in
4 such manner as the qualified body receiving the ap-
5 plication considers appropriate.

6 (2) ELEMENTS.—Each application submitted
7 under paragraph (1) shall include such information
8 as the qualified body receiving the application con-
9 siders appropriate, including at a minimum the fol-
10 lowing:

11 (A) Complete financial information about
12 the applicant.

13 (B) Documentation showing the organiza-
14 tion of the applicant and all related businesses
15 and affiliates.

16 (C) The criminal and financial history of—

17 (i) the applicant;

18 (ii) each of the senior executives and
19 directors of the applicant;

20 (iii) any other person who is in control
21 of the applicant; and

22 (iv) such other persons as the quali-
23 fied body considers appropriate.

1 (D) Such other information as may be nec-
2 essary for the suitability analysis required
3 under subsection (d).

4 (E) Disclosure of all other applications for
5 licenses previously or simultaneously submitted
6 under paragraph (1) to other qualified bodies
7 and whether those applications are pending,
8 were granted, or were denied.

9 (F) A detailed description of the appli-
10 cant's plan for complying with all applicable re-
11 quirements and regulations prescribed pursuant
12 to this title, with particular emphasis on the ap-
13 plicant's ability to comply with the regulations
14 prescribed under subsection (g).

15 (G) A certification by the applicant that
16 the applicant consents to personal jurisdiction
17 over the applicant by Federal courts and in the
18 courts of the State or Indian tribe of the quali-
19 fied body to which the applicant has applied
20 with respect to a civil action relating to the op-
21 eration of an Internet gambling facility.

22 (3) REPORTS.—

23 (A) IN GENERAL.—Each qualified body
24 shall report all applicants for licensure and the
25 dispositions of their applications to the Sec-

1 retary promptly upon disposition of each appli-
2 cation or in such intervals as the Secretary may
3 prescribe.

4 (B) CONTENTS.—Each report under sub-
5 paragraph (A) shall include such information or
6 documentation as the Secretary may require.

7 (d) STANDARDS FOR LICENSE ISSUANCE; SUIT-
8 ABILITY QUALIFICATIONS AND DISQUALIFICATION
9 STANDARDS.—

10 (1) SUITABILITY FOR LICENSING.—

11 (A) IN GENERAL.—No applicant shall be
12 eligible to obtain a license under this title un-
13 less a qualified body, with whom the applicant
14 has filed an application for a license, has deter-
15 mined, upon completion of a background check
16 and investigation, that the applicant, any per-
17 son considered to be in control of the applicant,
18 all significant vendors of the applicant, and any
19 other person determined by the qualified body
20 as having significant influence on the applicant
21 are suitable for licensing.

22 (B) APPLICATION AS REQUEST FOR DE-
23 TERMINATION OF SUITABILITY.—An application
24 for a license submitted to a qualified body
25 under this title constitutes a request for a de-

1 termination of the general character, integrity,
2 and ability to participate or engage in or be as-
3 sociated with an Internet gambling facility, as
4 appropriate, of the applicant, any person con-
5 sidered to be in control of the applicant, all sig-
6 nificant vendors of the applicant, and all other
7 persons determined by the qualified body as
8 having significant influence on the applicant.

9 (C) ASSOCIATES.—

10 (i) IN GENERAL.—If an entity under-
11 going a determination of suitability under
12 this paragraph is a corporation, partner-
13 ship, or other business entity, a back-
14 ground check and investigation shall be
15 carried out by the applicable qualified body
16 with respect to the president or other chief
17 executive of the corporation, partnership,
18 or business entity and such other partners
19 or senior executives and directors or share-
20 holders of the corporation, partnership, or
21 entity as the qualified body considers ap-
22 propriate.

23 (ii) MINIMUM DETERMINATION.—In
24 carrying out clause (i), the qualified body
25 shall, at a minimum, carry out a suitability

1 review of the 5 individuals receiving the
2 most compensation (whether in the form of
3 salary, bonus, dividends, distributions, dis-
4 bursement of profits, or otherwise) from
5 the entity, any person that controls the en-
6 tity, and such other individuals or entities
7 as the qualified body considers appro-
8 priate.

9 (D) PARITY OF INVESTIGATION AND ANAL-
10 YSIS.—

11 (i) DILIGENCE WITH RESPECT TO SIG-
12 NIFICANT VENDORS AND AFFILIATES.—
13 Each investigation and analysis of the suit-
14 ability of a person with respect to an appli-
15 cation for a license under this title, other
16 than the applicant for such license, shall be
17 carried out with the same degree of dili-
18 gence as the investigation and analysis of
19 the suitability of the applicant.

20 (ii) STRINGENCY WITH RESPECT TO
21 CASINO GAMING FACILITIES.—Each quali-
22 fied body that also issues licenses to casino
23 gaming facilities shall ensure that each in-
24 vestigation and analysis of the suitability
25 of a person carried out by the qualified

1 body under this subsection is no less strin-
2 gent than a suitability review carried out
3 by the qualified body for the licensing of
4 casino gaming facilities.

5 (2) SUITABILITY STANDARDS.—For purposes of
6 this title, an applicant and any other person subject
7 to a determination of suitability under paragraph (1)
8 may only be considered suitable under this title if
9 the applicant or person demonstrates to the applica-
10 ble qualified body by clear and convincing evidence
11 that the applicant or person—

12 (A) is a person of good character, honesty,
13 and integrity;

14 (B) is a person whose prior activities,
15 criminal record, if any, reputation, habits, and
16 associations do not—

17 (i) pose a threat to the public interest
18 or to the effective regulation and control of
19 Internet gambling facilities; or

20 (ii) create or enhance the dangers of
21 unsuitable, unfair, or illegal practices,
22 methods, and activities in the conduct of
23 Internet gambling facilities or the carrying
24 on of the business and financial arrange-
25 ments incidental to such facilities;

1 (C) is capable of and likely to conduct the
2 activities for which the applicant is licensed or
3 receives a certificate of suitability in accordance
4 with the provisions of this title, any regulations
5 prescribed under this title, and all other appli-
6 cable laws;

7 (D) in the case of an applicant, has or
8 guarantees acquisition of adequate business
9 competence and experience in the operation of
10 casino gaming facilities, Internet gambling fa-
11 cilities, or Internet gambling facilities;

12 (E) in the case of an applicant, has or will
13 obtain sufficient financing for the nature of the
14 proposed operation and from a suitable source;
15 and

16 (F) has disclosed to the qualified body all
17 known affiliations or relationships, whether di-
18 rect or indirect, with persons and assets of per-
19 sons described by section 114(b)(2).

20 (3) UNSUITABLE.—An applicant or any other
21 person may not be determined to be suitable under
22 this subsection if the applicant or such person—

23 (A) has failed to provide information and
24 documentation material to a determination of
25 suitability for licensing under paragraph (1);

1 (B) has supplied information which is un-
2 true or misleading as to a material fact per-
3 taining to any such determination;

4 (C) has been convicted of an offense that
5 is punishable by imprisonment of more than 1
6 year;

7 (D) is delinquent in the payment of any
8 applicable Federal or State tax, tax penalty, ad-
9 dition to tax, or interest owed to a jurisdiction
10 in which the applicant or person operates or
11 does business, unless such payment has been
12 extended or is the subject of a pending judicial
13 or administrative dispute;

14 (E) has not certified in writing, pursuant
15 to subsection (c)(2)(G), that the person submits
16 to personal jurisdiction in the United States;

17 (F) knowingly accepts or knowingly has ac-
18 cepted bets or wagers on sporting events from
19 persons located in the United States in violation
20 of a provision of Federal or State law;

21 (G) has affiliated with any person that
22 knowingly accepts or knowingly has accepted
23 bets or wagers on sporting events from persons
24 located in the United States in violation of a
25 provision of Federal or State law; or

1 (H) fails to comply with such other stand-
2 ard as the applicable qualified body considers
3 appropriate.

4 (4) ONGOING REQUIREMENT.—A licensee (and
5 any other person who is required to be determined
6 to be suitable for licensing in connection with such
7 licensee) shall meet the standards necessary to be
8 suitable for licensing or to receive a certificate of
9 suitability, as the case may be, throughout the term
10 of the license.

11 (5) CERTIFICATE OF SUITABILITY FOR SIGNIFI-
12 CANT VENDORS.—

13 (A) IN GENERAL.—If a qualifying body de-
14 termines under paragraph (1) that a significant
15 vendor of an applicant is suitable under such
16 paragraph, the qualifying body shall issue a cer-
17 tificate to such vendor that certifies the suit-
18 ability of such vendor.

19 (B) REVOCATION OF CERTIFICATE.—A
20 qualified body that issues a certificate to a sig-
21 nificant vendor under subparagraph (A) shall
22 revoke the certificate if at any time the signifi-
23 cant vendor no longer meets the standards nec-
24 essary for a determination of suitability.

1 (C) RELIANCE ON CERTIFICATE.—A quali-
2 fied body may, but need not, rely upon a certifi-
3 cate issued under subparagraph (A) to a signifi-
4 cant vendor with respect to one application in
5 the review of the same significant vendor in
6 other license applications.

7 (D) CERTIFICATES ISSUED BY OTHER
8 QUALIFIED BODIES.—A qualified body may, but
9 need not, accept a certificate issued to a signifi-
10 cant vendor by another qualified body as evi-
11 dence of the suitability of the significant ven-
12 dor.

13 (6) OTHER VENDORS.—

14 (A) NOTICE.—A licensee shall promptly
15 notify the qualified body that issued the license
16 to the licensee of all persons that are not sig-
17 nificant vendors that—

18 (i) direct, provide, or solicit customers
19 to or for the licensee’s Internet gambling
20 facility, or materially assist in any of those
21 tasks, in return for a commission or other
22 fee;

23 (ii) hold themselves out to the public
24 as offering bets or wagers on the licensee’s
25 behalf;

1 (iii) offer bets or wagers under their
2 own names or brands but using and rely-
3 ing on the licensee's Internet gambling fa-
4 cilities;

5 (iv) license trademarks, trade names,
6 service marks, or other similar intellectual
7 property to the licensee; or

8 (v) own a substantial interest in or
9 control a person described in clause (i),
10 (ii), (iii), or (iv).

11 (B) SUITABILITY OF OTHER VENDORS AND
12 PERSONS.—A qualified body that reviews an ap-
13 plication of an applicant for a license or issues
14 a license to a licensee may, at the sole discre-
15 tion of the qualified body and on a case-by-case
16 basis, require as a condition of such license that
17 a person meet suitability requirements under
18 paragraph (1) if the person—

19 (i) is described in subparagraph (A)
20 with respect to the applicant or licensee;

21 (ii) provides services to an applicant
22 or licensee and the qualified body deter-
23 mines that, with respect to such services,
24 there is a substantial risk of circumvention

1 of the suitability requirements applicable
2 to significant vendors; or

3 (iii) is associated with the applicant or
4 licensee or one of the significant vendors of
5 the applicant or licensee and the qualified
6 body determines such person may pose a
7 threat to the integrity of Internet gambling
8 facilities operated by the applicant or li-
9 censee.

10 (C) INFORMATION.—A qualified body may
11 require such information from an applicant, li-
12 censee, significant vendor or other person iden-
13 tified in this paragraph as the qualified body
14 considers necessary to carry out this paragraph.

15 (7) ENFORCEMENT ACTIONS.—

16 (A) IN GENERAL.—If the Secretary or the
17 qualified body that issued a license to a licensee
18 finds that the licensee, or any other person that
19 is subject to a required determination of suit-
20 ability in connection with such licensee, ceases
21 to meet the suitability requirements of this sub-
22 section at any time during the tenure of the li-
23 cense, the Secretary or the qualified body may
24 take action to protect the public interest, in-
25 cluding, if the Secretary or qualified body con-

1 siders necessary, the suspension or termination
2 of the license.

3 (B) IMPOSITION OF CONDITIONS INCLUD-
4 ING REMOVAL OF PARTIES.—Notwithstanding a
5 determination under subparagraph (A), the
6 Secretary or the qualified body that issued a li-
7 cense to a licensee may allow the licensee to
8 continue engaging in licensed activities by im-
9 posing conditions on the person to which sub-
10 paragraph (A) is applicable under penalty of
11 revocation or suspension of a license or certifi-
12 cate of suitability, including—

13 (i) the identification of any person de-
14 termined to be unsuitable; and

15 (ii) the establishment of appropriate
16 safeguards to ensure such person is ex-
17 cluded from any management or involve-
18 ment in operation of the licensed activities.

19 (C) SPECIAL RULE FOR ENFORCEMENT OF
20 PROHIBITION ON UNLAWFUL SPORTS WAGER-
21 ING.—If the Secretary or a qualified body finds
22 that a licensee is no longer suitable under this
23 subsection because such licensee has accepted
24 bets or wagers as described in paragraph (3)(F)
25 or has affiliated as described in paragraph

1 (3)(G), the Secretary or the qualified body, as
2 the case may be, shall revoke the license of such
3 licensee in addition to the imposition of such
4 other penalties as the Secretary or qualified
5 body considers appropriate under this title.

