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.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) Short Title.—This Act may be cited as the “Internet Gambling Regulation, Enforcement, and Consumer Protection Act of 2013”.

(b) Table of Contents.—The table of contents for 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 REGULATION AND CONSUMER PROTECTION

4 SEC. 101. FINDINGS.

(a) FINDINGS.—Congress makes the following findings:

(1) Since the development of the Internet, Internet sites offering Internet gambling have raised
consumer protection and enforcement concerns for Federal and State governments as such Internet sites are often run by unknown operators located in many different countries, subject to little or no oversight, and have sought to attract customers from the United States.

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

(3) In 2006, Congress enacted the Unlawful Internet Gambling Enforcement Act, which prohibited the acceptance or processing of financial instruments for the purpose of unlawful Internet gambling, but which did not clarify which bets or wagers are prohibited by law. Groups such as the National
District Attorneys Association and the Fraternal Order of Police have expressed support for a law that clearly prohibits all unlicensed Internet gambling. Enacting such a law will aid law enforcement, prosecutors and courts in their efforts to curtail unlawful Internet gambling.

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

(5) A growing number of States and Indian tribes have legalized or are considering legalizing and promoting Internet gambling to generate revenue. Absent Federal limitations and enforcement, State regulation of Internet gambling, including consumer safeguards, could vary widely from State to State, and States could have difficulty enforcing Internet gambling restrictions within their borders, especially against out-of-State operators.
(6) A number of States have authorized or are considering authorizing Internet purchases of lottery subscriptions or other lottery games to generate revenue, which should not be prevented by Federal law.

(7) Federal law needs to be updated to make clear its relationship to Internet gambling to strengthen enforcement and to ensure an effective Internet gambling enforcement structure that protects consumers and the ability of States to enforce State laws relating to Internet gambling.

(8) Since the passage of the Professional and Amateur Sports Protection Act (Public Law 102–559) in 1992, which added chapter 178 to title 28, United States Code, such chapter has played an important and effective role in implementing long-standing Federal policy against gambling on professional, scholastic, and amateur sporting events.

(9) Additional tools to assist law enforcement, banks and financial transaction providers, and Internet service providers in the prevention of unlawful Internet gambling activities would be important and beneficial. Maintenance of a list of licensed Internet gambling operators would provide a level of certainty as to permitted transactions and law enforcement efforts.
(10) Internet gambling, like much other Internet commerce, traverses State boundaries. Any particular transaction may cross a number of State boundaries from origin to destination, and communications between the same parties at different times may travel along markedly different routes, based on factors such as traffic, load capacity, and other technical considerations outside the control of sender and recipient. For that reason, among others, the Federal courts consistently have ruled that the Internet is an instrumentality and channel of interstate commerce and, as such, is subject to Congress’s plenary authority. For these same reasons, Internet gambling by its very nature implicates Federal concerns, and is different in kind and effect from traditional gambling activity.

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

(A) to prevent underage wagering and otherwise to protect vulnerable individuals;

(B) to ensure the games are fair and are conducted honestly;
(C) to ensure that States and Indian tribes that wish to prohibit Internet gambling may do so;

(D) to promote the ability of State and Tribal lotteries to generate revenue for the jurisdictions that license them; and

(E) to facilitate the enforcement of Federal, State, and tribal laws against unauthorized Internet gambling.

(12) To avoid uneven treatment of Internet gambling and land-based gambling and the risk of discrimination against existing land-based gambling operations and States that have authorized gambling, a Federal regime to regulate Internet gambling should contain revenue measures sufficient to ensure that Internet gambling activities generate at least equivalent revenues for the Federal Government and the States combined as they would generate if the gambling was carried out at land-based operations.

(13) Federal regulation of Internet gambling should be designed and implemented to foster a level-playing field among all forms of traditional gambling and all types of Internet gambling operators, including casinos, Indian tribes offering gam-
bling services, State-licensed lotteries, horseracing, and any other form of gambling that is not sports-related, as well as among Internet companies with relevant expertise in e-commerce who meet the same qualifications as traditional casinos for integrity and for the capacity to carry out Internet gambling operations that meet applicable Federal and State standards.

SEC. 102. DEFINITIONS.

In this title:

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

(2) BET OR WAGER.—

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

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

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

(ii) A qualifying intrastate lottery transaction.
(3) CASINO GAMING.—

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

(B) EXCEPTION.—The term “casino gaming” does not include lotteries of States or Indian tribes in compliance with the law of that State or Indian tribe, as applicable, and which solely provide lottery tickets to participants wholly within the boundaries of such State or the Indian lands of such Indian tribe.

(4) GAMING DEVICE.—

(A) IN GENERAL.—Except as provided in subparagraph (B), the term “gaming device” means any computer-based gambling machine, including slot machines and video lottery terminals that have been approved by a gaming regulatory authority of a State or Indian tribe.
(B) EXCEPTION.—The term “gaming device” does not include machines that process bets or wagers for pari-mutuel betting pools.

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

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

(7) INTERNET GAMBLING FACILITY.—The term “Internet gambling facility” means an Internet website, or similar communications facility in which transmissions may cross State boundaries, through which a bet or wager is initiated, received, or otherwise made, whether transmitted by telephone, Internet, satellite, or other wire or wireless communication facility, service, or medium, including an Internet gambling facility not operating under a license in good standing issued under this title, including any facility that facilitates qualifying intrastate lottery transactions to the degree that such facility facilitates such transactions.

(8) LICENSEE.—The term “licensee” means a person who operates an Internet gambling facility
under a license issued by a qualified body pursuant to this title.

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

(10) **OPERATE AN INTERNET GAMBLING FACILITY.**—The term “operate an Internet gambling facility” means to conduct, direct, manage, own, supervise, or control an Internet gambling facility.

(11) **PERSON.**—The term “person” means a natural person, corporation, casino gambling facility, or race track, an Internet gambling facility, an Internet poker facility, a State or State agency, or an Indian tribe or corporation, agency, or instrumentality of an Indian tribe.

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

(A) The Office of Internet Gambling Oversight established under section 104(a) and designated under section 105(a)(2).

(B) Any State agency or regulatory body of an Indian tribe that has been designated as
a qualified body under paragraph (1) or (3) of section 105(a).

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

(14) QUALIFYING INTRASTATE LOTTERY.—The term “qualifying intrastate lottery” means a lottery or other prize, through the purchase of a chance or opportunity to win, that is offered by a State or Indian tribe—

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

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

(C) in which the opportunity to win is predominantly subject to chance; and

(D) that provides the chances or opportunity to win for purchase to participants only within the boundaries of that State or the Indian lands of that Indian tribe, as the case may be.

(15) QUALIFYING LOTTERY TRANSACTION.—The term “qualifying lottery transaction” means the purchase of a chance or opportunity to win a lottery.
or other prize offered by a State lottery, operating lawfully under the laws of a State or Indian tribe, that is not sports-related and—

(A) which opportunity to win is predominantly subject to chance; and

(B) which is authorized by a State or Indian tribe.

(16) REMOTE GAMING EQUIPMENT.—

(A) IN GENERAL.—Except as provided in subparagraph (B), the term “remote gaming equipment” means electronic or other equipment principally used by or on behalf of an operator of an Internet gambling facility, including by any significant vendor to such operator, to—

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

(ii) present to persons who are participating or who may participate in Internet gambling the game that is to be played;

(iii) determine all or part of, or the effect of, a result relevant to Internet gambling and to store information relating thereto;
(iv) accept payment with respect to Internet gambling from the player; or

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

(B) EXCEPTION.—The term “remote gaming equipment” does not include the following:

(i) Equipment used for business continuity, back-up, excess capacity, or other secondary use.

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

(iii) Equipment operated in the ordinary course of providing banking, telecommunications, or payment processing services.

(iv) Such other equipment that provides ancillary services as the Secretary considers appropriate.

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

(18) SIGNIFICANT VENDOR.—The term “significant vendor” means a person who—
(A) on behalf of a licensee, knowingly manages, administers, or controls bets or wagers that are initiated, received, or otherwise made within the United States;

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

(C) on behalf of a licensee, develops, maintains, or operates the software or other system programs or hardware on which the games or the bets or wagers are managed, administered, or controlled;

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

(E) sells, licenses, or otherwise receives compensation for selling or licensing information on individuals in the United States that made bets or wagers with an Internet gambling facility not licensed under this title via a database or customer lists;

(F) provides any products, services, or assets to a licensee and is paid a percentage of
gaming revenue or commission fees by the li-
censee (not including fees to financial institu-
tions and payment providers for facilitating a
deposit by a customer); or

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

(19) SPORTING EVENT.—

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

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

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

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

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

(2) EXCEPTION.—Paragraph (1) shall not apply to the operation of an Internet gambling facility by a person located inside the United States who is a licensed operator under this Act; to any qualified race track; to any operator offering qualifying lottery transactions; to any operator authorized and licensed to provide services relating to bets or wagers by a State or Indian tribe in compliance with the law of that State or Indian tribe, as applicable, and which solely provides services to participants wholly within the boundaries of such State or the Indian lands of such Indian tribe; or to any person engaged outside the United States in which bets or wagers are initiated, received, or otherwise made solely by individuals located outside the United States.

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

SEC. 104. OFFICE OF INTERNET GAMBLING OVERSIGHT.

(a) ESTABLISHMENT.—
(1) IN GENERAL.—Not later than 180 days after the date of the enactment of this Act, the Secretary shall establish within the Department of the Treasury an office to exercise the functions of the Secretary under this title.

(2) DESIGNATION.—The office established under paragraph (1) shall be known as the “Office of Internet Gambling Oversight” (in this section referred to as the “Office”).

(b) EXECUTIVE DIRECTOR.—

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

(2) EXPERIENCE AND EXPERTISE.—The executive director of the Office shall be appointed by the Secretary from among individuals who demonstrate the following:

(A) Skill and experience in gaming regulation and enforcement.

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

(C) A reputation for good character, honesty, and integrity.

(3) BACKGROUND INVESTIGATION.—Before appointing an individual as executive director under paragraph (1), the Secretary shall conduct a back-
ground investigation into the financial stability, integrity, and responsibility of the individual.

(4) LIMITATIONS.—The Secretary may not appoint under paragraph (1) an individual who—

(A) has been convicted of a felony; or

(B) maintains any ownership or equity interest or any ongoing business relationship with—

(i) an operator of a casino gaming facility, Internet gambling facility, race track, lottery, or other regulated gambling entity; or

(ii) A significant vendor.

(c) DELEGATION OF AUTHORITY.—

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

(2) REGULATORY AUTHORITY OF EXECUTIVE DIRECTOR.—The executive director of the office may prescribe such regulations and take such actions as may be necessary to carry out such authorities, duties, or responsibilities delegated to the executive director by the Secretary paragraph (1).

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

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

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

(f) DETAIL OF GOVERNMENT EMPLOYEES.—Any Federal Government employee may be detailed to the office without reimbursement, and such detail shall be without interruption or loss of civil service status or privilege.
SEC. 105. QUALIFIED BODIES.

(a) Designation of Qualified Bodies.—

(1) Initial designation of qualified bodies.—

(A) Designation.—

(i) In general.—Not later than 270 days after the date of the enactment of this Act, the Secretary shall designate as qualified bodies all State agencies, and regulatory bodies of Indian tribes, that submit applications under subparagraph (B) and satisfy the criteria set forth under subparagraph (C).

(ii) Subsequent designations.—

After the initial designations—

(I) the Secretary may at any time designate additional State agencies or regulatory bodies of Indian tribes as qualified bodies as deemed appropriate to carry out the goals of this Act, so long as they meet the criteria set forth under subparagraph (C); and

(II) notify each such agency or regulatory body of the determinations
and designations made under sub-
clause (I).

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

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

(i) The size and qualification of staff
of the qualified body to ensure the quali-
ified body employs sufficient number of en-
forcement agents with experience in gam-
ing regulatory enforcement areas to dis-
charge its intended functions and has the
sophistication and resources necessary to
evaluate issues unique to the Internet envi-
ronment.

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

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

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

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

(I) To investigate the suitability

of each person required to be found
suitable in connection with an application or license under this title.

(II) To require licensees to maintain appropriate procedures to ensure the compliance of licensees with the provisions of this title and the regulations prescribed thereunder.

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

(IV) To summon a licensee, an applicant, a significant vendor, an officer or employee of a licensee, applicant, or significant vendor (including a former officer or employee), or any person having possession, custody, or care of the reports and records required by the agency or regulatory body as a qualified body under this title to appear before the agency or regulatory body at such time and
place named in the summons, to produce such books, papers, records, or other data, and to give such testimony, under oath, as may be relevant or material to any investigation in connection with the enforcement of this title or any application for a license under this title.

(V) To enforce or direct enforcement of a summons in State or tribal court, as the case may be.

(VI) To investigate any violation of a provision of this title, any applicable regulation prescribed under this title, and any other violation of applicable State or tribal law relating to the operation of an Internet gambling facility.

(VII) To conduct continuing reviews of applicants, licensees, and significant vendors and the operation of Internet gambling facilities by use of technological means, on-site observation of facilities, including servers, or other reasonable means to assure
compliance with the provisions of this title and any applicable regulation prescribed thereunder.

(VIII) To impose civil penalties for violations of this title and any applicable regulation prescribed thereunder or applicable order issued thereunder, including State or tribal law described under this subsection.

(IX) To ensure that the hardware, software, and communications equipment, randomness, configuration, and network security of the Internet gambling facility are tested by an independent testing laboratory.

(X) To resolve disputes between licensees and the individuals participating in Internet gambling via the Internet gambling facilities of the licensees.

(vi) Such other standards as the Secretary considers relevant to the ability of an agency or regulatory body to serve as an effective qualified body.
(2) Designation of Office of Internet Gambling Oversight.—

(A) In general.—Not later than 270 days after the date of the enactment of this Act, the Secretary shall designate the Office of Internet Gambling Oversight established under section 104(a) as a qualified body that may issue licenses to Internet gambling facility applicants and regulate the operation of Internet gambling facilities by any applicant who seeks to operate a licensed Internet gambling facility in the United States.

(B) Construction.—Subparagraph (A) shall not be construed to require any applicant seeking a license under this title and submitting an application under section 106(e)(1) to submit such application directly to the Office of Internet Gambling Oversight, rather than submitting such application to a State agency or regulatory body of an Indian tribe that has been designated by the Office of Internet Gambling Oversight as a qualified body.

(3) Nonqualifying State and Tribal Regulatory Authorities Due to Limited Experience or Conflicts.—
(A) IN GENERAL.—The Secretary may not approve an application from a State agency or regulatory body of an Indian tribe under paragraph (1) if—

(i) the agency or regulatory body is located in a State or Indian lands that—

(I) has not opted in under section 108 and has not demonstrated an intent to opt in under such section; or

(II) has not opted in under such section and has demonstrated an intent to opt in under such section but has failed to opt in under such section during the 1-year period beginning on the date of the agency’s or regulatory body’s application; or

(ii) the members of the agency or regulatory body are selected or controlled, directly or indirectly, by a person that has any ownership interest in an applicant, licensee, or significant vendor under this title or an Internet gambling facility, unless—

(I) such applicant or licensee is licensed by the Secretary; or
(II) such significant vendor is certified as suitable by the Secretary (and remains so certified at all times while providing services as a significant vendor to any licensee under this title).

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

(4) WITHDRAWAL OF DESIGNATION.—

(A) IN GENERAL.—Beginning on the date that is 1 year after the date on which the Secretary prescribes final regulations under this title, the Secretary may, after providing at least 60 days notice to a qualified body of the Secretary’s intent to do so, withdraw the designation of a qualified body under this section if the Secretary determines that—

(i) the qualified body is not in compliance with the requirements of this title or regulations prescribed thereunder; or
(ii) the qualified body is not in compliance with the conditions under which the qualified body was designated.

(B) OPPORTUNITY TO COMPLY.—

(i) IN GENERAL.—The Secretary may provide a qualified body who receives notice under subparagraph (A) with an opportunity to come into compliance as specified in that notice for a period of not more than 90 days.

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

(C) EFFECT OF NOTICE.—The Secretary may prohibit a qualified body that receives notice under subparagraph (A) from issuing new licenses under this title until the Secretary determines that the qualified body is in compliance with the requirements of this title and regulations prescribed thereunder.

(D) RIGHT TO APPEAL.—A State agency or regulatory body of an Indian tribe that has
had its designation as a qualified body withdrawn under subparagraph (A) or (B) may seek judicial review of such withdrawal under chapter 7 of title 5, United States Code.

(5) Action upon withdrawal of designation.—

(A) In general.—Not later than 30 days after the date on which the Secretary withdraws a designation of a State agency or regulatory body of an Indian tribe under paragraph (5), each person with a license issued by the agency or regulatory body shall—

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

(II) return all customer deposits of United States customers, or place those sums the return of which to United States customers is not feasible due to change in customer address, bank details, or similar difficulty in escrow in an account with a financial institution in the United States for safekeeping and orderly disposition by the Secretary; or
(ii) apply for a new license from a different qualified body.

(B) INTERIM OPERATION.—If a person applies for a new license under clause (ii) of subparagraph (A), the person may continue the activities described in clause (i)(I) of such subparagraph until final action is taken on the license application by the qualified body.

(C) INTERIM REGULATORY OVERSIGHT.—

(i) IN GENERAL.—Until final action is taken under subparagraph (B) with respect to a person, the Secretary shall have enforcement and regulatory authority over the licensed activities of such person.

(ii) DELEGATION.—The Secretary may delegate enforcement and regulatory authority under clause (i) to such qualified body as the Secretary considers appropriate, with the consent of the qualified body.

(b) OVERSIGHT OF QUALIFIED BODIES.—The Secretary may investigate and take such action as the Secretary considers appropriate with respect to any qualified body that appears, based upon the Secretary’s own inquiry or based upon credible information provided by other
qualified bodies, applicants, licensees, or law enforcement
officials, to be deficient or substantially less rigorous than
other qualified bodies in the discharge of its responsibil-
ities under this title.

SEC. 106. ESTABLISHMENT OF LICENSING PROGRAM FOR
INTERNET GAMBLING.

(a) Treasury Responsibilities and Powers.—
The Secretary shall have responsibility and authority for
the following activities:

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

(2) Reviewing and qualifying agencies and regu-
laratory bodies under section 105(a)(2).

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

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

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

(4) Investigating and taking appropriate reme-
dial action with respect to any qualified body under
section 105.
(5) Prescribing such regulations as may be necessary to administer and enforce the provisions of this title, including issuing regulations establishing rules and procedures for dealing with sums placed in escrow under subsection (l)(7), section 105(a)(6)(A)(i)(II), and section 114(b)(1)(E).

(6) Employing enforcement agents with sufficient training and experience to administer the requirements of this title and the regulations prescribed thereunder.

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

(b) Internet Gambling Facility Licensing Program.—

(1) Authority to issue licenses limited to non-sports related Internet gambling.—A qualified body may issue licenses under this title only for the operation of non-sports related Internet gambling facilities.

(2) Authority to operate Internet Gambling facility under valid license.—

(A) In general.—Notwithstanding any other provision of law and subject to the provisions of this title, a licensee may accept a bet
or wager with respect to Internet gambling
from an individual located in the United States
and may offer related services so long as the li-
cense of the licensee issued under this title re-

mains in good standing.

(B) ONLY ONE LICENSE REQUIRED.—
Nothing in this title may be construed to re-
quire a person to obtain a license from more
than one qualified body in order to operate an
Internet gambling facility under this title.

(C) SIGNIFICANT VENDORS.—

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

(ii) EXCEPTION.—If a qualified body
determines that requiring a person de-
scribed in clause (i) to seek a license is
necessary to prevent evasion of any provi-
sion of this title, and requiring so would
otherwise be consistent with the provisions
of this title, such qualified body may re-
quire such person to seek a license under
this title instead of a certificate of suit-
ability.