6 (8) ADMINISTRATIVE PROVISIONS.—

7 (A) BACKGROUND CHECK AND INVESTIGA-
8 TION.—Each qualified body shall establish
9 standards and procedures for conducting back-
10 ground checks and investigations for purposes
11 of this subsection.

12 (B) NON-ADMISSIBILITY OF STATEMENTS
13 FOR PURPOSES OF DEFAMATION ACTIONS.—
14 Any written or oral statement made in the
15 course of an official proceeding of the Secretary
16 or a qualified body, by any member thereof, or
17 any witness testifying under oath which is rel-
18 evant to the purpose of the proceeding and re-
19 lates to the review of an application for a li-
20 cense under this title shall not be admissible in
21 any Federal or State court in a civil action to
22 prove defamation.

23 (C) PRESERVATION OF PRIVILEGE RECOG-
24 NIZED UNDER OTHER PROVISIONS OF LAW.—
25 Any privilege recognized under any other provi-

1 sion of Federal, State, or tribal law, including
2 attorney-client, physician-patient, and account-
3 ant-client privileges, shall not be waived or lost
4 because a document or communication other-
5 wise protected by the privilege is disclosed to
6 the Secretary or a qualified body under this
7 title.

8 (D) CONFIDENTIALITY.—

9 (i) Except as set forth in provision (ii)
10 of this subsection, any communication or
11 document, except information that is al-
12 ready public, shall be treated as confiden-
13 tial and may not be disclosed, in whole or
14 part, by the Secretary or a qualified body
15 without a lawful court order or as other-
16 wise required by law, if the communication
17 or document is—

18 (I) required by the Secretary or
19 qualified body to be disclosed by the
20 applicant, licensee, or significant ven-
21 dor, including applications, financial
22 or earnings information, and criminal
23 records, whether of the applicant or li-
24 censee or of any affiliate, employee,

1 officer, director or significant vendor
2 thereof, or of any other third-party;

3 (II) prepared or obtained by an
4 agent or employee of the Secretary or
5 qualified body that contains informa-
6 tion described in clause (i); or

7 (III) submitted by the applicant,
8 licensee, or significant vendor in con-
9 nection with a pending application or
10 existing license.

11 (ii) Nothing in this subsection shall
12 limit the disclosure of information provided
13 by an applicant, licensee, or significant
14 vendor to the Secretary or qualified body
15 to any official of the United States, or to
16 any State regulatory or enforcement agen-
17 cy, requesting such information for any au-
18 thorized purpose under Federal or State
19 law, including but not limited to the ad-
20 ministration or enforcement of Federal or
21 State laws concerning internet gambling,
22 U.S. tax laws, consumer protection, data
23 protection, financial regulation, or for the
24 purposes of any civil or criminal investiga-
25 tion.

1 (e) ASSESSMENTS FOR ADMINISTRATIVE EX-
2 PENSES.—

3 (1) USER FEES.—

4 (A) IN GENERAL.—The cost of admin-
5 istering this title with respect to each applicant,
6 licensee, and significant vendor, including the
7 cost of any review or examination of a licensee
8 or its significant vendors to ensure compliance
9 with the terms of the license and this title, shall
10 be assessed by the qualified body receiving an
11 application or issuing a license against the ap-
12 plicant, licensee, or significant vendor, as the
13 case may be, by written notice in an amount
14 that the qualified body determines is necessary
15 to meet the qualified body's expenses in car-
16 rying out such administration, review, or exam-
17 ination.

18 (B) EXPENSES FOR REVIEW OR EXAMINA-
19 TION.—Expenses that are attributable to review
20 or examination of a particular applicant, li-
21 censee, or significant vendor shall be assessed
22 under subparagraph (A) against that applicant,
23 licensee, or significant vendor.

1 (C) EXPENSES FOR GENERAL ADMINISTRA-
2 TION.—Expenses for general administration
3 shall be assessed against all licensees equally.

4 (D) USER FEES ESTABLISHED BY SEC-
5 RETARY.—

6 (i) IN GENERAL.—The Secretary may
7 establish user fees to be paid by applicants,
8 licensees, and significant vendors in
9 amounts the Secretary determines nec-
10 essary to meet the Secretary’s cost of ad-
11 ministering this title.

12 (ii) COLLECTION BY QUALIFIED BOD-
13 IES.—Qualified bodies shall collect user
14 fees established under clause (i) from ap-
15 plicants, licensees, and significant vendors
16 and turn them over promptly to the Sec-
17 retary.

18 (iii) DISPOSITION OF USER FEES.—
19 Amounts assessed by the Secretary as user
20 fees under clause (i) shall—

21 (I) be available to the Secretary
22 to cover expenses incurred by the Sec-
23 retary in carrying out the provisions
24 of this title; and

1 (II) not be construed to be Gov-
2 ernment funds or appropriated mon-
3 ies, or subject to apportionment for
4 the purposes of any other provision of
5 law.

6 (E) DISPOSITION OF USER FEES.—Except
7 as provided in subparagraph (D), amounts as-
8 sessed by a qualified body as user fees under
9 this paragraph shall—

10 (i) be available to the qualified body
11 to cover expenses incurred by the qualified
12 body in carrying out the provisions of this
13 title; and

14 (ii) except in the case of the Office of
15 Internet Gambling Oversight established
16 under section 104, not be construed to be
17 Government funds or appropriated monies,
18 or subject to apportionment for the pur-
19 poses of any other provision of law.

20 (F) COLLECTION.—If a licensee or signifi-
21 cant vendor fails to pay a user fee to a qualified
22 body under this paragraph after the assessment
23 of the fee has become final—

24 (i) the qualified body may recover the
25 amount assessed by action in a court of

1 the State or Indian tribe of the qualified
2 body or in the United States district court
3 in the State in which such qualified body
4 is located, along with any costs of collec-
5 tion and attorney fees; and

6 (ii) such failure may be grounds for
7 denial of an application for a license under
8 this title or revocation of a license or cer-
9 tificate of suitability under this title.

10 (G) PAYMENT OF SIGNIFICANT VENDOR

11 USER FEES BY APPLICANTS AND LICENSEES.—

12 A user fee assessed against a significant vendor
13 may be paid by an applicant or licensee on be-
14 half of the significant vendor.

15 (2) DIRECT AND EXCLUSIVE OBLIGATION OF

16 LICENSEE.—With respect to a licensee, a user fee

17 shall be the direct and exclusive obligation of the li-
18 censee and may not be deducted from amounts avail-
19 able as deposits to any person placing a bet or wager
20 with the licensee.

21 (f) APPROVAL OF LICENSE.—

22 (1) IN GENERAL.—Except as provided in para-

23 graph (2), a qualified body may issue to an appli-

24 cant a license under this title for the operation of an

25 Internet gambling facility if the applicant meets the

1 criteria established by the qualified body under this
2 title.

3 (2) AUTHORITY OF SECRETARY TO REVOKE LI-
4 CENSES.—

5 (A) IN GENERAL.—Notwithstanding any li-
6 cense or certificate of suitability issued by a
7 qualified body, the Secretary may suspend or
8 revoke such license or certificate if the Sec-
9 retary has reason to believe that the recipient
10 does not meet the suitability requirements es-
11 tablished under subsection (d) or, as applicable,
12 any other requirement imposed on a licensee
13 under this title.

14 (B) NO AUTHORITY TO OVERTURN DENI-
15 ALS AND TERMINATIONS.—The Secretary may
16 not overturn a decision by a qualified body
17 (other than the Office of Internet Gambling
18 Oversight) to deny or to terminate a license or
19 to deny or revoke a certificate of suitability.

20 (3) CONFLICTS BETWEEN QUALIFIED BOD-
21 IES.—If a qualified body denies a license, terminates
22 a license, denies a certificate of suitability, or re-
23 vokes a certificate of suitability to a person and
24 within 1 year of such denial, termination, or revoca-
25 tion another qualified body grants such person a li-

1 cense or certificate of suitability, the Secretary
2 shall—

3 (A) commence a review of such license or
4 certificate of suitability; and

5 (B) not later than 90 days after such com-
6 mencement, determine whether to act under
7 paragraph (2).

8 (4) CONTROL DEFINED.—In this subsection,
9 the term “control”, with respect to a person, means
10 the possession, directly or indirectly, of the power to
11 direct or influence the direction of the management
12 or policies of the person, whether through the owner-
13 ship of voting securities, through a management, ex-
14 ecutive officer, or board position, by shareholders or
15 similar agreement, or otherwise.

16 (g) SAFEGUARDS REQUIRED OF LICENSEE.—

17 (1) IN GENERAL.—No qualified body shall issue
18 a license under this title unless the qualified body—

19 (A) prescribes regulations that prohibit a
20 person from receiving or retaining a license
21 under this title unless the person maintains or
22 requires mechanisms so that the requirements
23 described in paragraph (2) are met with respect
24 to the operation of an Internet gambling facil-
25 ity; and

1 (B) reviews the applicant's ability to com-
2 ply with the requirements of this subsection, in-
3 cluding by testing the applicant's systems and
4 software, or by mandating such testing by an
5 independent, qualified entity.

6 (2) SAFEGUARDS.—The requirements described
7 in this paragraph are as follows:

8 (A) PROHIBITION ON UNDERAGE GAM-
9 ING.—Appropriate safeguards to ensure, to a
10 reasonable degree of certainty, that the indi-
11 vidual placing a bet or wager is not younger
12 than 21 years of age, at the time of registration
13 and all log ons.

14 (B) PROHIBITED LOCATIONS.—Appro-
15 priate safeguards to ensure, to a reasonable de-
16 gree of certainty, that the individual placing a
17 bet or wager is physically located in a jurisdic-
18 tion that has opted in under section 108 at the
19 time the bet or wager is placed, at the time of
20 registration and all log ons.

21 (C) COLLECTION OR REPORTING OF CUS-
22 TOMER TAXES.—Appropriate mechanisms to
23 ensure, to a reasonable degree of certainty, that
24 all taxes relating to Internet gambling from
25 persons engaged in bets or wagers relating to

1 such Internet gambling are collected or re-
2 ported, as required by law, at the time of any
3 payment of proceeds of such bets or wagers.

4 (D) COLLECTION OR REPORTING OF TAXES
5 OF LICENSEE.—Appropriate mechanisms to en-
6 sure that all taxes relating to the operation of
7 an Internet gambling facility from any licensee
8 are collected as required by law and that ade-
9 quate records to enable later audit or
10 verification are maintained.

11 (E) REPORTING OF FEES OF LICENSEE.—
12 Appropriate mechanisms to ensure that ade-
13 quate records are maintained to enable later
14 audit or verification that the licensee has paid
15 all fees required under this title.

16 (F) SAFEGUARDS AGAINST FINANCIAL
17 CRIME.—Appropriate safeguards to prevent, to
18 a reasonable degree of certainty, fraud, money
19 laundering, tax evasion, and terrorist financing.

20 (G) SAFEGUARDS AGAINST COMPULSIVE
21 PLAY.—Appropriate safeguards to ensure, to a
22 reasonable degree of certainty, compliance with
23 the requirements of section 107(b).

24 (H) PRIVACY SAFEGUARDS.—Appropriate
25 safeguards to protect, to a reasonable degree of

1 certainty, the privacy and Internet security of
2 any person engaged in bets or wagers with the
3 licensee’s Internet gambling facility.

4 (I) PAYMENT OF ASSESSMENTS.—Appro-
5 priate mechanisms to ensure that any user fee
6 required under subsection (e) is paid to the
7 qualified body.

8 (J) HONEST GAMES.—Appropriate safe-
9 guards to ensure, to a reasonable degree of cer-
10 tainty, that Internet gambling games are fair
11 and honest, and to prevent, to a reasonable de-
12 gree of certainty, cheating, including collusion,
13 and use of cheating devices, including use of
14 software programs (sometimes referred to as
15 “bots”) that make bets or wagers according to
16 algorithms.

17 (K) SEGREGATION OF PLAYER FUNDS.—
18 Appropriate safeguards to ensure player funds
19 are held in accounts segregated from the funds
20 of licensees and are otherwise protected from
21 corporate insolvency, financial risk, or criminal
22 or civil actions against the licensee.

23 (L) OTHER REQUIREMENTS.—Such other
24 mechanisms and safeguards as the qualified
25 body may establish by regulation.

1 (h) LOCATION OF REMOTE GAMING EQUIPMENT.—

2 (1) WITHIN THE UNITED STATES.—A licensee
3 shall maintain its remote gaming equipment within
4 the territory of the United States throughout the
5 term of its license.

6 (2) WITHIN TERRITORY OF QUALIFIED BODY.—

7 A qualified body may require a licensee of the quali-
8 fied body to locate the remote gaming equipment of
9 the licensee within the territory of the State or In-
10 dian tribe of the qualified body if the qualified body
11 determines that such requirement will advance the
12 regulatory interests of this title.

13 (i) LICENSE IS A PRIVILEGE NOT A RIGHT.—

14 (1) IN GENERAL.—A decision by a qualified
15 body not to grant a person a license or certificate of
16 suitability, or to terminate a license or revoke a cer-
17 tificate of suitability, is not reviewable under the law
18 of any jurisdiction other than the jurisdiction of the
19 qualified body.

20 (2) APPEAL.—With respect to a decision de-
21 scribed in paragraph (1) of a qualified body, the
22 State or Indian tribe of the jurisdiction of the quali-
23 fied body may, but need not, provide an opportunity
24 to appeal such decision.

25 (j) TERM, RENEWAL, AND TRANSFER OF LICENSE.—

1 (1) TERM.—Any license issued under this title
2 shall be issued for a 5-year term beginning on the
3 date of issuance.

4 (2) RENEWAL.—A license may be renewed in
5 accordance with requirements prescribed by the
6 qualified body that issued the license under this
7 title.

8 (3) TRANSFER.—A transfer of a license, change
9 of control of a licensee, or change in significant ven-
10 dor shall require prior approval by the qualified body
11 that issued the license. The qualified body shall at
12 a minimum ensure the suitability requirements of
13 subsection (d) continue to be satisfied before approv-
14 ing any such transfer or change.

15 (k) ADMINISTRATIVE PROVISIONS.—

16 (1) DETERMINATION OF INTERNET GAM-
17 BLING.—

18 (A) INITIAL DETERMINATION BY QUALI-
19 FIED BODY.—A determination whether a game,
20 hand, tournament, or other contest of a licensee
21 is authorized Internet gambling under this Act,
22 and not prohibited sports-related Internet gam-
23 bling, shall be made in the first instance by the
24 qualified body that issued the license to such li-
25 censee under this title.

1 (B) CHALLENGES.—

2 (i) IN GENERAL.—A licensee or quali-
3 fied body may challenge whether a game,
4 hand, tournament, or other contest of an-
5 other licensee is sports-related Internet
6 gambling.

7 (ii) CHALLENGE MADE WITH SEC-
8 RETARY.—A challenge made under clause
9 (i) shall be made with the Secretary.

10 (iii) DETERMINATION MADE BY SEC-
11 RETARY WITHIN 30 DAYS.—If a challenge
12 is made under clause (i), the Secretary
13 shall make a determination whether the
14 game, hand, tournament, or other contest
15 is sports-related Internet gambling not
16 later than 30 days after the date on which
17 the challenge is made.

18 (iv) OPERATION UNTIL DETERMINA-
19 TION.—A licensee that offers a game,
20 hand, tournament, or other contest that is
21 challenged under clause (i) may continue
22 to offer such game, hand, tournament, or
23 other contest until the Secretary makes a
24 determination under clause (iii).

25 (C) APPEALS.—

1 (i) IN GENERAL.—Not later than 30
2 days after the date on which the Secretary
3 makes a determination under subpara-
4 graph (B)(iii), a licensee or a qualified
5 body may appeal such determination under
6 chapter 7 of title 5, United States Code.

7 (ii) OPERATION PENDING APPEAL.—
8 During the period in which a game, hand,
9 tournament, or other contest is being chal-
10 langed through an appeal under clause (i),
11 the United States District Court for the
12 District of Columbia may allow a licensee
13 to continue offering the game, hand, tour-
14 nament, or other contest in full compliance
15 with the terms of its existing license and
16 any other conditions the court considers
17 necessary, if the court determines that—

18 (I) the licensee has a reasonable
19 likelihood of success on the merits;
20 and

21 (II) allowing the licensee to con-
22 tinue offering the challenged game,
23 hand, tournament, or other contest
24 while the appeal is pending will not
25 threaten the public interest.

1 (2) CHALLENGES UNDER STATE LAW.—Except
2 as provided in paragraph (1) and unless otherwise
3 specifically provided in this title, actions taken by a
4 qualified body other than the Office of Internet
5 Gambling Oversight may be challenged by applicants
6 and licensees only as permitted under the law of the
7 State or Indian tribe in which the qualified body is
8 located.

9 (3) SUMMONS.—

10 (A) IN GENERAL.—The Secretary may
11 issue a summons with respect to an applicant
12 or licensee necessary to carry out the provisions
13 of this title.

14 (B) PRODUCTION AT DESIGNATED SITE.—
15 A summons issued by the Secretary pursuant to
16 this paragraph may require that books, papers,
17 records, or other data stored or maintained at
18 any place be produced at any—

19 (i) business location of a licensee or
20 applicant for a license;

21 (ii) designated location in the State or
22 Indian lands of the applicable qualified
23 body; or

24 (iii) designated location in the District
25 of Columbia.

1 (C) NO LIABILITY FOR EXPENSES.—The
2 Secretary shall not be liable for any expense in-
3 curred in connection with the production of
4 books, papers, records, or other data under this
5 paragraph.

6 (D) SERVICE OF SUMMONS.—Service of a
7 summons issued under this subsection may be
8 by registered mail or in such other manner cal-
9 culated to give actual notice as determined by
10 the Secretary.

11 (E) AUTHORIZATION TO INVOKE AID OF
12 COURTS.—The Secretary may invoke the aid of
13 any court of the United States to compel com-
14 pliance with the summons within the jurisdic-
15 tion of which—

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

19 (ii) the person summoned is an inhab-
20 itant; or

21 (iii) the person summoned carries on
22 business or may be found.

23 (F) POWER OF COURTS TO COMPEL AP-
24 PEARANCE.—The court may issue an order re-

1 quiring the person summoned to appear before
2 the Secretary—

3 (i) to produce books, papers, records,
4 and other data;

5 (ii) to give testimony as may be nec-
6 essary to explain how such material was
7 compiled and maintained;

8 (iii) to allow the Secretary to examine
9 the business of a licensee; and

10 (iv) to pay the costs of the proceeding.

11 (G) CONTUMACY OR REFUSAL.—Any fail-
12 ure to obey the order of the court under this
13 paragraph may be punished by the court as a
14 contempt thereof. All process in any case under
15 this subsection may be served in any judicial
16 district in which such person may be found.

17 (I) DISCIPLINARY ACTION.—

18 (1) IN GENERAL.—A licensee may be subject to
19 disciplinary action, including the imposition of civil
20 penalties or suspension or revocation of its license,
21 by a qualified body that issued a license to the li-
22 censee or by the Secretary if the licensee fails to
23 comply with any provision of this title, any regula-
24 tion prescribed thereunder, or any other applicable
25 provision of State or tribal law.

1 (2) INITIATING AGENCY.—Only the Secretary
2 or the qualified body which granted the license to a
3 licensee may initiate disciplinary action under this
4 title against the licensee.

5 (3) SAVINGS PROVISION.—Nothing in this sub-
6 section shall be construed to limit or alter the appli-
7 cation of any law other than this title to a licensee
8 or affiliated person, or to effect the enforcement of
9 such law by the appropriate law enforcement admin-
10 istrative, or regulatory entity.

11 (4) DISCIPLINARY PROCEDURES.—

12 (A) IN GENERAL.—A qualified body shall
13 commence disciplinary action under this sub-
14 section against a licensee upon service of a for-
15 mal written complaint upon the licensee, with a
16 copy forwarded to the Secretary, that sets forth
17 the grounds for the disciplinary action and the
18 proposed penalty that is being sought, which
19 may include any or all of the imposition of a
20 fine as provided pursuant to subsection (m)(1)
21 or limitation, condition, suspension or revoca-
22 tion of the license.

23 (B) IN ACCORDANCE WITH LAW OF JURIS-
24 DICTION OF QUALIFIED BODY.—The process for
25 disciplinary action under this subsection shall

1 proceed according to the law of the jurisdiction
2 of the applicable qualified body.

3 (5) FINALITY OF ACTION AND APPEALS.—

4 (A) FINALITY.—Any disciplinary action
5 under this subsection shall be treated as a final
6 action.

7 (B) ACTION BY QUALIFIED BODIES.—A li-
8 censee aggrieved by disciplinary action under
9 this subsection by a qualified body may file an
10 appeal in the jurisdiction where the qualified
11 body taking such action is located only to the
12 extent permitted by the law of such jurisdiction,
13 or in Federal court as authorized by Federal
14 law.

15 (6) PENDING APPEAL.—During the period in
16 which a suspension or revocation of an existing li-
17 cense is being challenged through a pending judicial
18 proceeding, the court handling the challenge may
19 allow the licensee to continue offering bets and wa-
20 gers in full compliance with the terms of its existing
21 license and any other conditions the court considers
22 necessary, if the court determines that—

23 (A) the appellant has a reasonable likeli-
24 hood of success on the merits; and

1 (B) allowing the appellant to continue of-
2 fering bets and wagers while the appeal is pend-
3 ing will not threaten the public interest.

4 (7) RETURN OF CUSTOMER FUNDS.—If a li-
5 censee’s license is revoked and no appeal pursuant
6 to paragraph (5) is pending, the licensee shall—

7 (A) to the degree feasible, return all cus-
8 tomer funds to United States customers in an
9 orderly manner not later than 30 days after the
10 date of the revocation of the license; and

11 (B) place in escrow those sums return of
12 which to United States customers is not feasible
13 due to change in customer address, bank de-
14 tails, or similar difficulty in an account with a
15 financial institution in the United States for
16 safekeeping and orderly disposition by the Sec-
17 retary.

18 (8) REFERRAL TO ATTORNEY GENERAL.—If, in
19 the course of carrying out the provisions of this title,
20 the Secretary or a qualified body finds a substantial
21 basis to believe that a person has violated section
22 103(a), the Secretary or qualified body shall refer
23 such matter to the Attorney General.

24 (m) CIVIL MONETARY PENALTIES.—

25 (1) IN GENERAL.—

1 (A) PENALTIES ASSESSED BY QUALIFIED
2 BODIES.—A qualified body may assess upon
3 any licensee or other person subject to the re-
4 quirements of this title for each violation of this
5 title or any regulation prescribed or order
6 issued under this title, a civil penalty of not
7 more than the greater of—

8 (i) the amount involved in the viola-
9 tion, if any;

10 (ii) \$250,000 for an individual and
11 \$750,000 for a corporation; or

12 (iii) such other amount as provided
13 under the applicable State or tribal law of
14 the qualified body.

15 (B) PENALTIES ASSESSED BY SEC-
16 RETARY.—The Secretary may assess upon any
17 licensee or other person subject to the require-
18 ments of this title for each violation of this title
19 or any regulation prescribed or order issued
20 under this title, a civil penalty of not more than
21 the greater of—

22 (i) the amount involved in the viola-
23 tion, if any; or

24 (ii) \$250,000 for an individual and
25 \$750,000 for a corporation.

1 (C) NOT CUMULATIVE.—

2 (i) IN GENERAL.—The penalties au-
3 thorized under subparagraphs (A) and (B)
4 shall not be cumulative and only one such
5 penalty may be assessed per violation.

6 (ii) CONSTRUCTION.—Clause (i) shall
7 not be construed to limit the authority of
8 a qualifying body or the Secretary, as the
9 case may be, to pursue a civil penalty for
10 each violation of a related series of viola-
11 tions.

12 (D) FAILURE TO OBTAIN A LICENSE.—
13 Notwithstanding any other provision of law, the
14 Secretary shall assess upon a person that is re-
15 quired to maintain a license under this title, but
16 fails to maintain a license under this title, a
17 civil penalty of not more than the greater of—

18 (i) the amount of bets or wagers
19 taken by the person from players in the
20 United States during the period that a li-
21 cense was needed but not held by the per-
22 son; or

23 (ii) \$1,000,000 per day that the per-
24 son accepts bets or wagers from players in
25 the United States during the period that a

1 license was needed but not held by the per-
2 son.

3 (E) CONSTRUCTION.—Nothing in this
4 paragraph shall be construed to affect the abil-
5 ity of a law enforcement official to seek crimi-
6 nal penalties against a person.

7 (2) ASSESSMENT.—

8 (A) ENFORCEMENT BY QUALIFIED BOD-
9 IES.—Qualified bodies and such other entities
10 as are authorized by applicable State or tribal
11 law shall enforce the provisions of this title
12 under the law of the applicable State or Indian
13 tribe, and penalties shall be determined, review-
14 able, collectable, and disposed of as provided
15 under such law.

16 (B) ENFORCEMENT BY SECRETARY.—

17 (i) WRITTEN NOTICE.—Any penalty
18 imposed under paragraph (1)(B) shall be
19 assessed and collected by the Secretary by
20 written notice.

21 (ii) FINALITY OF ASSESSMENT.—If,
22 with respect to any assessment under para-
23 graph (1)(B), a hearing is not requested
24 pursuant to clause (v) within the period of

1 time allowed under such clause, the assess-
2 ment shall constitute a final agency order.

3 (iii) AUTHORITY TO MODIFY OR
4 REMIT PENALTY.—The Secretary may
5 compromise, modify, or remit any penalty
6 which the Secretary may assess or has al-
7 ready assessed under paragraph (1)(B).

8 (iv) MITIGATING FACTORS.—In deter-
9 mining the amount of any penalty imposed
10 under paragraph (1)(B), the Secretary
11 shall take into account the appropriateness
12 of the penalty with respect to the fol-
13 lowing:

14 (I) The size of the financial re-
15 sources and the good faith of the per-
16 son against whom the penalty is as-
17 sessed.