(3) OPERATION OUTSIDE THE UNITED
STATES.—

(A) LIMITATION.—A licensee or an affili-
ate of a licensee may not operate an Internet
gambling facility that accepts a bet or wager
from an individual located outside of the United
States unless the transaction is lawful under
this Act and is not unlawful in the jurisdiction
in which the individual is located.

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

(e) APPLICATION FOR LICENSE.—

(1) APPLICATION.—A person seeking to operate
an Internet gambling facility under this title shall
submit to the Office of Internet Gambling Oversight or any other qualified body an application for a li-
cense therefor at such time, in such form, and in such manner as the qualified body receiving the ap-
application considers appropriate.

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

(A) Complete financial information about the applicant.

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

(C) The criminal and financial history of—

(i) the applicant;

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

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

(iv) such other persons as the quali-
fied body considers appropriate.
(D) Such other information as may be necessary for the suitability analysis required under subsection (d).

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

(F) A detailed description of the applicant’s plan for complying with all applicable requirements and regulations prescribed pursuant to this title, with particular emphasis on the applicant’s ability to comply with the regulations prescribed under subsection (g).

(G) A certification by the applicant that the applicant consents to personal jurisdiction over the applicant by Federal courts and in the courts of the State or Indian tribe of the qualified body to which the applicant has applied with respect to a civil action relating to the operation of an Internet gambling facility.

(3) REPORTS.—

(A) IN GENERAL.—Each qualified body shall report all applicants for licensure and the dispositions of their applications to the Sec-
retary promptly upon disposition of each appli-
cation or in such intervals as the Secretary may
prescribe.

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

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

(1) SUITABILITY FOR LICENSING.—

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

(B) APPLICATION AS REQUEST FOR DE-
TERMINATION OF SUITABILITY.—An application
for a license submitted to a qualified body
under this title constitutes a request for a de-
termination of the general character, integrity, and ability to participate or engage in or be associated with an Internet gambling facility, as appropriate, of the applicant, any person considered to be in control of the applicant, all significant vendors of the applicant, and all other persons determined by the qualified body as having significant influence on the applicant.

(C) Associates.—

(i) In general.—If an entity undergoing a determination of suitability under this paragraph is a corporation, partnership, or other business entity, a background check and investigation shall be carried out by the applicable qualified body with respect to the president or other chief executive of the corporation, partnership, or business entity and such other partners or senior executives and directors or shareholders of the corporation, partnership, or entity as the qualified body considers appropriate.

(ii) Minimum determination.—In carrying out clause (i), the qualified body shall, at a minimum, carry out a suitability
review of the 5 individuals receiving the most compensation (whether in the form of salary, bonus, dividends, distributions, disbursement of profits, or otherwise) from the entity, any person that controls the entity, and such other individuals or entities as the qualified body considers appropriate.

(D) Parity of Investigation and Analysis.—

(i) Diligence with respect to significant vendors and affiliates.— Each investigation and analysis of the suitability of a person with respect to an application for a license under this title, other than the applicant for such license, shall be carried out with the same degree of diligence as the investigation and analysis of the suitability of the applicant.

(ii) Stringency with respect to casino gaming facilities.—Each qualified body that also issues licenses to casino gaming facilities shall ensure that each investigation and analysis of the suitability of a person carried out by the qualified
body under this subsection is no less stringent than a suitability review carried out by the qualified body for the licensing of casino gaming facilities.

(2) SUITABILITY STANDARDS.—For purposes of this title, an applicant and any other person subject to a determination of suitability under paragraph (1) may only be considered suitable under this title if the applicant or person demonstrates to the applicable qualified body by clear and convincing evidence that the applicant or person—

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

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

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

(ii) create or enhance the dangers of unsuitable, unfair, or illegal practices, methods, and activities in the conduct of Internet gambling facilities or the carrying on of the business and financial arrangements incidental to such facilities;
(C) is capable of and likely to conduct the activities for which the applicant is licensed or receives a certificate of suitability in accordance with the provisions of this title, any regulations prescribed under this title, and all other applicable laws;

(D) in the case of an applicant, has or guarantees acquisition of adequate business competence and experience in the operation of casino gaming facilities, Internet gambling facilities, or Internet gambling facilities;

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

(F) has disclosed to the qualified body all known affiliations or relationships, whether direct or indirect, with persons and assets of persons described by section 114(b)(2).

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

(A) has failed to provide information and documentation material to a determination of suitability for licensing under paragraph (1);
(B) has supplied information which is untrue or misleading as to a material fact pertaining to any such determination;

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

(D) is delinquent in the payment of any applicable Federal or State tax, tax penalty, addition to tax, or interest owed to a jurisdiction in which the applicant or person operates or does business, unless such payment has been extended or is the subject of a pending judicial or administrative dispute;

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

(F) knowingly accepts or knowingly has accepted bets or wagers on sporting events from persons located in the United States in violation of a provision of Federal or State law;

(G) has affiliated with any person that knowingly accepts or knowingly has accepted bets or wagers on sporting events from persons located in the United States in violation of a provision of Federal or State law; or
(H) fails to comply with such other standard as the applicable qualified body considers appropriate.

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

(5) Certificate of Suitability for Significant Vendors.—

(A) In general.—If a qualifying body determines under paragraph (1) that a significant vendor of an applicant is suitable under such paragraph, the qualifying body shall issue a certificate to such vendor that certifies the suitability of such vendor.

(B) Revocation of Certificate.—A qualified body that issues a certificate to a significant vendor under subparagraph (A) shall revoke the certificate if at any time the significant vendor no longer meets the standards necessary for a determination of suitability.
(C) RELIANCE ON CERTIFICATE.—A qualified body may, but need not, rely upon a certificate issued under subparagraph (A) to a significant vendor with respect to one application in the review of the same significant vendor in other license applications.

(D) CERTIFICATES ISSUED BY OTHER QUALIFIED BODIES.—A qualified body may, but need not, accept a certificate issued to a significant vendor by another qualified body as evidence of the suitability of the significant vendor.

(6) OTHER VENDORS.—

(A) NOTICE.—A licensee shall promptly notify the qualified body that issued the license to the licensee of all persons that are not significant vendors that—

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

(ii) hold themselves out to the public as offering bets or wagers on the licensee’s behalf;
(iii) offer bets or wagers under their own names or brands but using and relying on the licensee’s Internet gambling facilities;

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

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

(B) Suitability of other vendors and persons.—A qualified body that reviews an application of an applicant for a license or issues a license to a licensee may, at the sole discretion of the qualified body and on a case-by-case basis, require as a condition of such license that a person meet suitability requirements under paragraph (1) if the person—

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

(ii) provides services to an applicant or licensee and the qualified body determines that, with respect to such services, there is a substantial risk of circumvention
of the suitability requirements applicable
to significant vendors; or

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

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

(7) ENFORCEMENT ACTIONS.—

(A) IN GENERAL.—If the Secretary or the
qualifying body that issued a license to a licensee
finds that the licensee, or any other person that
is subject to a required determination of suit-
ability in connection with such licensee, ceases
to meet the suitability requirements of this sub-
section at any time during the tenure of the li-
cense, the Secretary or the qualified body may
take action to protect the public interest, in-
cluding, if the Secretary or qualified body con-
siders necessary, the suspension or termination
of the license.

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

(i) the identification of any person de-
determined to be unsuitable; and

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

(C) SPECIAL RULE FOR ENFORCEMENT OF
PROHIBITION ON UNLAWFUL SPORTS WAGER-
ING.—If the Secretary or a qualified body finds
that a licensee is no longer suitable under this
subsection because such licensee has accepted
bets or wagers as described in paragraph (3)(F)
or has affiliated as described in paragraph
(3)(G), the Secretary or the qualified body, as the case may be, shall revoke the license of such licensee in addition to the imposition of such other penalties as the Secretary or qualified body considers appropriate under this title.

(8) Administrative provisions.—

(A) Background check and investigation.—Each qualified body shall establish standards and procedures for conducting background checks and investigations for purposes of this subsection.

(B) Non-admissibility of statements for purposes of defamation actions.—Any written or oral statement made in the course of an official proceeding of the Secretary or a qualified body, by any member thereof, or any witness testifying under oath which is relevant to the purpose of the proceeding and relates to the review of an application for a license under this title shall not be admissible in any Federal or State court in a civil action to prove defamation.

(C) Preservation of privilege recognized under other provisions of law.—Any privilege recognized under any other provi-
sion of Federal, State, or tribal law, including attorney-client, physician-patient, and account-
ant-client privileges, shall not be waived or lost because a document or communication other-
wise protected by the privilege is disclosed to the Secretary or a qualified body under this title.

(D) CONFIDENTIALITY.—

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

(I) required by the Secretary or qualified body to be disclosed by the applicant, licensee, or significant ven-
dor, including applications, financial or earnings information, and criminal records, whether of the applicant or li-
censee or of any affiliate, employee,
officer, director or significant vendor thereof, or of any other third-party;

(II) prepared or obtained by an agent or employee of the Secretary or qualified body that contains information described in clause (i); or

(III) submitted by the applicant, licensee, or significant vendor in connection with a pending application or existing license.

(ii) Nothing in this subsection shall limit the disclosure of information provided by an applicant, licensee, or significant vendor to the Secretary or qualified body to any official of the United States, or to any State regulatory or enforcement agency, requesting such information for any authorized purpose under Federal or State law, including but not limited to the administration or enforcement of Federal or State laws concerning internet gambling, U.S. tax laws, consumer protection, data protection, financial regulation, or for the purposes of any civil or criminal investigation.
(c) Assessments for Administrative Expenses.—

(1) User Fees.—

(A) In General.—The cost of administering this title with respect to each applicant, licensee, and significant vendor, including the cost of any review or examination of a licensee or its significant vendors to ensure compliance with the terms of the license and this title, shall be assessed by the qualified body receiving an application or issuing a license against the applicant, licensee, or significant vendor, as the case may be, by written notice in an amount that the qualified body determines is necessary to meet the qualified body’s expenses in carrying out such administration, review, or examination.