18 (II) The gravity of the violation.

19 (III) The history of previous vio-
20 lations.

21 (IV) Such other matters as jus-
22 tice may require.

23 (v) HEARING.—The person against
24 whom any penalty is assessed under para-
25 graph (1)(B) shall be afforded a hearing

1 by the Secretary if such person submits to
2 the Secretary a request for such hearing
3 not later than 20 days after the date of the
4 issuance of the notice of assessment.

5 (vi) COLLECTION.—

6 (I) REFERRAL.—If any person
7 fails to pay an assessment after any
8 penalty assessed under this subpara-
9 graph has become final, the Secretary
10 shall recover the amount assessed by
11 action in the appropriate United
12 States district court.

13 (II) SCOPE OF REVIEW.—In any
14 civil action under subclause (I), the
15 validity and appropriateness of the
16 penalty shall be subject to review for
17 abuse of agency discretion.

18 (vii) DISBURSEMENT.—All penalties
19 collected under authority of paragraph
20 (1)(B) shall be deposited into the Treasury
21 of the United States.

22 (3) CONDITION FOR LICENSURE.—Payment by
23 a licensee of any civil penalty assessed under this
24 subsection that has become final shall be a require-
25 ment for the retention of its license.

1 (n) LIST OF LICENSED INTERNET GAMBLING FA-
2 CILITIES.—The Secretary shall establish and maintain a
3 list of all Internet gambling facilities licensed under this
4 section. The Secretary shall update such list regularly and
5 make such list publicly available on an Internet website.

6 **SEC. 107. COMPULSIVE GAMING, RESPONSIBLE GAMING,**
7 **AND SELF-EXCLUSION PROGRAM REQUIRE-**
8 **MENTS.**

9 (a) REGULATIONS REQUIRED.—

10 (1) IN GENERAL.—Each qualified body shall,
11 before issuing any licenses under this title, prescribe
12 regulations for the development of a Compulsive
13 Gaming, Responsible Gaming, and Self-Exclusion
14 Program that each licensee of that qualified body
15 shall implement as a condition of licensure.

16 (2) OUTREACH.—The regulations required by
17 paragraph (1) shall also provide for the establish-
18 ment of a program to alert the public to the exist-
19 ence, consequences, and availability of the self-exclu-
20 sion list established under subsection (c).

21 (b) MINIMUM REQUIREMENTS.—Under each pro-
22 gram under subsection (a), a licensee shall, under the
23 scope of the license issued the licensee under this title,
24 at a minimum—

1 (1) provide informational materials written in
2 plain language about responsible gaming, including
3 information about the self-exclusion list established
4 under subsection (c) and how a player may request
5 placement on the list, each time a player signs in to
6 make a bet or wager, which materials shall be pro-
7 vided via a prominently displayed hyperlink or com-
8 parable mechanism;

9 (2) provide informational materials about re-
10 sponsible gaming to any player that requests such
11 materials;

12 (3) make continuously available individualized
13 responsible gaming options that any customer may
14 choose, including allowing customers to self-limit de-
15 posits amounts, frequency of play, and losses, as well
16 as their access to the issuance of credit, check cash-
17 ing, or direct mail marketing by the licensee, in each
18 case as and to the extent that the qualified body
19 may consider appropriate;

20 (4) ensure to a reasonable degree of certainty
21 that persons on the list of self-excluded persons es-
22 tablished pursuant to subsection (c) are prevented
23 from initiating any bets or wagers within the scope
24 of this title; and

1 (5) ensure that the information required under
2 this subsection is clearly and prominently made
3 available by the licensee in each language in which
4 services of the Internet gambling facility of the li-
5 censee are offered.

6 (c) LIST OF PERSONS SELF-EXCLUDED.—

7 (1) ESTABLISHMENT.—

8 (A) LISTS MAINTAINED BY QUALIFIED
9 BODIES.—

10 (i) IN GENERAL.—Each qualified body
11 shall establish and maintain a list of per-
12 sons self-excluded from playing Internet
13 gambling through Internet gambling facili-
14 ties licensed by the qualified body.

15 (ii) SUBMITTAL TO SECRETARY.—At
16 the end of each day, each qualified body
17 shall submit to the Secretary a current
18 copy of the list established and maintained
19 by the qualified body under clause (i).

20 (B) MASTER LIST MAINTAINED BY SEC-
21 RETARY.—

22 (i) IN GENERAL.—The Secretary shall
23 establish and maintain a master list of all
24 persons self-excluded from playing Internet
25 gambling through Internet gambling facili-

1 ties licensed under this title. Such list shall
2 consist of all persons submitted under sub-
3 paragraph (A)(ii).

4 (ii) AVAILABILITY.—The Secretary
5 shall make the master list established and
6 maintained under clause (i) available to all
7 qualified bodies and licensees on an ongo-
8 ing basis and licensees shall ensure to a
9 reasonable degree of certainty that persons
10 on the master list of self-excluded persons
11 are prevented from initiating any bets or
12 wagers within the scope of this title.

13 (iii) SHARING OF INFORMATION.—(I)
14 Notwithstanding any other provision of
15 law, qualified bodies and licensees may
16 share information relating to persons on
17 the master list among one another and
18 with other regulators, whether Federal,
19 State, tribal, local, or foreign, for the pur-
20 pose of facilitating the prevention of self-
21 excluded persons from initiating any bets
22 or wagers within the scope of this title.

23 (II) The Secretary shall establish ap-
24 propriate safeguards for the purpose of
25 protecting the confidentiality of any per-

1 sonal information shared pursuant to this
2 clause, to prevent the disclosure of such in-
3 formation to unauthorized persons or for
4 any purpose other than facilitating the pre-
5 vention of self-excluded persons from initi-
6 ating any bets or wagers within the scope
7 of this title.

8 (C) PLACEMENT REQUEST.—Any person
9 may request placement on the list of self- ex-
10 cluded persons by—

11 (i) acknowledging in a manner to be
12 established by each qualified body with re-
13 spect to its licensees that the person wishes
14 to be denied gaming privileges within the
15 scope of this title; and

16 (ii) agreeing that, during any period
17 of voluntary exclusion, the person may not
18 participate in Internet gambling or collect
19 any winnings or recover any losses result-
20 ing from any gaming activity at any Inter-
21 net gambling facility of a licensee.

22 (2) LIMITATION ON LIABILITY.—

23 (A) IN GENERAL.—Except as provided in
24 subparagraph (B), the United States, the Sec-
25 retary, a qualified body, the State or Indian

1 tribe in which that qualified body is located, an
2 enforcement agent, licensee, or any employee or
3 agent thereof, shall not be liable to any self-ex-
4 cluded person or to any other party in any judi-
5 cial or administrative proceeding for any harm,
6 monetary or otherwise, which may arise as a re-
7 sult of—

8 (i) any failure to withhold gaming
9 privileges from, or to restore gaming privi-
10 leges to, a self-excluded person;

11 (ii) otherwise permitting a self-ex-
12 cluded person to engage in gaming activity
13 while on the list of self-excluded persons;
14 or

15 (iii) disclosure to licensees, significant
16 vendors, or employees or agents of licens-
17 ees or significant vendors of the fact that
18 an individual has been placed on the list of
19 self-excluded persons and of other informa-
20 tion that is reasonably necessary to iden-
21 tify that individual in order to carry out
22 this subsection, including the address, date
23 of birth, and taxpayer identification num-
24 ber of the individual.

1 (B) LICENSEES.—A licensee or employee
2 or agent thereof may be liable to a self- ex-
3 cluded person in a judicial or administrative
4 proceeding for a harm described in subpara-
5 graph (A) to the extent provided under the law
6 of the State or Indian tribe of the qualified
7 body that issued the license.

8 (C) RULE OF CONSTRUCTION.—Nothing in
9 this paragraph shall be construed to prevent the
10 Secretary or a qualified body from assessing a
11 regulatory sanction against a licensee or person
12 for failing to comply with a provision of this
13 section or a regulation prescribed thereunder or
14 for misuse of any list of self-excluded persons
15 for purposes not authorized under this section.

16 (3) DISCLOSURE PROVISIONS.—

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

21 (B) AFFILIATE DISCLOSURE.—If necessary
22 to effectuate the self-exclusion purposes of this
23 subsection, any licensee may disclose the identi-
24 ties of persons on the self- excluded list to any
25 significant vendor, service provider, or affiliated

1 company to the extent that the significant ven-
2 dor, service provider, or affiliated company
3 maintains such information under confiden-
4 tiality provisions comparable to those in this
5 subsection.

6 (d) GAMING BY PROHIBITED PERSONS.—

7 (1) PROHIBITION ON BENEFITTING FROM PRO-
8 HIBITED GAMING ACTIVITY.—A person who is pro-
9 hibited from gaming with a licensee by law, or by
10 order of the Secretary, a qualified body, or any court
11 of competent jurisdiction, including any person on
12 the self-exclusion list under subsection (c), shall not
13 collect, in any manner or proceeding, any winnings
14 or recover any losses arising as a result of prohibited
15 gaming activity with a licensee.

16 (2) FORFEITURE.—In addition to any other
17 penalty provided by law, any money or thing of value
18 that has been obtained by, or is owed to, any prohib-
19 ited person by a licensee as a result of bets or wa-
20 gers made by a prohibited person while the applica-
21 ble prohibition is effective shall be subject to for-
22 feiture by order of the Secretary or a qualified body,
23 following notice to the prohibited person and oppor-
24 tunity to be heard.

1 (3) DEPOSIT OF FORFEITED FUNDS.—Any
2 funds forfeited pursuant to this subsection shall be
3 deposited into the Treasury of the United States, or,
4 in the case of a forfeiture to a qualified body, as
5 provided by the applicable State or tribal law.

6 (e) ADMINISTRATIVE PROVISIONS.—

7 (1) NO DUTY TO IDENTIFY OR EXCLUDE COM-
8 PULSIVE PLAYERS NOT ON LIST.—No provision of
9 this section shall be construed as creating a legal
10 duty in the Secretary, a qualified body, a licensee,
11 or any employee or agent thereof to identify or to
12 exclude compulsive players not on the list of self-ex-
13 cluded persons.

14 (2) NO CAUSE OF ACTION.—The Secretary, a
15 qualified body, a licensee, and any employee or agent
16 thereof, shall not be liable to any person in any pro-
17 ceeding for losses or other damages of any kind aris-
18 ing out of that person's gaming activities based on
19 a claim that the person was a compulsive, problem,
20 or pathological player.

21 (3) NO PRIVATE RIGHT OF ACTION.—Nothing
22 in this section shall be construed to create a private
23 right of action.

1 **SEC. 108. PROHIBITION ON USE OF LICENSES IN CERTAIN**
2 **STATES AND INDIAN LANDS.**

3 (a) IN GENERAL.—Internet gambling provided by
4 Internet gambling facilities licensed under this title shall
5 be lawful in the United States only with respect to the
6 acceptance of bets or wagers from individuals located in
7 States and Indian lands that have opted-in under this sec-
8 tion.

9 (b) STATE PARTICIPATION.—

10 (1) OPT-IN ELECTION.—A State shall be con-
11 sidered to have opted-in under this section if its
12 Governor or any other person authorized to make
13 such notification under the laws of such State has
14 not notified the Secretary within 120 days of enact-
15 ment that—

16 (A) Internet gambling is prohibited in such
17 State, or

18 (B) the State declines to participate in
19 Internet gambling authorized under this Act.

20 (2) OPT-OUT ELECTION.—A State shall be con-
21 sidered not to have opted-in under this section if—

22 (A) a majority of a quorum of each cham-
23 ber of the legislature of the State has approved
24 a bill, resolution, or similar measure that ex-
25 presses that bets or wagers authorized under

1 this title should be prohibited in such State;
2 and

3 (B) such bill, resolution, or similar meas-
4 ure is the most recent bill, resolution, or similar
5 measure approved by a majority of a quorum of
6 each chamber of the legislature of the State
7 that expresses whether bets or wagers author-
8 ized under this title should be prohibited in
9 such State.

10 (3) LIMITATION ON STATE PARTICIPATION.—

11 Notwithstanding any other provision of law, for pur-
12 poses of determining whether a State has opted-in
13 under this section, neither the Secretary nor any
14 provision of State law may require a State to under-
15 take any additional or different procedures than
16 those specified in paragraphs (1) and (2).

17 (4) EFFECTIVE DATE OF CHANGES.—If a State
18 changes its election to participate or not to partici-
19 pate under paragraph (1) or (2), such change shall
20 apply, for purposes of this title, beginning on the
21 later of—

22 (A) 60 days after the date of the notifica-
23 tion to the Secretary by the Governor any other
24 person authorized under the laws of such State

1 that the State has changed its election to par-
2 ticipate or not; or

3 (B) the effective date specified in any bill,
4 resolution, or similar measure determining the
5 participation of the State in Internet gambling
6 under the laws of such State.