(B) Expenses for Review or Examination.—Expenses that are attributable to review or examination of a particular applicant, licensee, or significant vendor shall be assessed under subparagraph (A) against that applicant, licensee, or significant vendor.
(C) Expenses for general administration.—Expenses for general administration shall be assessed against all licensees equally.

(D) User fees established by Secretary.—

(i) In general.—The Secretary may establish user fees to be paid by applicants, licensees, and significant vendors in amounts the Secretary determines necessary to meet the Secretary’s cost of administering this title.

(ii) Collection by qualified bodies.—Qualified bodies shall collect user fees established under clause (i) from applicants, licensees, and significant vendors and turn them over promptly to the Secretary.

(iii) Disposition of user fees.—Amounts assessed by the Secretary as user fees under clause (i) shall—

(I) be available to the Secretary to cover expenses incurred by the Secretary in carrying out the provisions of this title; and
(II) not be construed to be Government funds or appropriated monies, or subject to apportionment for the purposes of any other provision of law.

(E) Disposition of user fees.—Except as provided in subparagraph (D), amounts assessed by a qualified body as user fees under this paragraph shall—

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

(ii) except in the case of the Office of Internet Gambling Oversight established under section 104, not be construed to be Government funds or appropriated monies, or subject to apportionment for the purposes of any other provision of law.

(F) Collection.—If a licensee or significant vendor fails to pay a user fee to a qualified body under this paragraph after the assessment of the fee has become final—

(i) the qualified body may recover the amount assessed by action in a court of
the State or Indian tribe of the qualified body or in the United States district court in the State in which such qualified body is located, along with any costs of collection and attorney fees; and

(ii) such failure may be grounds for denial of an application for a license under this title or revocation of a license or certificate of suitability under this title.

(G) Payment of Significant Vendor User Fees by Applicants and Licensees.—
A user fee assessed against a significant vendor may be paid by an applicant or licensee on behalf of the significant vendor.

(2) Direct and Exclusive Obligation of Licensee.—With respect to a licensee, a user fee shall be the direct and exclusive obligation of the licensee and may not be deducted from amounts available as deposits to any person placing a bet or wager with the licensee.

(f) Approval of License.—
(1) In General.—Except as provided in paragraph (2), a qualified body may issue to an applicant a license under this title for the operation of an Internet gambling facility if the applicant meets the
criteria established by the qualified body under this title.

(2) Authority of Secretary to Revoke Licenses.—

(A) In General.—Notwithstanding any license or certificate of suitability issued by a qualified body, the Secretary may suspend or revoke such license or certificate if the Secretary has reason to believe that the recipient does not meet the suitability requirements established under subsection (d) or, as applicable, any other requirement imposed on a licensee under this title.

(B) No Authority to Overturn Denials and Terminations.—The Secretary may not overturn a decision by a qualified body (other than the Office of Internet Gambling Oversight) to deny or to terminate a license or to deny or revoke a certificate of suitability.

(3) Conflicts between Qualified Bodies.—If a qualified body denies a license, terminates a license, denies a certificate of suitability, or revokes a certificate of suitability to a person and within 1 year of such denial, termination, or revocation another qualified body grants such person a li-
license or certificate of suitability, the Secretary shall—

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

(B) not later than 90 days after such commencement, determine whether to act under paragraph (2).

(4) Control defined.—In this subsection, the term “control”, with respect to a person, means the possession, directly or indirectly, of the power to direct or influence the direction of the management or policies of the person, whether through the ownership of voting securities, through a management, executive officer, or board position, by shareholders or similar agreement, or otherwise.

(g) Safeguards required of licensee.—

(1) In general.—No qualified body shall issue a license under this title unless the qualified body—

(A) prescribes regulations that prohibit a person from receiving or retaining a license under this title unless the person maintains or requires mechanisms so that the requirements described in paragraph (2) are met with respect to the operation of an Internet gambling facility; and
(B) reviews the applicant’s ability to comply with the requirements of this subsection, including by testing the applicant’s systems and software, or by mandating such testing by an independent, qualified entity.

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

(A) Prohibition on Underage Gaming.—Appropriate safeguards to ensure, to a reasonable degree of certainty, that the individual placing a bet or wager is not younger than 21 years of age, at the time of registration and all log ons.

(B) Prohibited Locations.—Appropriate safeguards to ensure, to a reasonable degree of certainty, that the individual placing a bet or wager is physically located in a jurisdiction that has opted in under section 108 at the time the bet or wager is placed, at the time of registration and all log ons.

(C) Collection or Reporting of Customer Taxes.—Appropriate mechanisms to ensure, to a reasonable degree of certainty, that all taxes relating to Internet gambling from persons engaged in bets or wagers relating to
such Internet gambling are collected or reported, as required by law, at the time of any payment of proceeds of such bets or wagers.

(D) COLLECTION OR REPORTING OF TAXES OF LICENSEE.—Appropriate mechanisms to ensure that all taxes relating to the operation of an Internet gambling facility from any licensee are collected as required by law and that adequate records to enable later audit or verification are maintained.

(E) REPORTING OF FEES OF LICENSEE.—Appropriate mechanisms to ensure that adequate records are maintained to enable later audit or verification that the licensee has paid all fees required under this title.

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

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

(H) PRIVACY SAFEGUARDS.—Appropriate safeguards to protect, to a reasonable degree of
certainty, the privacy and Internet security of any person engaged in bets or wagers with the licensee’s Internet gambling facility.

(I) PAYMENT OF ASSESSMENTS.—Appropriate mechanisms to ensure that any user fee required under subsection (c) is paid to the qualified body.

(J) HONEST GAMES.—Appropriate safeguards to ensure, to a reasonable degree of certainty, that Internet gambling games are fair and honest, and to prevent, to a reasonable degree of certainty, cheating, including collusion, and use of cheating devices, including use of software programs (sometimes referred to as “bots”) that make bets or wagers according to algorithms.

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

(L) OTHER REQUIREMENTS.—Such other mechanisms and safeguards as the qualified body may establish by regulation.
(h) Location of Remote Gaming Equipment.—

(1) Within the United States.—A licensee shall maintain its remote gaming equipment within the territory of the United States throughout the term of its license.

(2) Within territory of qualified body.—A qualified body may require a licensee of the qualified body to locate the remote gaming equipment of the licensee within the territory of the State or Indian tribe of the qualified body if the qualified body determines that such requirement will advance the regulatory interests of this title.

(i) License is a Privilege Not a Right.—

(1) In general.—A decision by a qualified body not to grant a person a license or certificate of suitability, or to terminate a license or revoke a certificate of suitability, is not reviewable under the law of any jurisdiction other than the jurisdiction of the qualified body.

(2) Appeal.—With respect to a decision described in paragraph (1) of a qualified body, the State or Indian tribe of the jurisdiction of the qualified body may, but need not, provide an opportunity to appeal such decision.

(j) Term, Renewal, and Transfer of License.—
(1) **TERM.**—Any license issued under this title shall be issued for a 5-year term beginning on the date of issuance.

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

(3) **TRANSFER.**—A transfer of a license, change of control of a licensee, or change in significant vendor shall require prior approval by the qualified body that issued the license. The qualified body shall at a minimum ensure the suitability requirements of subsection (d) continue to be satisfied before approving any such transfer or change.

(k) **ADMINISTRATIVE PROVISIONS.**—

(1) **DETERMINATION OF INTERNET GAMBLING.**—

(A) **INITIAL DETERMINATION BY QUALIFIED BODY.**—A determination whether a game, hand, tournament, or other contest of a licensee is authorized Internet gambling under this Act, and not prohibited sports-related Internet gambling, shall be made in the first instance by the qualified body that issued the license to such licensee under this title.
(B) **CHALLENGES.**—

(i) **IN GENERAL.**—A licensee or qualified body may challenge whether a game, hand, tournament, or other contest of another licensee is sports-related Internet gambling.

(ii) **CHALLENGE MADE WITH SECRETARY.**—A challenge made under clause (i) shall be made with the Secretary.

(iii) **DETERMINATION MADE BY SECRETARY WITHIN 30 DAYS.**—If a challenge is made under clause (i), the Secretary shall make a determination whether the game, hand, tournament, or other contest is sports-related Internet gambling not later than 30 days after the date on which the challenge is made.

(iv) **OPERATION UNTIL DETERMINATION.**—A licensee that offers a game, hand, tournament, or other contest that is challenged under clause (i) may continue to offer such game, hand, tournament, or other contest until the Secretary makes a determination under clause (iii).

(C) **APPEALS.**—
(i) IN GENERAL.—Not later than 30 days after the date on which the Secretary makes a determination under subparagraph (B)(iii), a licensee or a qualified body may appeal such determination under chapter 7 of title 5, United States Code.

(ii) OPERATION PENDING APPEAL.—During the period in which a game, hand, tournament, or other contest is being challenged through an appeal under clause (i), the United States District Court for the District of Columbia may allow a licensee to continue offering the game, hand, tournament, or other contest in full compliance with the terms of its existing license and any other conditions the court considers necessary, if the court determines that—

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

(II) allowing the licensee to continue offering the challenged game, hand, tournament, or other contest while the appeal is pending will not threaten the public interest.
(2) CHALLENGES UNDER STATE LAW.—Except as provided in paragraph (1) and unless otherwise specifically provided in this title, actions taken by a qualified body other than the Office of Internet Gambling Oversight may be challenged by applicants and licensees only as permitted under the law of the State or Indian tribe in which the qualified body is located.

(3) SUMMONS.—

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

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

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

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

(iii) designated location in the District of Columbia.
(C) No Liability for Expenses.—The Secretary shall not be liable for any expense incurred in connection with the production of books, papers, records, or other data under this paragraph.

(D) Service of Summons.—Service of a summons issued under this subsection may be by registered mail or in such other manner calculated to give actual notice as determined by the Secretary.

(E) Authorization to Invoke Aid of Courts.—The Secretary may invoke the aid of any court of the United States to compel compliance with the summons within the jurisdiction of which—

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

(ii) the person summoned is an inhabitant; or

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

(F) Power of Courts to Compel Appearance.—The court may issue an order re-
inquiring the person summoned to appear before the Secretary—

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

(ii) to give testimony as may be necessary to explain how such material was compiled and maintained;

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

(iv) to pay the costs of the proceeding.

(G) CONTUMACY OR REFUSAL.—Any failure to obey the order of the court under this paragraph may be punished by the court as a contempt thereof. All process in any case under this subsection may be served in any judicial district in which such person may be found.

(l) DISCIPLINARY ACTION.—

(1) IN GENERAL.—A licensee may be subject to disciplinary action, including the imposition of civil penalties or suspension or revocation of its license, by a qualified body that issued a license to the licensee or by the Secretary if the licensee fails to comply with any provision of this title, any regulation prescribed thereunder, or any other applicable provision of State or tribal law.
(2) Initiating Agency.—Only the Secretary or the qualified body which granted the license to a licensee may initiate disciplinary action under this title against the licensee.

(3) Savings Provision.—Nothing in this subsection shall be construed to limit or alter the application of any law other than this title to a licensee or affiliated person, or to effect the enforcement of such law by the appropriate law enforcement administrative, or regulatory entity.

(4) Disciplinary Procedures.—

(A) In General.—A qualified body shall commence disciplinary action under this subsection against a licensee upon service of a formal written complaint upon the licensee, with a copy forwarded to the Secretary, that sets forth the grounds for the disciplinary action and the proposed penalty that is being sought, which may include any or all of the imposition of a fine as provided pursuant to subsection (m)(1) or limitation, condition, suspension or revocation of the license.

(B) In Accordance with Law of Jurisdiction of Qualified Body.—The process for disciplinary action under this subsection shall
proceed according to the law of the jurisdiction of the applicable qualified body.

(5) **Finality of Action and Appeals.**—

(A) **Finality.**—Any disciplinary action under this subsection shall be treated as a final action.

(B) **Action by Qualified Bodies.**—A licensee aggrieved by disciplinary action under this subsection by a qualified body may file an appeal in the jurisdiction where the qualified body taking such action is located only to the extent permitted by the law of such jurisdiction, or in Federal court as authorized by Federal law.

(6) **Pending Appeal.**—During the period in which a suspension or revocation of an existing license is being challenged through a pending judicial proceeding, the court handling the challenge may allow the licensee to continue offering bets and wagers in full compliance with the terms of its existing license and any other conditions the court considers necessary, if the court determines that—

(A) the appellant has a reasonable likelihood of success on the merits; and
(B) allowing the appellant to continue offering bets and wagers while the appeal is pending will not threaten the public interest.

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

(A) to the degree feasible, return all customer funds to United States customers in an orderly manner not later than 30 days after the date of the revocation of the license; and

(B) place in escrow those sums return of which to United States customers is not feasible due to change in customer address, bank details, or similar difficulty in an account with a financial institution in the United States for safekeeping and orderly disposition by the Secretary.

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

(m) CIVIL MONETARY PENALTIES.—

(1) IN GENERAL.—
(A) Penalties assessed by qualified bodies.—A qualified body may assess upon any licensee or other person subject to the requirements of this title for each violation of this title or any regulation prescribed or order issued under this title, a civil penalty of not more than the greater of—

(i) the amount involved in the violation, if any;

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

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

(B) Penalties assessed by Secretary.—The Secretary may assess upon any licensee or other person subject to the requirements of this title for each violation of this title or any regulation prescribed or order issued under this title, a civil penalty of not more than the greater of—

(i) the amount involved in the violation, if any; or

(ii) $250,000 for an individual and $750,000 for a corporation.
(C) NOT CUMULATIVE.—

(i) IN GENERAL.—The penalties authorized under subparagraphs (A) and (B) shall not be cumulative and only one such penalty may be assessed per violation.

(ii) CONSTRUCTION.—Clause (i) shall not be construed to limit the authority of a qualifying body or the Secretary, as the case may be, to pursue a civil penalty for each violation of a related series of violations.

(D) FAILURE TO OBTAIN A LICENSE.—

Notwithstanding any other provision of law, the Secretary shall assess upon a person that is required to maintain a license under this title, but fails to maintain a license under this title, a civil penalty of not more than the greater of—

(i) the amount of bets or wagers taken by the person from players in the United States during the period that a license was needed but not held by the person; or

(ii) $1,000,000 per day that the person accepts bets or wagers from players in the United States during the period that a
license was needed but not held by the person.

(E) CONSTRUCTION.—Nothing in this paragraph shall be construed to affect the ability of a law enforcement official to seek criminal penalties against a person.

(2) ASSESSMENT.—

(A) ENFORCEMENT BY QUALIFIED BODIES.—Qualified bodies and such other entities as are authorized by applicable State or tribal law shall enforce the provisions of this title under the law of the applicable State or Indian tribe, and penalties shall be determined, reviewable, collectable, and disposed of as provided under such law.

(B) ENFORCEMENT BY SECRETARY.—

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

(ii) FINALITY OF ASSESSMENT.—If, with respect to any assessment under paragraph (1)(B), a hearing is not requested pursuant to clause (v) within the period of
time allowed under such clause, the assessment shall constitute a final agency order.

(iii) Authority to modify or remit penalty.—The Secretary may compromise, modify, or remit any penalty which the Secretary may assess or has already assessed under paragraph (1)(B).

(iv) Mitigating factors.—In determining the amount of any penalty imposed under paragraph (1)(B), the Secretary shall take into account the appropriateness of the penalty with respect to the following:

(I) The size of the financial resources and the good faith of the person against whom the penalty is assessed.

(II) The gravity of the violation.

(III) The history of previous violations.

(IV) Such other matters as justice may require.

(v) Hearing.—The person against whom any penalty is assessed under paragraph (1)(B) shall be afforded a hearing
by the Secretary if such person submits to
the Secretary a request for such hearing
not later than 20 days after the date of the
issuance of the notice of assessment.

(vi) COLLECTION.—

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

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

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

(3) CONDITION FOR LICENSURE.—Payment by
a licensee of any civil penalty assessed under this
subsection that has become final shall be a require-
ment for the retention of its license.
(n) List of Licensed Internet Gambling Facilities.—The Secretary shall establish and maintain a list of all Internet gambling facilities licensed under this section. The Secretary shall update such list regularly and make such list publicly available on an Internet website.

SEC. 107. COMPULSIVE GAMING, RESPONSIBLE GAMING, AND SELF-EXCLUSION PROGRAM REQUIREMENTS.

(a) Regulations Required.—

(1) In General.—Each qualified body shall, before issuing any licenses under this title, prescribe regulations for the development of a Compulsive Gaming, Responsible Gaming, and Self-Exclusion Program that each licensee of that qualified body shall implement as a condition of licensure.

(2) Outreach.—The regulations required by paragraph (1) shall also provide for the establishment of a program to alert the public to the existence, consequences, and availability of the self-exclusion list established under subsection (c).

(b) Minimum Requirements.—Under each program under subsection (a), a licensee shall, under the scope of the license issued the licensee under this title, at a minimum—
(1) provide informational materials written in plain language about responsible gaming, including information about the self-exclusion list established under subsection (c) and how a player may request placement on the list, each time a player signs in to make a bet or wager, which materials shall be provided via a prominently displayed hyperlink or comparable mechanism;

(2) provide informational materials about responsible gaming to any player that requests such materials;

(3) make continuously available individualized responsible gaming options that any customer may choose, including allowing customers to self-limit deposits amounts, frequency of play, and losses, as well as their access to the issuance of credit, check cashing, or direct mail marketing by the licensee, in each case as and to the extent that the qualified body may consider appropriate;

(4) ensure to a reasonable degree of certainty that persons on the list of self-excluded persons established pursuant to subsection (c) are prevented from initiating any bets or wagers within the scope of this title; and
(5) ensure that the information required under this subsection is clearly and prominently made available by the licensee in each language in which services of the Internet gambling facility of the licensee are offered.

(c) List of Persons Self-Excluded.—

(1) Establishment.—

(A) Lists maintained by qualified bodies.—

(i) In general.—Each qualified body shall establish and maintain a list of persons self-excluded from playing Internet gambling through Internet gambling facilities licensed by the qualified body.

(ii) Submittal to Secretary.—At the end of each day, each qualified body shall submit to the Secretary a current copy of the list established and maintained by the qualified body under clause (i).

(B) Master list maintained by Secretary.—

(i) In general.—The Secretary shall establish and maintain a master list of all persons self-excluded from playing Internet gambling through Internet gambling facili-
ties licensed under this title. Such list shall consist of all persons submitted under sub-
paragraph (A)(ii).

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

(iii) Sharing of Information.—(I) Notwithstanding any other provision of law, qualified bodies and licensees may share information relating to persons on the master list among one another and with other regulators, whether Federal, State, tribal, local, or foreign, for the pur-
pose of facilitating the prevention of self-
excluded persons from initiating any bets or wagers within the scope of this title.

(II) The Secretary shall establish ap-
propriate safeguards for the purpose of protecting the confidentiality of any per-
sonal information shared pursuant to this clause, to prevent the disclosure of such information to unauthorized persons or for any purpose other than facilitating the prevention of self-excluded persons from initiating any bets or wagers within the scope of this title.

(C) Placement Request.—Any person may request placement on the list of self-excluded persons by—

   (i) acknowledging in a manner to be established by each qualified body with respect to its licensees that the person wishes to be denied gaming privileges within the scope of this title; and

   (ii) agreeing that, during any period of voluntary exclusion, the person may not participate in Internet gambling or collect any winnings or recover any losses resulting from any gaming activity at any Internet gambling facility of a licensee.