7 (c) INDIAN TRIBE NOTICE AND PARTICIPATION.—

8 (1) OPT-IN ELECTION.—Except as provided in
9 paragraphs (3) and (4), an Indian tribe shall be con-
10 sidered to have opted-in under this section if the
11 principal chief or other chief executive officer or des-
12 ignated authority of such Indian tribe has not noti-
13 fied the Secretary within 120 days of enactment
14 that—

15 (A) Internet gambling is prohibited by
16 such Indian tribe, or

17 (B) the Indian tribe declines to participate
18 in Internet gambling authorized under this Act.

19 (2) OPT-OUT ELECTION.—Except as provided in
20 paragraph (3) and subsection (d), an Indian tribe
21 shall be considered not to have opted-in under this
22 section if the principal chief or other chief executive
23 officer or designated authority of such Indian tribe
24 submits written notice to the Secretary that bets or
25 wagers otherwise authorized under this title should

1 be prohibited on the Indian lands of such Indian
2 tribe.

3 (3) SUBSEQUENT CHANGE OF ELECTION.—

4 (A) NOTICE OF CHANGE.—Except as pro-
5 vided in paragraph (4), in a case in which the
6 principal chief or other chief executive officer or
7 designated authority of an Indian tribe has sub-
8 mitted notice under paragraph (1) or (2) to
9 opt-in or opt-out, respectively, such Indian tribe
10 may change its election at any time under this
11 subsection if the principal chief or other chief
12 executive officer or designated authority of such
13 Indian tribe submits to the Secretary a written
14 notice indicating such change.

15 (B) STATUS.—An Indian tribe that sub-
16 mits notice under subparagraph (A) shall be
17 considered—

18 (i) to have opted-in under this section
19 if the most recent notice submitted under
20 such subparagraph indicates that bets or
21 wagers authorized under this title should
22 not be prohibited on the Indian lands of
23 such Indian tribe; and

24 (ii) not to have opted-in under this
25 section if such notice indicates that bets or

1 wagers authorized under this title should
2 be prohibited on the Indian lands of such
3 Indian tribe.

4 (C) EFFECTIVE DATE.—A change in elec-
5 tion under this paragraph shall apply, for pur-
6 poses of this title, beginning on the later of—

7 (i) 60 days after the date the most re-
8 cent notice is submitted under subpara-
9 graph (A); or

10 (ii) the effective date specified in such
11 notice.

12 (4) INDIAN LANDS LOCATED IN STATES THAT
13 HAVE OPTED-OUT.—The decision of a State to opt-
14 in or opt-out shall have no effect on Internet gam-
15 bling in the lands of an Indian tribe located within
16 a State, which shall be governed solely by determina-
17 tions made by the Indian tribe, as communicated to
18 the Secretary by the principal chief or other chief ex-
19 ecutive officer or designated authority of an Indian
20 tribe.

21 (d) PROHIBITION ON UNLICENSED BETS OR WA-
22 GERS.—

23 (1) IN GENERAL.—Except as expressly author-
24 ized in this title, no State or Indian tribe may au-
25 thorize or operate a facility that offers Internet gam-

1 bling unless the Internet gambling facility is author-
2 ized and licensed by that State or Indian tribe in
3 compliance with the law of that State or Indian
4 tribe, as applicable, and solely provides services to
5 participants wholly within the boundaries of such
6 State or the Indian lands of such Indian tribe..

7 (2) LIMITATION.—The prohibition set out in
8 paragraph (1) shall not apply to any bet or wager
9 authorized pursuant to a State or tribal law enacted
10 or authorized by a license issued pursuant to this
11 title.

12 (e) NOTIFICATION AND ENFORCEMENT OF STATE
13 AND INDIAN TRIBE PROHIBITIONS.—

14 (1) IN GENERAL.—The Secretary shall notify
15 qualified bodies, all licensees, and applicants of all
16 States and Indian tribes that are considered to have
17 opted-in under this section, promptly upon receipt of
18 any notice received under subsection (b) or (c) and
19 not fewer than 30 days before the effective date of
20 such notice.

21 (2) VIOLATIONS.—It shall be a violation of this
22 title for any licensee to accept a bet or wager initi-
23 ated or otherwise made by a person who the licensee
24 knows is located at the time of placing such bet or
25 wager within any State or on the Indian lands of

1 any Indian tribe which is not considered to have
2 opted-in under this section.

3 (3) STATE ATTORNEY GENERAL ENFORCE-
4 MENT.—In any case in which the attorney general of
5 a State or any State or local law enforcement agen-
6 cy, authorized by the attorney general of the State
7 or by State statute to prosecute violations of con-
8 sumer protection law, has reason to believe that an
9 interest of the residents of that State has been or
10 is threatened or adversely affected by a violation by
11 a licensee under paragraph (2), the State, or the
12 State or local law enforcement agency, may bring a
13 civil action on behalf of the residents of that State
14 or jurisdiction in a district court of the United
15 States located therein—

16 (A) to enjoin that practice; or

17 (B) to enforce compliance with this section.

18 (4) INDIAN TRIBE ENFORCEMENT.—In any case
19 in which the chief law enforcement officer of an In-
20 dian tribe or tribal law enforcement agency, author-
21 ized by the chief law enforcement officer of the In-
22 dian tribe or by tribal law to prosecute violations of
23 consumer protection law, has reason to believe that
24 an interest of the residents of the Indian lands with-
25 in the tribe’s jurisdiction has been or is threatened

1 or adversely affected by a violation by a licensee
2 under paragraph (2), the Indian tribe, or the tribal
3 law enforcement agency, may bring a civil action on
4 behalf of the residents of those Indian lands in a
5 district court of the United States located nearest to
6 those Indian lands—

7 (A) to enjoin that practice; or

8 (B) otherwise to enforce compliance with
9 this section.

10 (f) NO IMPACT ON INDIAN GAMING REGULATORY
11 ACT.—

12 (1) IN GENERAL.—No provision of this title or
13 decision or action taken by an Indian tribe or State
14 pursuant thereto shall have any effect on non-Inter-
15 net gaming activities within the scope of section 11
16 of the Indian Gaming Regulatory Act (25 U.S.C.
17 2710) or any successor provisions or on any Tribal-
18 State compacts or authorities pursuant thereto.

19 (2) TRIBAL STATUS OR CATEGORY NOT AF-
20 FECTED.—Tribal operation of Internet gambling fa-
21 cilities under this title shall not be considered class
22 II or class III gaming under such section, and an
23 Indian tribe's status, category, or class under such
24 section shall not impact its status or ability to offer
25 bets or wagers pursuant to this title.

1 (3) NEW NEGOTIATIONS NOT REQUIRED.—

2 (A) INDIAN TRIBES.—The fact that an In-
3 dian tribe is operating under a license issued
4 under this title or that a tribal regulatory body
5 is acting as a qualified body under this title
6 shall not require an Indian tribe to negotiate a
7 new agreement, limitation, or other provision of
8 tribal-State compact, agreement, or other un-
9 derstanding with respect to gaming or revenue-
10 sharing, with regard to any bet or wager occur-
11 ring pursuant to a license issued under this
12 title.

13 (B) STATES.—The fact that a State has
14 opted in under this section or that a State reg-
15 ulatory body is acting as a qualified body under
16 this title shall not require the State to negotiate
17 a new agreement, limitation, or other provision
18 of tribal-State compact, agreement, or other un-
19 derstanding with respect to gaming or revenue-
20 sharing, with regard to any bet or wager occur-
21 ring pursuant to a license issued under this
22 title.

23 (g) NO IMPACT ON ACTIVITIES CARRIED OUT SOLE-
24 LY WITHIN A STATE OR WITHIN TRIBAL LANDS.—No
25 provision of this title shall have any effect on Internet

1 gaming activities that are authorized and licensed by that
2 State or Indian tribe (as the case may be) in compliance
3 with the law of that State or Indian tribe as of the date
4 before the date of the enactment of this Act, as applicable,
5 and that solely provide services to participants wholly
6 within the boundaries of that State or the Indian lands
7 of that Indian tribe.

8 **SEC. 109. PROHIBITION ON BETS OR WAGERS ON SPORTING**
9 **EVENTS.**

10 (a) IN GENERAL.—No provision of this title shall be
11 construed to authorize any licensee to accept a bet or
12 wager on any sporting event in violation of any applicable
13 provision of Federal or State law.

14 (b) CONSTRUCTION.—Nothing in this title shall be
15 construed to repeal or amend any provision of Federal or
16 State law prohibiting, restricting, or otherwise addressing
17 bets or wagers on sporting events, including provisions of
18 Federal and State law that permit participation in any
19 fantasy or simulation sports games.

20 **SEC. 110. PUBLIC INTERNET GAMBLING AND INTERNET**
21 **GAMBLING PARLORS PROHIBITED.**

22 (a) IN GENERAL.—It shall be considered a violation
23 of this title to operate a place of public accommodation,
24 club (including a club or association limited to dues-paying
25 members or similar restricted groups), or similar estab-

1 lishment in which computer terminals or similar access de-
2 vices are made available to be used principally for the pur-
3 pose of accessing Internet gambling facilities.

4 (b) CRIMINAL PENALTIES.—Any person who violates
5 subsection (a) shall be fined under title 18, United States
6 Code, imprisoned for not more than 5 years, or both.

7 (c) CONSTRUCTION.—Nothing in this title shall be
8 construed to authorize or otherwise to permit the oper-
9 ation of places of public accommodation, clubs (including
10 clubs or associations limited to dues-paying members or
11 similar restricted groups) and similar establishments that
12 permit access to Internet gambling facilities.

13 (d) RELATION TO STATE, LOCAL, AND TRIBAL
14 LAW.—Places of public accommodation, clubs, or similar
15 establishments described in subsection (c) shall be subject
16 to all otherwise applicable State, local, and tribal police,
17 criminal, zoning, and other regulatory powers which are
18 not intended to be limited in any way by this title.

19 **SEC. 111. SAFE HARBOR.**

20 It shall be an affirmative defense to any prosecution
21 or enforcement action under any provision of Federal,
22 State, or tribal law that the activity forming the basis of
23 such prosecution or enforcement action is authorized
24 under and has been carried out lawfully in accordance with
25 and under the terms of this title.

1 **SEC. 112. CHEATING AND OTHER FRAUD.**

2 (a) CHEATING AND CHEATING DEVICES PROHIB-
3 ITED.—

4 (1) CHEATING PROHIBITED.—No person initi-
5 ating, receiving, or otherwise making a bet or wager
6 with a licensee, or sending, receiving, or inviting in-
7 formation assisting with a bet or wager with a li-
8 censee shall knowingly violate, attempt to violate, or
9 assist another in violating the rules of play estab-
10 lished by the licensee for the purpose of obtaining
11 prohibited or unfair advantage in any game author-
12 ized under this title.

13 (2) CHEATING DEVICES.—Except as provided in
14 paragraph (3), no person initiating, receiving, or
15 otherwise making a bet or wager with a licensee, or
16 sending, receiving, or inviting information assisting
17 with a bet or wager with a licensee shall knowingly
18 use, possess, or assist another in the use of, an elec-
19 tronic, electrical, or mechanical device or software or
20 other program or tool which is designed, con-
21 structed, or programmed specifically for use in ob-
22 taining an advantage in any game authorized under
23 this title, where such advantage is prohibited or oth-
24 erwise violates the rules of play established by the li-
25 censee.

1 (3) PERMISSIBLE USES.—It shall not be a vio-
2 lation of this subsection for a licensee, its agents, a
3 qualified body, or its agents to use or possess a de-
4 vice described in the preceding sentence if—

5 (A) such use or possession is solely for
6 purposes of testing an Internet gambling facil-
7 ity;

8 (B) such device is not used in live play in-
9 volving actual bets or wagers; and

10 (C) such device is registered with the
11 qualified body that issued the applicable license.

12 (4) DISCLOSURE TO PUBLIC NOT REQUIRED.—
13 Notwithstanding any other provision of law, a reg-
14 istration under paragraph (3)(C) is not required to
15 be made available to the public.

16 (b) ADDITIONAL OFFENSE.—

17 (1) IN GENERAL.—Except as provided in para-
18 graph (3), no person initiating, receiving, or other-
19 wise making a bet or wager with a licensee, or send-
20 ing, receiving, or inviting information assisting with
21 a bet or wager with a licensee, shall knowingly use,
22 possess, or assist another in the use of any cheating
23 device with intent to cheat or defraud any licensee
24 or other persons placing bets or wagers with such li-
25 censee.

1 (2) BOTS.—A software program that makes
2 bets or wagers according to an algorithm shall con-
3 stitute a type of cheating device under this sub-
4 section.

5 (3) PERMISSIBLE USES.—It shall not be a vio-
6 lation of this subsection for a licensee, its agents, a
7 qualified body, or its agent to use or possess a device
8 described in paragraph (1) or (2) if—

9 (A) such use or possession is solely for
10 purposes of testing an Internet gambling facil-
11 ity;

12 (B) such device is not used in live play in-
13 volving actual bets or wagers; and

14 (C) such device is registered with the
15 qualified body that issued the applicable license.