(2) Limitation on Liability.—

   (A) In General.—Except as provided in subparagraph (B), the United States, the Secretary, a qualified body, the State or Indian
tribe in which that qualified body is located, an exploitation agent, licensee, or any employee or agent thereof, shall not be liable to any self-excluded person or to any other party in any judicial or administrative proceeding for any harm, monetary or otherwise, which may arise as a result of—

(i) any failure to withhold gaming privileges from, or to restore gaming privileges to, a self-excluded person;

(ii) otherwise permitting a self-excluded person to engage in gaming activity while on the list of self-excluded persons; or

(iii) disclosure to licensees, significant vendors, or employees or agents of licensees or significant vendors of the fact that an individual has been placed on the list of self-excluded persons and of other information that is reasonably necessary to identify that individual in order to carry out this subsection, including the address, date of birth, and taxpayer identification number of the individual.
(B) LICENSEES.—A licensee or employee or agent thereof may be liable to a self-excluded person in a judicial or administrative proceeding for a harm described in subparagraph (A) to the extent provided under the law of the State or Indian tribe of the qualified body that issued the license.

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

(3) DISCLOSURE PROVISIONS.—

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

(B) AFFILIATE DISCLOSURE.—If necessary to effectuate the self-exclusion purposes of this subsection, any licensee may disclose the identities of persons on the self-excluded list to any significant vendor, service provider, or affiliated
company to the extent that the significant vend-

dor, service provider, or affiliated company
maintains such information under confiden-
tiality provisions comparable to those in this
subsection.

(d) Gaming by Prohibited Persons.—

(1) Prohibition on benefitting from pro-
hibited gaming activity.—A person who is pro-
hibited from gaming with a licensee by law, or by
order of the Secretary, a qualified body, or any court
of competent jurisdiction, including any person on
the self-exclusion list under subsection (c), shall not
collect, in any manner or proceeding, any winnings
or recover any losses arising as a result of prohibited
gaming activity with a licensee.

(2) Forfeiture.—In addition to any other
penalty provided by law, any money or thing of value
that has been obtained by, or is owed to, any prohib-
ited person by a licensee as a result of bets or wa-
gers made by a prohibited person while the applica-
ble prohibition is effective shall be subject to for-
feiture by order of the Secretary or a qualified body,
following notice to the prohibited person and oppor-
tunity to be heard.
(3) Deposit of forfeited funds.—Any funds forfeited pursuant to this subsection shall be deposited into the Treasury of the United States, or, in the case of a forfeiture to a qualified body, as provided by the applicable State or tribal law.

(e) Administrative Provisions.—

(1) No duty to identify or exclude compulsive players not on list.—No provision of this section shall be construed as creating a legal duty in the Secretary, a qualified body, a licensee, or any employee or agent thereof to identify or to exclude compulsive players not on the list of self-excluded persons.

(2) No cause of action.—The Secretary, a qualified body, a licensee, and any employee or agent thereof, shall not be liable to any person in any proceeding for losses or other damages of any kind arising out of that person’s gaming activities based on a claim that the person was a compulsive, problem, or pathological player.

(3) No private right of action.—Nothing in this section shall be construed to create a private right of action.
SEC. 108. PROHIBITION ON USE OF LICENSES IN CERTAIN STATES AND INDIAN LANDS.

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

(b) STATE PARTICIPATION.—

(1) Opt-in election.—A State shall be considered to have opted-in under this section if its Governor or any other person authorized to make such notification under the laws of such State has not notified the Secretary within 120 days of enactment that—

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

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

(2) Opt-out election.—A State shall be considered not to have opted-in under this section if—

(A) a majority of a quorum of each chamber of the legislature of the State has approved a bill, resolution, or similar measure that expresses that bets or wagers authorized under
this title should be prohibited in such State;
and

(B) such bill, resolution, or similar measure is the most recent bill, resolution, or similar measure approved by a majority of a quorum of each chamber of the legislature of the State that expresses whether bets or wagers authorized under this title should be prohibited in such State.

(3) LIMITATION ON STATE PARTICIPATION.—Notwithstanding any other provision of law, for purposes of determining whether a State has opted-in under this section, neither the Secretary nor any provision of State law may require a State to undertake any additional or different procedures than those specified in paragraphs (1) and (2).

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

(A) 60 days after the date of the notification to the Secretary by the Governor any other person authorized under the laws of such State
that the State has changed its election to participate or not; or

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

(e) INDIAN TRIBE NOTICE AND PARTICIPATION.—

(1) Opt-in Election.—Except as provided in paragraphs (3) and (4), an Indian tribe shall be considered to have opted-in under this section if the principal chief or other chief executive officer or designated authority of such Indian tribe has not notified the Secretary within 120 days of enactment that—

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

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

(2) Opt-out Election.—Except as provided in paragraph (3) and subsection (d), an Indian tribe shall be considered not to have opted-in under this section if the principal chief or other chief executive officer or designated authority of such Indian tribe submits written notice to the Secretary that bets or wagers otherwise authorized under this title should
be prohibited on the Indian lands of such Indian
tribe.

(3) **SUBSEQUENT CHANGE OF ELECTION.**—

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

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

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

(ii) not to have opted-in under this
section if such notice indicates that bets or
wagers authorized under this title should be prohibited on the Indian lands of such Indian tribe.

(C) Effective Date.—A change in election under this paragraph shall apply, for purposes of this title, beginning on the later of—

(i) 60 days after the date the most recent notice is submitted under subparagraph (A); or

(ii) the effective date specified in such notice.

(4) Indian Lands Located in States That Have Opted-Out.—The decision of a State to opt-in or opt-out shall have no effect on Internet gambling in the lands of an Indian tribe located within a State, which shall be governed solely by determinations made by the Indian tribe, as communicated to the Secretary by the principal chief or other chief executive officer or designated authority of an Indian tribe.

(d) Prohibition on Unlicensed Bets or Wagers.—

(1) In General.—Except as expressly authorized in this title, no State or Indian tribe may authorize or operate a facility that offers Internet gam-
bling unless the Internet gambling facility is authorized and licensed by that State or Indian tribe in compliance with the law of that State or Indian tribe, as applicable, and solely provides services to participants wholly within the boundaries of such State or the Indian lands of such Indian tribe.

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

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

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

(2) VIOLATIONS.—It shall be a violation of this title for any licensee to accept a bet or wager initiated or otherwise made by a person who the licensee knows is located at the time of placing such bet or wager within any State or on the Indian lands of
any Indian tribe which is not considered to have
opted-in under this section.

(3) **State Attorney General Enforcement.**—In any case in which the attorney general of
a State or any State or local law enforcement agen-
cy, authorized by the attorney general of the State
or by State statute to prosecute violations of con-
sumer protection law, has reason to believe that an
interest of the residents of that State has been or
is threatened or adversely affected by a violation by
a licensee under paragraph (2), the State, or the
State or local law enforcement agency, may bring a
civil action on behalf of the residents of that State
or jurisdiction in a district court of the United
States located therein—

(A) to enjoin that practice; or

(B) to enforce compliance with this section.

(4) **Indian Tribe Enforcement.**—In any case
in which the chief law enforcement officer of an In-
dian tribe or tribal law enforcement agency, author-
ized by the chief law enforcement officer of the In-
dian tribe or by tribal law to prosecute violations of
consumer protection law, has reason to believe that
an interest of the residents of the Indian lands with-
in the tribe’s jurisdiction has been or is threatened
or adversely affected by a violation by a licensee under paragraph (2), the Indian tribe, or the tribal law enforcement agency, may bring a civil action on behalf of the residents of those Indian lands in a district court of the United States located nearest to those Indian lands—

(A) to enjoin that practice; or

(B) otherwise to enforce compliance with this section.

(f) No Impact on Indian Gaming Regulatory Act.—

(1) In general.—No provision of this title or decision or action taken by an Indian tribe or State pursuant thereto shall have any effect on non-Internet gaming activities within the scope of section 11 of the Indian Gaming Regulatory Act (25 U.S.C. 2710) or any successor provisions or on any Tribal-State compacts or authorities pursuant thereto.

(2) Tribal status or category not affected.—Tribal operation of Internet gambling facilities under this title shall not be considered class II or class III gaming under such section, and an Indian tribe’s status, category, or class under such section shall not impact its status or ability to offer bets or wagers pursuant to this title.
(3) NEW NEGOTIATIONS NOT REQUIRED.—

(A) INDIAN TRIBES.—The fact that an Indian tribe is operating under a license issued under this title or that a tribal regulatory body is acting as a qualified body under this title shall not require an Indian tribe to negotiate a new agreement, limitation, or other provision of tribal-State compact, agreement, or other understanding with respect to gaming or revenue-sharing, with regard to any bet or wager occurring pursuant to a license issued under this title.

(B) STATES.—The fact that a State has opted in under this section or that a State regulatory body is acting as a qualified body under this title shall not require the State to negotiate a new agreement, limitation, or other provision of tribal-State compact, agreement, or other understanding with respect to gaming or revenue-sharing, with regard to any bet or wager occurring pursuant to a license issued under this title.

(g) NO IMPACT ON ACTIVITIES CARRIED OUT SOLELY WITHIN A STATE OR WITHIN TRIBAL LANDS.—No provision of this title shall have any effect on Internet
gaming activities that are authorized and licensed by that
State or Indian tribe (as the case may be) in compliance
with the law of that State or Indian tribe as of the date
before the date of the enactment of this Act, as applicable,
and that solely provide services to participants wholly
within the boundaries of that State or the Indian lands
of that Indian tribe.

SEC. 109. PROHIBITION ON BETS OR WAGERS ON SPORTING
EVENTS.

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

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

SEC. 110. PUBLIC INTERNET GAMBLING AND INTERNET
GAMBLING PARLORS PROHIBITED.

(a) IN GENERAL.—It shall be considered a violation
of this title to operate a place of public accommodation,
club (including a club or association limited to dues-paying
members or similar restricted groups), or similar estab-
lishment in which computer terminals or similar access devices are made available to be used principally for the purpose of accessing Internet gambling facilities.

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

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

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

SEC. 111. SAFE HARBOR.