16 (4) DISCLOSURE TO PUBLIC NOT REQUIRED.—
17 Notwithstanding any other provision of law, a reg-
18 istration under paragraph (3)(C) is not required to
19 be made available to the public.

20 (e) CRIMINAL PENALTY.—Whoever violates sub-
21 section (a) or (b) shall be fined under title 18, United
22 States Code, imprisoned for not more than 3 years, or
23 both.

24 (d) PERMANENT INJUNCTION.—Upon conviction of a
25 person for violation of this section, the court may enter

1 a permanent injunction enjoining such person from initi-
2 ating, receiving, or otherwise making bets or wagers or
3 sending, receiving, or inviting information assisting in the
4 placing of bets or wagers.

5 (e) REPORT ON THREATS TO OPERATION OF INTER-
6 NET GAMBLING FACILITIES.—

7 (1) IN GENERAL.—Not later than 1 year after
8 the date of first issuance specified in section 114(a),
9 the Director of the National Institute of Standards
10 and Technology shall submit to Congress a report on
11 threats to the integrity of Internet gambling facili-
12 ties operated by licensees.

13 (2) ELEMENTS.—The report required by para-
14 graph (1) shall include the following:

15 (A) Identification of threats to the integ-
16 rity of Internet gambling facilities operated by
17 licensees.

18 (B) Identification of technologies that
19 could be used to hack computer networks, facili-
20 tate cheating, or otherwise place consumers at
21 risk of fraud or monetary loss.

22 (C) An evaluation of steps taken by Inter-
23 net gambling facilities licensed under this title
24 to respond to the threats identified pursuant to
25 subparagraph (A).

1 (D) Recommendations for such measures
2 as the Director considers appropriate to deal
3 with the threats identified pursuant subpara-
4 graph (A).

5 **SEC. 113. CONSTRUCTION AND RELATION TO OTHER LAW.**

6 (a) NO IMPACT ON EXISTING LAWFUL GAMES.—

7 (1) IN GENERAL.—If bets or wagers on certain
8 games of skill that are not Internet gambling are
9 not regarded as gambling or otherwise prohibited
10 under all provisions of Federal, applicable State, or
11 tribal law—

12 (A) nothing in this title shall be construed
13 to require licensing under this title with respect
14 to such games; and

15 (B) fees paid to participate in such games
16 shall not be regarded as bets or wagers for pur-
17 poses of this title.

18 (2) RELIANCE.—Nothing in this title may be
19 relied on as support for the legality or permissibility
20 of any games without compliance with the licensing
21 and other requirements of this title.

22 (b) PREEMPTION OF STATE AND TRIBAL LAWS.—

23 (1) IN GENERAL.—Except as otherwise ex-
24 pressly provided in this title, the provisions of this
25 title shall supersede any provisions of the law of any

1 State or Indian tribe expressly relating to the per-
2 mitting, prohibiting, licensing, or regulating of Inter-
3 net gambling facilities and the law of any State or
4 Indian tribe expressly relating to the authorization,
5 prohibiting, licensing, expansion, or regulation of
6 gambling, except to the extent such State or tribal
7 laws are not inconsistent with this title.

8 (2) SAVINGS PROVISION.—Nothing in this title
9 may be construed to limit the applicability or en-
10 forcement of any State or tribal consumer protection
11 law of general applicability or preempt the applica-
12 bility of State or tribal trespass, contract, or tort
13 law.

14 (c) RELATION TO GAMBLING DEVICES TRANSPOR-
15 TATION ACT.—Equipment used by a licensee or significant
16 vendor in the furtherance of licensed activities pursuant
17 to this title (but not to the extent it is used for other pur-
18 poses) shall not be considered a gambling device within
19 the meaning of section 1 of the Act of January 2, 1951,
20 prohibiting the transportation of gambling devices in
21 interstate and foreign commerce (15 U.S.C. 1171).

22 (d) EXEMPTIONS FROM SUBCHAPTER IV OF CHAP-
23 TER 53 OF TITLE 31, UNITED STATES CODE.—Sub-
24 chapter IV of chapter 53 of title 31, United States Code,
25 is amended by adding at the end the following:

1 **“§ 5368. Inapplicability to certain gaming and wagers**

2 “The provisions of this subchapter—

3 “(1) restricting acceptance of bets or wagers
4 made by individuals located in the United States or
5 requiring the blocking or other prevention of re-
6 stricted transactions shall not apply with respect to
7 the placing, transmitting, or receiving of interstate
8 off-track wagers, as such term is defined in section
9 3 of the Interstate horseracing Act of 1978 (15
10 U.S.C. 3002), that are permissible under such Act
11 (15 U.S.C. 3001 et seq.), whether such off-track
12 wager is made by telephone, Internet, satellite, or
13 other wire or wireless communication facility, serv-
14 ice, or medium; and

15 “(2) shall not apply to any bet or wager—

16 “(A) occurring pursuant to a license issued
17 under title I of the Internet Gambling Regula-
18 tion, Enforcement, and Consumer Protection
19 Act of 2013, subject to section 109 of that Act;

20 “(B) that is permissible under the Inter-
21 state horseracing Act of 1978 (15 U.S.C. 3001
22 et seq.); or

23 “(C) is the purchase of a chance or oppor-
24 tunity to win a lottery or other prize—

25 “(i) which opportunity to win is pre-
26 dominantly subject to chance; and

1 “(ii) which is authorized by a State or
2 Indian tribe wholly within its borders.”.

3 (e) INAPPLICABILITY OF CERTAIN PROVISIONS TO
4 INTERSTATE OFF-TRACK WAGERS.—The provisions of
5 this title requiring a license shall not apply with respect
6 to the placing, transmitting, or receiving of interstate off-
7 track wagers, as such term is defined in section 3 of the
8 Interstate horseracing Act of 1978 (15 U.S.C. 3002), that
9 are permissible under such Act (15 U.S.C. 3001 et seq.),
10 whether such off-track wager is made by telephone, Inter-
11 net, satellite, or other wire or wireless communication fa-
12 cility, service, or medium.

13 (f) WIRE ACT AMENDMENTS.—

14 (1) DEFINITIONS.—Section 1081 of title 18,
15 United States Code, is amended—

16 (A) by designating the five undesignated
17 paragraphs as paragraphs (1) through (5), re-
18 spectively;

19 (B) in paragraph (2), as so designated by
20 subparagraph (A), by striking “value.” and in-
21 sserting “value, including any Internet gambling
22 facility.”;

23 (C) by amending paragraph (5), as so des-
24 igned by subparagraph (A), to read as fol-
25 lows:

1 “(5) The term ‘communication facility’ includes
2 any instrumentality, personnel, and services (includ-
3 ing, the receipt, forwarding, or delivery of commu-
4 nications) used in the transmission of a writing,
5 sign, picture, or sound of any kind by aid of wire,
6 cable, radio, or an electromagnetic, photoelectronic,
7 or photooptical system, or other like connection
8 (whether fixed or mobile) between the points of ori-
9 gin and reception of such transmission.”; and

10 (D) by adding at the end the following:

11 “(6) The term ‘bet or wager’ has the meaning
12 given the term in section 102 of the Internet Gam-
13 bling Regulation, Enforcement, and Consumer Pro-
14 tection Act of 2013.

15 “(7) The term ‘Internet’ means the inter-
16 national computer network of interoperable packet
17 switched data networks.

18 “(8) The term ‘Internet gambling facility’ has
19 the same meaning given the term in section 102 of
20 the Internet Gambling Regulation, Enforcement,
21 and Consumer Protection Act of 2013.

22 “(9) The terms ‘financial transaction provider’
23 and ‘insured depository institution’ have the mean-
24 ings given those terms in section 5362 of title 31,
25 United States Code.

1 “(10) The term ‘gambling business’ means a
2 business of betting or wagering.

3 “(11) The terms ‘own or control’ and ‘owned or
4 controlled’ include circumstances within the meaning
5 of section 2(a)(2) of the Bank Holding Company Act
6 of 1956 (12 U.S.C. 1841(a)(2)).”.

7 (2) MODIFICATION OF EXISTING PROHIBI-
8 TION.—Section 1084 of title 18, United States Code,
9 is amended to read as follows:

10 **“§ 1084. Transmission of wagering information; pen-**
11 **alties**

12 “(a) OFFENSE.—Except as otherwise provided in this
13 section or in the Internet Gambling Regulation, Enforce-
14 ment, and Consumer Protection Act of 2013, it shall be
15 unlawful for a person that is engaged in a gambling busi-
16 ness to knowingly use a communication facility for the
17 transmission in interstate or foreign commerce, within the
18 special maritime and territorial jurisdiction of the United
19 States, or to or from any place outside the jurisdiction
20 of any country with respect to any transmission to or from
21 the United States, of—

22 “(1) bets or wagers;

23 “(2) information assisting in the placing of bets
24 or wagers; or

1 “(3) a communication, which entitles the recipi-
2 ent to receive money or credit as a result of bets or
3 wagers, or for information assisting in the placing of
4 bets or wagers.

5 “(b) PENALTY.—Any person who violates subsection
6 (a) shall be fined under this title, imprisoned for not more
7 than 5 years, or both.

8 “(c) TRANSMISSION IN INTERSTATE OR FOREIGN
9 COMMERCE.—Except as otherwise provided in this sec-
10 tion, the transmission of bets or wagers, information as-
11 sisting in the placing of bets or wagers, or a communica-
12 tion which entitles the recipient to receive money or credit
13 as a result of bets or wagers, or for information assisting
14 in the placing of bets or wagers shall be considered a
15 transmission in interstate or foreign commerce subject to
16 this section if such transmission involved the use, in some
17 part, of the Internet.

18 “(d) RULES OF CONSTRUCTION.—Nothing in this
19 section shall be construed to—

20 “(1) prohibit—

21 “(A) the transmission of information as-
22 sisting in the placing of bets or wagers for use
23 in news reporting if such transmission does not
24 solicit or provide information for the purpose of

1 facilitating or enabling the placing or receipt of
2 bets or wagers;

3 “(B) the interstate transmission of infor-
4 mation relating to a State-specific lottery be-
5 tween a State or foreign country where such
6 betting or wagering is permitted under Federal,
7 State, tribal, or local law and an out-of-State
8 data center for the purposes of assisting in the
9 operation of such State-specific lottery; or

10 “(C) a qualifying intrastate lottery trans-
11 action (as defined in section 102 of the Internet
12 Gambling Regulation, Enforcement, and Con-
13 sumer Protection Act of 2013;

14 “(D) any authorized activity carried out in
15 connection with a license issued under the
16 Internet Gambling Regulation, Enforcement,
17 and Consumer Protection Act of 2013.

18 “(2) create immunity from criminal prosecution
19 under any laws of a State or tribe; or

20 “(3) authorize activity that is prohibited under
21 chapter 178 of title 28.

22 “(e) APPLICABILITY.—This section shall not apply to
23 any activity that is permissible under the Interstate horse-
24 racing Act of 1978 (15 U.S.C. 3001 et seq.), or any activ-
25 ity that is permissible under title I of the Internet Gam-

1 bling Regulation, Enforcement, and Consumer Protection
2 Act of 2013.

3 “(f) DUTY OF COMMON CARRIER.—

4 “(1) IN GENERAL.—If a common carrier (as de-
5 fined in section 3 of the Communications Act of
6 1934 (47 U.S.C. 153)), subject to the jurisdiction of
7 the Federal Communications Commission, is notified
8 in writing by a Federal, State, tribal, or local law
9 enforcement agency, acting within the jurisdiction of
10 the law enforcement agency, that a communication
11 facility furnished by the common carrier is being
12 used or will be used by a subscriber of the common
13 carrier for the purpose of transmitting or receiving
14 gambling information in interstate or foreign com-
15 merce, within the special maritime and territorial ju-
16 risdiction of the United States, or to or from any
17 place outside the jurisdiction of any country with re-
18 spect to any transmission to or from the United
19 States in violation of Federal, State, tribal, or local
20 law, the common carrier shall discontinue or refuse,
21 the leasing, furnishing, or maintaining of such facil-
22 ity, after reasonable notice to the subscriber.

23 “(2) LIMITATION ON LIABILITY.—No damages,
24 penalty, or forfeiture, civil or criminal, shall be
25 found against a common carrier for any act done in

1 compliance with any notice received from a law en-
2 forcement agency.

3 “(3) RULE OF CONSTRUCTION.—Nothing in
4 this subsection shall be construed to prejudice the
5 right of any person affected to secure an appropriate
6 determination, as otherwise provided by law, in a
7 Federal court or in a State, tribal, or local tribunal
8 or agency, that such facility should not be discon-
9 tinued or removed, or should be restored.

10 “(g) EXCLUSIONS.—This section, subchapter IV of
11 chapter 53 of title 31, and any other provision of Federal
12 law that establishes criminal penalties for any activity in-
13 volved in placing, receiving or otherwise transmitting a bet
14 or wager shall not apply to any bet or wager that—

15 “(1) is permissible under the Interstate horse-
16 racing Act of 1978 (15 U.S.C. 3001 et seq.);

17 “(2) is an international off-track wager on
18 horseracing, or the combination of international
19 horseracing pari-mutuel wagering pools, that is law-
20 ful in the State or foreign jurisdiction involved;

21 “(3) is permissible under the Prohibition of
22 Internet Gambling, Regulation, and Consumer Pro-
23 tection Act of 2013; or

1 “(4) is a qualifying intrastate lottery bet or
2 wager as defined in section 102 of the Act referred
3 to in paragraph (3).”.

4 (3) AUTHORIZATION OF CIVIL ENFORCE-
5 MENT.—

6 (A) IN GENERAL.—Chapter 50 of title 18,
7 United States Code, is amended by adding at
8 the end the following:

9 **“§ 1085. Civil remedies**

10 “(a) JURISDICTION.—The district courts of the
11 United States (in addition to any other remedies under
12 current law) shall have original and exclusive jurisdiction
13 to prevent and restrain violations of section 1084 by
14 issuing appropriate orders in accordance with this section,
15 regardless of whether a prosecution has been initiated
16 under section 1084.

17 “(b) PROCEEDINGS.—

18 “(1) DEFINITION.—In this subsection, the term
19 ‘account’ means—

20 “(A) the unpaid balance of money or its
21 equivalent received or held by an insured depos-
22 itory institution in the usual course of business
23 and for which it has given or is obligated to
24 give credit, either conditionally or uncondition-
25 ally, to an account, including interest credited,

1 or which is evidenced by an instrument on
2 which the depository institution is primarily lia-
3 ble; and

4 “(B) money received or held by an insured
5 depository institution, or the credit given for
6 money or its equivalent received or held by the
7 insured depository institution in the usual
8 course of business for a special or specific pur-
9 pose, regardless of the legal relationships estab-
10 lished thereby, including escrow funds, funds
11 held as security for securities loaned by the de-
12 pository institution, funds deposited as advance
13 payment on subscriptions to United States Gov-
14 ernment securities, and funds held to meet its
15 acceptances.

16 “(2) PROCEEDINGS.—The United States may
17 institute proceedings under this section—

18 “(A) to obtain injunctive or declarative re-
19 lief, including a temporary restraining order
20 and a preliminary injunction, against any per-
21 son (other than a financial transaction provider,
22 except as provided in paragraph (3)) to prevent
23 or restrain a violation or a threatened violation
24 of section 1084;

1 “(B) in the case of an insured depository
2 institution that is a financial transaction pro-
3 vider, to—

4 “(i) restrain an account maintained at
5 such insured depository institution if such
6 account is—

7 “(I) owned or controlled by a
8 gambling business; and

9 “(II) includes proceeds of, or is
10 used to facilitate a violation of section
11 1084; or

12 “(ii) seize funds in an account de-
13 scribed in clause (i) if such funds—

14 “(I) are owned or controlled by a
15 gambling business; and

16 “(II) constitute the proceeds of,
17 were derived from, or facilitated, a
18 violation of section 1084.

19 “(3) FINANCIAL TRANSACTION PROVIDERS.—

20 The limitation in paragraph (2)(A) shall not apply
21 if the financial transaction provider is a gambling
22 business, in which case, such financial transaction
23 provider shall be subject to the enforcement provi-
24 sions under paragraph (2).

25 “(4) INJUNCTIVE PROCEEDINGS.—

1 “(A) IN GENERAL.—The attorney general
2 (or other appropriate State official) of a State
3 in which a communication in violation of section
4 1084 allegedly has been or will be initiated or
5 received may institute proceedings under this
6 section to obtain injunctive or declarative relief
7 to prevent or restrain the violation or threat-
8 ened violation.

9 “(B) RELIEF.—Upon application of the at-
10 torney general (or other appropriate State offi-
11 cial) of an affected State under subparagraph
12 (A), the district court may enter a temporary
13 restraining order, a preliminary injunction, an
14 injunction, or declaratory relief against any per-
15 son (other than a financial transaction pro-
16 vider) to prevent or restrain a violation or
17 threatened violation of section 1084, in accord-
18 ance with rule 65 of the Federal Rules of Civil
19 Procedure.

20 “(5) ENFORCEMENT AUTHORITY.—Notwith-
21 standing paragraphs (2) and (4), for a communica-
22 tion in violation of section 1084 that allegedly has
23 been or will be initiated or received on Indian lands
24 (as that term is defined in section 4 of the Indian
25 Gaming Regulatory Act (25 U.S.C. 2703))—

1 “(A) the United States shall have the en-
2 forcement authority provided under paragraph
3 (2);

4 “(B) the enforcement authorities specified
5 in an applicable Tribal-State compact nego-
6 tiated under section 11 of the Indian Gaming
7 Regulatory Act (25 U.S.C. 2710) shall be car-
8 ried out in accordance with that compact; and

9 “(C) if there is no applicable Tribal-State
10 compact, an appropriate tribal official may in-
11 stitute proceedings in the same manner as an
12 attorney general of a State.

13 “(6) RULE OF CONSTRUCTION.—Nothing in
14 this subsection shall be construed to alter, super-
15 sede, or otherwise affect the application of the In-
16 dian Gaming Regulatory Act (25 U.S.C. 2701 et
17 seq.).

18 “(7) LIMITATION ON RELIEF.—Notwith-
19 standing paragraph (4), no relief shall be granted
20 under this section against a financial transaction
21 provider except as provided in paragraph (3).

22 “(c) LIMITATION ON LIABILITY.—No damages, pen-
23 alty, or forfeiture, civil or criminal, shall be found against
24 any person or entity for any act done in compliance with
25 any notice received from a law enforcement agency.”.

1 (B) CLERICAL AMENDMENT.—The table of
2 sections for chapter 50 of title 18, United
3 States Code, is amended by inserting after the
4 item relating to section 1084 the following:

“1085. Civil remedies.”.

5 (g) SYSTEMS USED IN SUPPORT OF LAWFUL GAM-
6 BLING.—

7 (1) IN GENERAL.—This title, subchapter IV of
8 chapter 53 of title 31, United States Code, section
9 1084 of title 18, United States Code, and any other
10 provision of Federal law that establishes criminal
11 penalties for any activity involved in placing, receiv-
12 ing, or otherwise transmitting a bet or wager, infor-
13 mation assisting in the placing of bets or wagers, or
14 a communication which entitles the recipient to re-
15 ceive money or credit as a result of bets or wagers,
16 shall not apply to gaming devices, information, or
17 communications, to the extent used to support bets
18 or wagers offered by a casino gaming facility that—

19 (A) occur between participants who are lo-
20 cated on the premises of the same casino gam-
21 ing facility; and

22 (B) are lawful in the State or on the In-
23 dian lands in or on which the casino gaming fa-
24 cility is located.

25 (2) DEFINITIONS.—In this subsection:

1 (A) CASINO GAMING FACILITY.—The term
2 “casino gaming facility” means any facility that
3 provides casino gaming on a riverboat, at a race
4 track, or in another facility, regardless of the
5 number of gaming devices in 1 physical loca-
6 tion, pursuant to a duly authorized license
7 issued by a gaming regulatory authority of a
8 State of Indian tribe.

9 (B) PARTICIPANTS.—The term “partici-
10 pants” includes all persons who are party to the
11 bet or wager, including, in the case of banked
12 games, the casino gaming facility or operator
13 itself.

14 (h) PRESERVATION OF EXISTING LAWFUL GAM-
15 BLING.—

16 (1) IN GENERAL.—This title, subchapter IV of
17 chapter 53 of title 31, United States Code, section
18 1084 of title 18, United States Code, and any other
19 provision of Federal law that establishes criminal
20 penalties for any activity involved in placing, receiv-
21 ing, or otherwise transmitting a bet or wager, infor-
22 mation assisting in the placing of bets or wagers, or
23 a communication which entitles the recipient to re-
24 ceive money or credit as a result of bets or wagers,
25 shall not apply to the offering of a bet or wager or

1 gambling game authorized, licensed, and regulated
2 by a State or Indian tribe on the day before the date
3 of enactment of this Act and otherwise lawful activi-
4 ties in support of the offering of that bet or wager
5 or gambling game, or that is permissible under the
6 Interstate Horseracing Act of 1978 (15 U.S.C. 3001
7 et seq.); or that is the purchase of a chance or op-
8 portunity to win a lottery or other prize—

9 (A) which opportunity to win is predomi-
10 nantly subject to chance; and

11 (B) which is authorized by a State or In-
12 dian tribe wholly within its borders;

13 (2) APPLICABILITY.—Paragraph (1) shall not
14 apply to—

15 (A) any expansion of or other change to
16 any such bet or wager or gambling game that
17 otherwise would violate any applicable provision
18 of Federal law if a change in State or tribal law
19 is necessary in order to permit such expansion
20 or change;

21 (B) the offering of a bet or wager or gam-
22 bling game of the same type and character in
23 a State or Indian tribe in which that bet or
24 wager or gambling game is not permitted on
25 the date of enactment of this Act; and

1 (C) qualifying intrastate lottery trans-
2 actions.

3 (3) CASINO GAMING FACILITY DEFINED.—In
4 this subsection, the term “casino gaming facility”
5 means any facility that provides casino gaming on a
6 riverboat, at a race track, or in another facility, re-
7 gardless of the number of gaming devices in 1 phys-
8 ical location, pursuant to a duly authorized license
9 issued by a gaming regulatory authority of a State
10 of Indian tribe.

11 **SEC. 114. ORDERLY TRANSITION.**

12 (a) ISSUANCE OF INITIAL LICENSES.—

13 (1) IN GENERAL.—Each qualified body des-
14 igned under section 105 before the date of first
15 issuance specified in this subsection, shall, to the ex-
16 tent practicable while meeting the requirements and
17 standards of this title, issue multiple licenses under
18 this title before such date in order to ensure a ro-
19 bust and competitive market for consumers and to
20 prevent the first licensees from gaining an unfair
21 competitive advantage.

22 (2) EFFECTIVE DATE OF INITIAL LICENSES.—

23 No license issued under this title shall authorize a
24 licensee to accept a bet or wager under this title be-

1 fore the date of first issuance specified in this sub-
2 section.

3 (3) DATE OF FIRST ISSUANCE.—The date of
4 first issuance specified in this subsection is the date
5 that is 270 days after the date of the enactment of
6 this Act.

7 (b) ORDERLY CESSATION OF UNLICENSED ACTIVITY
8 AND SAFEKEEPING OF CUSTOMER FUNDS.—

9 (1) IN GENERAL.—Each person shall, with re-
10 spect to an Internet gambling facility not licensed
11 under this Act and to the extent applicable to the
12 person—

13 (A) not later than 30 days after the date
14 of the enactment of this Act, cease offering, ac-
15 cepting, and providing services with respect to
16 bets or wagers from individuals the person
17 knows, or reasonably should know, are located
18 in the United States;

19 (B) provide to each individual located in
20 the United States who has outstanding sums on
21 deposit with such person notice to such indi-
22 vidual that operations will be ceasing pursuant
23 to paragraph (1) with instructions indicating
24 the procedures the individual should use to re-
25 quest the return of such sums—

1 (i) not later than 7 days after the
2 date of the enactment of this Act and not
3 less frequently than quarterly thereafter
4 until such sums have been returned, by e-
5 mail;

6 (ii) not later than 30 days after the
7 date of the enactment of this Act and not
8 less frequently than semi-annually there-
9 after until such sums have been returned,
10 by mail; and

11 (iii) beginning not later than 14 days
12 after the date of the enactment of this Act
13 and ending on the date that such sums
14 have been returned, by promptly displaying
15 notice each time such individual signs into
16 the Internet gambling facility;

17 (C) promptly return all outstanding sums
18 to individuals located in the United States who
19 have sums on deposit with such person, upon
20 the request of such individuals;

21 (D) during the 2-year period beginning on
22 the date of the enactment of this Act, retain all
23 outstanding sums on deposit with such person
24 that are owed to individuals under subpara-
25 graph (C) the disposition of which remains un-

1 resolved because of a lack of a request by such
2 individual under such subparagraph or other
3 reason; and

4 (E) on the date that is 2 years and 1 day
5 after the date of the enactment of this Act,
6 place any remaining sums on deposit with such
7 person that are owed to individuals under sub-
8 paragraph (C) the disposition of which remains
9 unresolved in escrow with a financial institution
10 in the United States for safekeeping and or-
11 derly disposition as the Secretary may direct.

12 (2) **APPLICABILITY REGARDLESS OF LICENSE**
13 **APPLICATION STATUS.**—Paragraph (1) applies to
14 any person who has operated an Internet gambling
15 facility not licensed under this Act regardless of
16 whether the person applies for a license or seeks a
17 certificate of suitability with respect to an applica-
18 tion for a license under this title.

19 (3) **CRIMINAL PENALTY.**—Whoever violates
20 paragraph (1) shall be fined under title 18, United
21 States Code, in an amount not to exceed 3 times the
22 amount of the funds subject to this subsection or
23 imprisoned under such title for not more than 2
24 years, or both.

1 (4) REGULATIONS.—The Office of Internet
2 Gambling Oversight shall prescribe regulations to
3 carry out this subsection.