It shall be an affirmative defense to any prosecution or enforcement action under any provision of Federal, State, or tribal law that the activity forming the basis of such prosecution or enforcement action is authorized under and has been carried out lawfully in accordance with and under the terms of this title.
SEC. 112. CHEATING AND OTHER FRAUD.

(a) CHEATING AND CHEATING DEVICES PROHIBITED.—

(1) CHEATING PROHIBITED.—No person initiating, receiving, or otherwise making a bet or wager with a licensee, or sending, receiving, or inviting information assisting with a bet or wager with a licensee shall knowingly violate, attempt to violate, or assist another in violating the rules of play established by the licensee for the purpose of obtaining prohibited or unfair advantage in any game authorized under this title.

(2) CHEATING DEVICES.—Except as provided in paragraph (3), no person initiating, receiving, or otherwise making a bet or wager with a licensee, or sending, receiving, or inviting information assisting with a bet or wager with a licensee shall knowingly use, possess, or assist another in the use of, an electronic, electrical, or mechanical device or software or other program or tool which is designed, constructed, or programmed specifically for use in obtaining an advantage in any game authorized under this title, where such advantage is prohibited or otherwise violates the rules of play established by the licensee.
(3) **PERMISSIBLE USES.**—It shall not be a violation of this subsection for a licensee, its agents, a qualified body, or its agents to use or possess a device described in the preceding sentence if—

(A) such use or possession is solely for purposes of testing an Internet gambling facility;

(B) such device is not used in live play involving actual bets or wagers; and

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

(4) **DISCLOSURE TO PUBLIC NOT REQUIRED.**—Notwithstanding any other provision of law, a registration under paragraph (3)(C) is not required to be made available to the public.

(b) **ADDITIONAL OFFENSE.**—

(1) **IN GENERAL.**—Except as provided in paragraph (3), no person initiating, receiving, or otherwise making a bet or wager with a licensee, or sending, receiving, or inviting information assisting with a bet or wager with a licensee, shall knowingly use, possess, or assist another in the use of any cheating device with intent to cheat or defraud any licensee or other persons placing bets or wagers with such licensee.
(2) Bots.—A software program that makes bets or wagers according to an algorithm shall constitute a type of cheating device under this subsection.

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

(A) such use or possession is solely for purposes of testing an Internet gambling facility;

(B) such device is not used in live play involving actual bets or wagers; and

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

(4) DISCLOSURE TO PUBLIC NOT REQUIRED.—Notwithstanding any other provision of law, a registration under paragraph (3)(C) is not required to be made available to the public.

(e) CRIMINAL PENALTY.—Whoever violates subsection (a) or (b) shall be fined under title 18, United States Code, imprisoned for not more than 3 years, or both.

(d) PERMANENT INJUNCTION.—Upon conviction of a person for violation of this section, the court may enter
a permanent injunction enjoining such person from initiating, receiving, or otherwise making bets or wagers or sending, receiving, or inviting information assisting in the placing of bets or wagers.

(e) Report on Threats to Operation of Internet Gambling Facilities.—

(1) In general.—Not later than 1 year after the date of first issuance specified in section 114(a), the Director of the National Institute of Standards and Technology shall submit to Congress a report on threats to the integrity of Internet gambling facilities operated by licensees.

(2) Elements.—The report required by paragraph (1) shall include the following:

(A) Identification of threats to the integrity of Internet gambling facilities operated by licensees.

(B) Identification of technologies that could be used to hack computer networks, facilitate cheating, or otherwise place consumers at risk of fraud or monetary loss.

(C) An evaluation of steps taken by Internet gambling facilities licensed under this title to respond to the threats identified pursuant to subparagraph (A).
(D) Recommendations for such measures as the Director considers appropriate to deal with the threats identified pursuant subparagraph (A).

SEC. 113. CONSTRUCTION AND RELATION TO OTHER LAW.

(a) NO IMPACT ON EXISTING LAWFUL GAMES.—

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

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

(B) fees paid to participate in such games shall not be regarded as bets or wagers for purposes of this title.

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

(b) PREEMPTION OF STATE AND TRIBAL LAWS.—

(1) IN GENERAL.—Except as otherwise expressly provided in this title, the provisions of this title shall supersede any provisions of the law of any

• HR 2282 IH
State or Indian tribe expressly relating to the permitting, prohibiting, licensing, or regulating of Internet gambling facilities and the law of any State or Indian tribe expressly relating to the authorization, prohibiting, licensing, expansion, or regulation of gambling, except to the extent such State or tribal laws are not inconsistent with this title.

(2) SAVINGS PROVISION.—Nothing in this title may be construed to limit the applicability or enforcement of any State or tribal consumer protection law of general applicability or preempt the applicability of State or tribal trespass, contract, or tort law.

(e) RELATION TO GAMBLING DEVICES TRANSPORTATION ACT.—Equipment used by a licensee or significant vendor in the furtherance of licensed activities pursuant to this title (but not to the extent it is used for other purposes) shall not be considered a gambling device within the meaning of section 1 of the Act of January 2, 1951, prohibiting the transportation of gambling devices in interstate and foreign commerce (15 U.S.C. 1171).

(d) EXEMPTIONS FROM SUBCHAPTER IV OF CHAPTER 53 OF TITLE 31, UNITED STATES CODE.—Subchapter IV of chapter 53 of title 31, United States Code, is amended by adding at the end the following:
§ 5368. Inapplicability to certain gaming and wagers

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

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

“(A) occurring pursuant to a license issued under title I of the Internet Gambling Regulation, Enforcement, and Consumer Protection Act of 2013, subject to section 109 of that Act;

“(B) that is permissible under the Interstate horseracing Act of 1978 (15 U.S.C. 3001 et seq.); or

“(C) is the purchase of a chance or opportunity to win a lottery or other prize—

“(i) which opportunity to win is predominantly subject to chance; and
“(ii) which is authorized by a State or Indian tribe wholly within its borders.”.

(e) Inapplicability of Certain Provisions to Interstate Off-track Wagers.—The provisions of this title requiring a license shall not apply with respect to the placing, transmitting, or receiving of interstate off-track wagers, as such term is defined in section 3 of the Interstate horseracing Act of 1978 (15 U.S.C. 3002), that are permissible under such Act (15 U.S.C. 3001 et seq.), whether such off-track wager is made by telephone, Internet, satellite, or other wire or wireless communication facility, service, or medium.

(f) Wire Act Amendments.—

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

(A) by designating the five undesignated paragraphs as paragraphs (1) through (5), respectively;

(B) in paragraph (2), as so designated by subparagraph (A), by striking “value.” and inserting “value, including any Internet gambling facility.”;

(C) by amending paragraph (5), as so designated by subparagraph (A), to read as follows:
“(5) The term ‘communication facility’ includes any instrumentality, personnel, and services (including, the receipt, forwarding, or delivery of communications) used in the transmission of a writing, sign, picture, or sound of any kind by aid of wire, cable, radio, or an electromagnetic, photoelectronic, or photooptical system, or other like connection (whether fixed or mobile) between the points of origin and reception of such transmission.”; and

(D) by adding at the end the following:

“(6) The term ‘bet or wager’ has the meaning given the term in section 102 of the Internet Gambling Regulation, Enforcement, and Consumer Protection Act of 2013.

“(7) The term ‘Internet’ means the international computer network of interoperable packet switched data networks.

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

“(9) The terms ‘financial transaction provider’ and ‘insured depository institution’ have the meanings given those terms in section 5362 of title 31, United States Code.
“(10) The term ‘gambling business’ means a business of betting or wagering.

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

(2) Modification of existing prohibition.—Section 1084 of title 18, United States Code, is amended to read as follows:

“§ 1084. Transmission of wagering information; penalties

“(a) Offense.—Except as otherwise provided in this section or in the Internet Gambling Regulation, Enforcement, and Consumer Protection Act of 2013, it shall be unlawful for a person that is engaged in a gambling business to knowingly use a communication facility for the transmission in interstate or foreign commerce, within the special maritime and territorial jurisdiction of the United States, or to or from any place outside the jurisdiction of any country with respect to any transmission to or from the United States, of—

“(1) bets or wagers;

“(2) information assisting in the placing of bets or wagers; or
“(3) a communication, which entitles the recipient to receive money or credit as a result of bets or wagers, or for information assisting in the placing of bets or wagers.

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

“(c) Transmission in Interstate or Foreign Commerce.—Except as otherwise provided in this section, the transmission of bets or wagers, information assisting in the placing of bets or wagers, or a communication which entitles the recipient to receive money or credit as a result of bets or wagers, or for information assisting in the placing of bets or wagers shall be considered a transmission in interstate or foreign commerce subject to this section if such transmission involved the use, in some part, of the Internet.

“(d) Rules of Construction.—Nothing in this section shall be construed to—

“(1) prohibit—

“(A) the transmission of information assisting in the placing of bets or wagers for use in news reporting if such transmission does not solicit or provide information for the purpose of
facilitating or enabling the placing or receipt of
bets or wagers;

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

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

“(D) any authorized activity carried out in
connection with a license issued under the
Internet Gambling Regulation, Enforcement,

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

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

“(e) APPLICABILITY.—This section shall not apply to
any activity that is permissible under the Interstate horse-
racing Act of 1978 (15 U.S.C. 3001 et seq.), or any activ-
ity that is permissible under title I of the Internet Gam-
bling Regulation, Enforcement, and Consumer Protection Act of 2013.

“(f) DUTY OF COMMON CARRIER.—

“(1) IN GENERAL.—If a common carrier (as defined in section 3 of the Communications Act of 1934 (47 U.S.C. 153)), subject to the jurisdiction of the Federal Communications Commission, is notified in writing by a Federal, State, tribal, or local law enforcement agency, acting within the jurisdiction of the law enforcement agency, that a communication facility furnished by the common carrier is being used or will be used by a subscriber of the common carrier for the purpose of transmitting or receiving gambling information in interstate or foreign commerce, within the special maritime and territorial jurisdiction of the United States, or to or from any place outside the jurisdiction of any country with respect to any transmission to or from the United States in violation of Federal, State, tribal, or local law, the common carrier shall discontinue or refuse, the leasing, furnishing, or maintaining of such facility, after reasonable notice to the subscriber.