4 (5) JUDICIAL REVIEW.—An applicant may seek
5 judicial review of a determination under paragraph
6 (1) or (2) only by the United States district court
7 for the District of Columbia in accordance with
8 chapter 7 of title 5, United States Code.

9 (c) NO EFFECT ON EXISTING LAW.—Nothing in this
10 section shall be construed to repeal, to amend, or to affect
11 the interpretation of any provision of Federal or State law
12 that was in effect before the date of the enactment of this
13 Act that—

14 (1) authorizes the provision of services relating
15 to bets or wagers by facilities authorized and li-
16 censed by that State or Indian tribe in compliance
17 with the law of that State or Indian tribe, as appli-
18 cable, and solely provides services to participants
19 wholly within the boundaries of such State or the In-
20 dian lands of such Indian tribe;

21 (2) prohibits, restricts, or otherwise addresses
22 bets or wagers; or

23 (3) prohibits fraud, unfair or deceptive acts or
24 practices, or other criminal activity.

1 **SEC. 115. ANNUAL REPORTS.**

2 (a) LICENSING AND REGULATION OF INTERNET
3 GAMBLING FACILITIES.—

4 (1) IN GENERAL.—Not later than 1 year after
5 the date of first issuance specified in section 114(a)
6 and not less frequently than annually thereafter, the
7 Secretary shall submit to Congress a report on the
8 licensing and regulation of Internet gambling facili-
9 ties under this title.

10 (2) ELEMENTS.—Each report submitted under
11 paragraph (1) shall include the following:

12 (A) A description of all notices received by
13 the Secretary under subsections (b) and (c) of
14 section 108.

15 (B) The amount of assessments collected
16 under section 106(e) and, in cooperation with
17 the Secretary of the Treasury, an estimate of
18 the amount of income tax revenue that is at-
19 tributable to the operation of Internet gambling
20 facilities during the period covered by the re-
21 port.

22 (C) A list of qualified bodies, the number
23 of licensees reviewed by the qualified bodies
24 under this title, and the outcomes of such re-
25 views.

1 (D) A description of the efforts the Sec-
2 retary has undertaken to ensure that qualified
3 bodies are properly issuing licenses and regu-
4 lating licensees under this title.

5 (E) A detailed description of each type of
6 game offered by licensees and how each type is
7 consistent with the definition of “poker” under
8 section 102.

9 (F) Such other information as the Sec-
10 retary considers appropriate.

11 (b) CONSUMER PROTECTION.—

12 (1) IN GENERAL.—Not later than 1 year after
13 the date of first issuance specified in section 114(a)
14 and not less frequently than annually thereafter, the
15 Secretary shall submit to the Committee on Bank-
16 ing, Housing and Urban Affairs of the Senate and
17 the Committee on Financial Services of the House of
18 Representatives a report on commercial and regu-
19 latory practices carried out to protect consumers
20 with respect to Internet gambling, including the
21 practices carried out pursuant to the requirements
22 of section 107 and the regulations prescribed pursu-
23 ant to such section.

24 (2) ELEMENTS.—Each report submitted under
25 paragraph (1) shall include the following:

1 (A) A detailed description of the efforts of
2 each qualifying body to protect consumers from
3 unfair or deceptive acts or practices, including
4 deceptive advertising and marketing to minors.

5 (B) A description of the practices that the
6 Secretary recommends qualifying bodies adopt
7 to protect consumers.

8 (C) Such recommendations as the Sec-
9 retary may have for legislative action as the
10 Secretary considers necessary to protect con-
11 sumers with respect to Internet gambling.

12 (D) Such other information as the Sec-
13 retary considers appropriate.

14 **SEC. 116. INDEPENDENT TESTING OF LICENSED OPERATOR**
15 **EQUIPMENT.**

16 (a) **REQUIREMENT.**—The Secretary shall require
17 independent testing of hardware, software, communica-
18 tions equipment, and other necessary devices for Internet
19 gambling facilities to ensure the integrity, accountability,
20 and randomness of play and network security.

21 (b) **DEFINITION.**—For purposes of this section, the
22 term “independent testing” means testing conducted by
23 a scientific laboratory—

24 (1) that is accredited by an intentional accredi-
25 tation body approved by the Secretary;

1 (2) that is competent and qualified to scientif-
2 ically test and evaluate equipment, software, commu-
3 nications and functionality relating to the operation
4 of an Internet gambling facility; and

5 (3) that is not be owned or controlled by an
6 Internet gambling facility, an electronic gaming
7 equipment vendor, manufacturer, or retailer, or an
8 Internet gaming operator.

9 **SEC. 117. INCLUSION OF AUTHORITY TO ADDRESS GAM-**
10 **BLING ADDICTION IN SAMHSA AUTHORITIES.**

11 Section 501(d) of the Public Health Service Act (42
12 U.S.C. 290aa(d)) is amended—

13 (1) by striking “and” at the end of paragraph
14 (17);

15 (2) by striking the period at the end of para-
16 graph (18) and inserting “; and”; and

17 (3) by adding at the end the following:

18 “(19) establish and implement programs for the
19 identification, prevention, and treatment of patholog-
20 ical and other problem gambling.”.

21 **SEC. 118. COMPILATION OF DATASETS ON PLAYER BEHAV-**
22 **IOR.**

23 The Secretary shall compile and make available to the
24 public, on the Web site of the Department of the Treasury,
25 datasets, with respect to Internet gambling, on player be-

1 havior from customer tracking data collected or generated
2 by loyalty programs, player tracking software, online gam-
3 bling transactions, or any other information system. The
4 Secretary shall ensure that personally identifying informa-
5 tion, including player name, street address, and bank or
6 credit information, are automatically removed from the
7 data. The data shall include information on player charac-
8 teristics including gender, age and region of residence,
9 player behavior including frequency of play, length of play,
10 speed of play, denomination of play, amounts wagered
11 and, if applicable, number of lines or hands played, and
12 characteristics of games played.

13 **SEC. 119. EFFECTIVE DATE.**

14 (a) IN GENERAL.—Except as otherwise provided in
15 this title, the provisions of this title shall take effect on
16 the date that is 30 days after the date of the enactment
17 of this Act.

18 (b) REGULATIONS REQUIRED BEFORE ISSUING LI-
19 CENSES.—Notwithstanding any other provision of this
20 title, a qualified body may not issue a license under this
21 title until the qualified body has issued regulations to meet
22 its obligations as a qualified body.

1 **TITLE** **II—ENFORCEMENT**
2 **UNDER TITLES 18 AND 31,**
3 **UNITED STATES CODE**

4 **SEC. 201. FINANCIAL SERVICE PROVIDERS.**

5 Subchapter IV of chapter 53 of title 31, United
6 States Code, is amended—

7 (1) in section 5362—

8 (A) by redesignating paragraph (11) as
9 paragraph (12); and

10 (B) by inserting after paragraph (10) the
11 following:

12 “(11) LIST OF LICENSED INTERNET GAMBLING
13 FACILITIES.—The term ‘list of licensed Internet
14 gambling facilities’ means the list established and
15 maintained under section 106(n) of the Internet
16 Gambling Regulation, Enforcement, and Consumer
17 Protection Act of 2013.”; and

18 (2) in section 5364, by striking subsection (d)
19 and inserting the following:

20 “(d) FINANCIAL TRANSACTION PROVIDERS.—

21 “(1) IN GENERAL.—A financial transaction pro-
22 vider shall prevent, prohibit, or suspend its service
23 from completing payment transactions involving cus-
24 tomers within the United States and a person or en-
25 tity that is—

1 “(A) an Internet gambling facility not in-
2 cluded on the list of licensed Internet gambling
3 facilities, or that the financial transaction pro-
4 vider reasonably believes is included on such
5 list;

6 “(B) demonstrated to be, or that the fi-
7 nancial transaction provider reasonably believes
8 to be, an unlicensed Internet gambling enter-
9 prise, based on information other than the list
10 of licensed Internet gambling facilities; or

11 “(C) acting on behalf of an Internet gam-
12 bling facility that is not included on the list of
13 licensed Internet gambling facilities, or that the
14 financial transaction provider reasonably be-
15 lieves is included on such list, if the financial
16 transaction provider has knowledge that such
17 person or entity is acting on behalf of the unli-
18 censed person or entity.

19 “(2) SAFE HARBOR.—A financial transaction
20 provider shall not be held liable to any person—

21 “(A) for engaging in a financial activity or
22 transaction, including a payments processing
23 activity, in connection with a bet or wager that
24 the provider believes is permitted by the Inter-
25 net Gambling Regulation, Enforcement, and

1 Consumer Protection Act of 2013 or the Inter-
2 net horseracing Act of 1978 (15 U.S.C. 3001 et
3 seq.), unless the financial transaction provider
4 has actual knowledge that the financial activity
5 or transaction was conducted in violation of ei-
6 ther such Act or any applicable provision of
7 Federal or State law; or

8 “(B) for taking any action pursuant to
9 paragraph (1).”.

10 **SEC. 202. AMENDMENTS RELATING TO ILLEGAL GAMBLING**
11 **BUSINESSES.**

12 Section 1955(b)(1) of title 18, United States Code,
13 is amended—

14 (1) in clause (i), by striking “(i) is” and insert-
15 ing “(A)(i) is”;

16 (2) in clause (iii), by striking the period at the
17 end and inserting “; or”; and

18 (3) by adding at the end the following:

19 “(B) is an unlawful Internet gambling fa-
20 cility, as defined in section 102 of the Internet
21 Gambling Regulation, Enforcement, and Con-
22 sumer Protection Act of 2013.”.

1 **SEC. 203. FURTHER AMENDMENTS TO SUBCHAPTER IV OF**
2 **CHAPTER 53 OF TITLE 31, UNITED STATES**
3 **CODE.**

4 Section 5362(10) of title 31, United States Code, is
5 amended—

6 (1) by striking subparagraphs (A) through (C)
7 and inserting the following:

8 “(A) **IN GENERAL.**—The term ‘unlawful
9 Internet gambling’ means to place, receive, or
10 otherwise knowingly transmit a bet or wager by
11 or on behalf of a person located in the United
12 States by any means which involves the use, at
13 least in part, of the Internet, unless such bet or
14 wager is expressly permitted under applicable
15 Federal law.”;

16 (2) by redesignating subparagraph (D) as sub-
17 paragraph (B);

18 (3) in subparagraph (B), as so redesignated, by
19 striking clause (iii); and

20 (4) by striking subparagraph (E) and inserting
21 the following:

22 “(C) **QUALIFYING INTRASTATE LOTTERY**
23 **TRANSACTIONS.**—The term ‘unlawful Internet
24 gambling’ does not include the purchase of a
25 chance or opportunity to win a lottery or other
26 prize that satisfies all of the conditions and lim-

1 itations set out in section 102(3)(B) of the
2 Internet Gambling Regulation, Enforcement,
3 and Consumer Protection Act of 2013.

4 “(D) LICENSED INTERNET GAMBLING FA-
5 CILITIES.—The term ‘unlawful Internet gam-
6 bling’ does not include an activity carried out
7 by an Internet gambling facility, as such term
8 is defined in section 102 of the Internet Gam-
9 bling Regulation, Enforcement, and Consumer
10 Protection Act of 2013, operated by a person
11 under a license provided under title I of that
12 Act, in accordance with the provisions of that
13 title I.”.

14 **SEC. 204. BETTOR FORFEITURE.**

15 Section 981(a)(1) of title 18, United States Code, is
16 amended by adding at the end the following:

17 “(I) Any property, real or personal, in-
18 volved in a transaction or attempted transaction
19 in violation of section 103 of the Internet Gam-
20 bling Regulation, Enforcement, and Consumer
21 Protection Act of 2013, or any property trace-
22 able to such property.”.

23 **SEC. 205. REGULATIONS.**

24 (a) REGULATIONS.—Not later than 180 days after
25 the date of enactment of this Act, the Secretary of the

1 Treasury shall prescribe such regulations as the Secretary
2 of the Treasury considers necessary to ensure compliance
3 with the Bank Secrecy Act (12 U.S.C. 1951 et seq.; 31
4 U.S.C. 5311 et seq.), by licensees, significant vendors to
5 such licensees, and financial service providers to such li-
6 censees (as those terms are defined in section 102).

7 (b) REVISION OF REGULATIONS.—Not later than 180
8 days after the date of enactment of this Act, the Secretary
9 of the Treasury shall revise part 233 of title 12, Code of
10 Federal Regulations, and part 132 of title 31, Code of
11 Federal Regulations, to conform with the provisions of
12 title I.

13 **SEC. 206. CONFORMING AMENDMENT.**

14 Section 310(b)(2)(I) of title 31, United States Code,
15 is amended by striking “subchapter II” and inserting
16 “subchapters II and IV”.

17 **TITLE III—OTHER MATTERS**

18 **SEC. 301 SEVERABILITY.**

19 If any provision of this Act is declared unconstitu-
20 tional, or the applicability thereof to any person or cir-
21 cumstances is held invalid, the remainder of the Act shall
22 remain in effect and will continue to apply to other per-
23 sons and circumstances.

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