“(2) LIMITATION ON LIABILITY.—No damages, penalty, or forfeiture, civil or criminal, shall be found against a common carrier for any act done in
compliance with any notice received from a law enforce- 
ment agency.

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

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

“(1) is permissible under the Interstate horserac-

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

“(3) is permissible under the Prohibition of 
Internet Gambling, Regulation, and Consumer Pro-
tection Act of 2013; or
“(4) is a qualifying intrastate lottery bet or wager as defined in section 102 of the Act referred to in paragraph (3).”.

(3) AUTHORIZATION OF CIVIL ENFORCEMENT.—

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

§ 1085. Civil remedies

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

“(b) PROCEEDINGS.—

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

“(A) the unpaid balance of money or its equivalent received or held by an insured depository institution in the usual course of business and for which it has given or is obligated to give credit, either conditionally or unconditionally, to an account, including interest credited,
or which is evidenced by an instrument on
which the depository institution is primarily lia-
ble; and

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

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

“(A) to obtain injunctive or declarative re-
lied, including a temporary restraining order
and a preliminary injunction, against any per-
son (other than a financial transaction provider,
except as provided in paragraph (3)) to prevent
or restrain a violation or a threatened violation
of section 1084;
“(B) in the case of an insured depository institution that is a financial transaction provider, to—

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

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

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

“(ii) seize funds in an account described in clause (i) if such funds—

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

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

“(3) FINANCIAL TRANSACTION PROVIDERS.— The limitation in paragraph (2)(A) shall not apply if the financial transaction provider is a gambling business, in which case, such financial transaction provider shall be subject to the enforcement provisions under paragraph (2).

“(4) INJUNCTIVE PROCEEDINGS.—
“(A) IN GENERAL.—The attorney general (or other appropriate State official) of a State in which a communication in violation of section 1084 allegedly has been or will be initiated or received may institute proceedings under this section to obtain injunctive or declarative relief to prevent or restrain the violation or threatened violation.

“(B) RELIEF.—Upon application of the attorney general (or other appropriate State official) of an affected State under subparagraph (A), the district court may enter a temporary restraining order, a preliminary injunction, an injunction, or declaratory relief against any person (other than a financial transaction provider) to prevent or restrain a violation or threatened violation of section 1084, in accordance with rule 65 of the Federal Rules of Civil Procedure.

“(5) ENFORCEMENT AUTHORITY.—Notwithstanding paragraphs (2) and (4), for a communication in violation of section 1084 that allegedly has been or will be initiated or received on Indian lands (as that term is defined in section 4 of the Indian Gaming Regulatory Act (25 U.S.C. 2703))—
“(A) the United States shall have the enforcement authority provided under paragraph (2);

“(B) the enforcement authorities specified in an applicable Tribal-State compact negotiated under section 11 of the Indian Gaming Regulatory Act (25 U.S.C. 2710) shall be carried out in accordance with that compact; and

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

“(6) RULE OF CONSTRUCTION.—Nothing in this subsection shall be construed to alter, supersede, or otherwise affect the application of the Indian Gaming Regulatory Act (25 U.S.C. 2701 et seq.).

“(7) LIMITATION ON RELIEF.—Notwithstanding paragraph (4), no relief shall be granted under this section against a financial transaction provider except as provided in paragraph (3).

“(c) LIMITATION ON LIABILITY.—No damages, penalty, or forfeiture, civil or criminal, shall be found against any person or entity for any act done in compliance with any notice received from a law enforcement agency.”.
(B) CLERICAL AMENDMENT.—The table of sections for chapter 50 of title 18, United States Code, is amended by inserting after the item relating to section 1084 the following:

"1085. Civil remedies."

(g) SYSTEMS USED IN SUPPORT OF LAWFUL GAMBLING.—

(1) IN GENERAL.—This title, subchapter IV of chapter 53 of title 31, United States Code, section 1084 of title 18, United States Code, and any other provision of Federal law that establishes criminal penalties for any activity involved in placing, receiving, or otherwise transmitting a bet or wager, information assisting in the placing of bets or wagers, or a communication which entitles the recipient to receive money or credit as a result of bets or wagers, shall not apply to gaming devices, information, or communications, to the extent used to support bets or wagers offered by a casino gaming facility that—

(A) occur between participants who are located on the premises of the same casino gaming facility; and

(B) are lawful in the State or on the Indian lands in or on which the casino gaming facility is located.

(2) DEFINITIONS.—In this subsection:
(A) CASINO GAMING FACILITY.—The term “casino gaming facility” means any facility that provides casino gaming on a riverboat, at a race track, or in another facility, regardless of the number of gaming devices in 1 physical location, pursuant to a duly authorized license issued by a gaming regulatory authority of a State of Indian tribe.

(B) PARTICIPANTS.—The term “participants” includes all persons who are party to the bet or wager, including, in the case of banked games, the casino gaming facility or operator itself.

(h) PRESERVATION OF EXISTING LAWFUL GAMBLING.—

(1) IN GENERAL.—This title, subchapter IV of chapter 53 of title 31, United States Code, section 1084 of title 18, United States Code, and any other provision of Federal law that establishes criminal penalties for any activity involved in placing, receiving, or otherwise transmitting a bet or wager, information assisting in the placing of bets or wagers, or a communication which entitles the recipient to receive money or credit as a result of bets or wagers, shall not apply to the offering of a bet or wager or...
gambling game authorized, licensed, and regulated
by a State or Indian tribe on the day before the date
of enactment of this Act and otherwise lawful activi-
ties in support of the offering of that bet or wager
or gambling game, or that is permissible under the
et seq.); or that is the purchase of a chance or op-
portunity to win a lottery or other prize—

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

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

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

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

(B) the offering of a bet or wager or gam-
bling game of the same type and character in
a State or Indian tribe in which that bet or
wager or gambling game is not permitted on
the date of enactment of this Act; and
(C) qualifying intrastate lottery transactions.

(3) Casino Gaming Facility Defined.—In this subsection, the term "casino gaming facility" means any facility that provides casino gaming on a riverboat, at a race track, or in another facility, regardless of the number of gaming devices in 1 physical location, pursuant to a duly authorized license issued by a gaming regulatory authority of a State of Indian tribe.

SEC. 114. ORDERLY TRANSITION.

(a) Issuance of Initial Licenses.—

(1) In general.—Each qualified body designated under section 105 before the date of first issuance specified in this subsection, shall, to the extent practicable while meeting the requirements and standards of this title, issue multiple licenses under this title before such date in order to ensure a robust and competitive market for consumers and to prevent the first licensees from gaining an unfair competitive advantage.

(2) Effective date of initial licenses.—No license issued under this title shall authorize a licensee to accept a bet or wager under this title be-
fore the date of first issuance specified in this sub-
section.

(3) **Date of first issuance.**—The date of
first issuance specified in this subsection is the date
that is 270 days after the date of the enactment of
this Act.

(b) **Orderly Cessation of Unlicensed Activity
and Safekeeping of Customer Funds.**—

(1) **In general.**—Each person shall, with re-
spect to an Internet gambling facility not licensed
under this Act and to the extent applicable to the
person—

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

(B) provide to each individual located in
the United States who has outstanding sums on
deposit with such person notice to such indi-
vidual that operations will be ceasing pursuant
to paragraph (1) with instructions indicating
the procedures the individual should use to re-
quest the return of such sums—
(i) not later than 7 days after the date of the enactment of this Act and not less frequently than quarterly thereafter until such sums have been returned, by e-mail;

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

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

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

(D) during the 2-year period beginning on the date of the enactment of this Act, retain all outstanding sums on deposit with such person that are owed to individuals under subparagraph (C) the disposition of which remains un-
resolved because of a lack of a request by such individual under such subparagraph or other reason; and

(E) on the date that is 2 years and 1 day after the date of the enactment of this Act, place any remaining sums on deposit with such person that are owed to individuals under subparagraph (C) the disposition of which remains unresolved in escrow with a financial institution in the United States for safekeeping and orderly disposition as the Secretary may direct.

(2) APPLICATION REGARDLESS OF LICENSE APPLICATION STATUS.—Paragraph (1) applies to any person who has operated an Internet gambling facility not licensed under this Act regardless of whether the person applies for a license or seeks a certificate of suitability with respect to an application for a license under this title.

(3) CRIMINAL PENALTY.—Whoever violates paragraph (1) shall be fined under title 18, United States Code, in an amount not to exceed 3 times the amount of the funds subject to this subsection or imprisoned under such title for not more than 2 years, or both.
(4) REGULATIONS.—The Office of Internet Gambling Oversight shall prescribe regulations to carry out this subsection.

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

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

(1) authorizes the provision of services relating to bets or wagers by facilities authorized and licensed by that State or Indian tribe in compliance with the law of that State or Indian tribe, as applicable, and solely provides services to participants wholly within the boundaries of such State or the Indian lands of such Indian tribe;

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

(3) prohibits fraud, unfair or deceptive acts or practices, or other criminal activity.
SEC. 115. ANNUAL REPORTS.

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

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

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

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

(B) The amount of assessments collected under section 106(e) and, in cooperation with the Secretary of the Treasury, an estimate of the amount of income tax revenue that is attributable to the operation of Internet gambling facilities during the period covered by the report.

(C) A list of qualified bodies, the number of licensees reviewed by the qualified bodies under this title, and the outcomes of such reviews.
(D) A description of the efforts the Secretary has undertaken to ensure that qualified bodies are properly issuing licenses and regulating licensees under this title.

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

(F) Such other information as the Secretary considers appropriate.

(b) CONSUMER PROTECTION.—

(1) IN GENERAL.—Not later than 1 year after the date of first issuance specified in section 114(a) and not less frequently than annually thereafter, the Secretary shall submit to the Committee on Banking, Housing and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a report on commercial and regulatory practices carried out to protect consumers with respect to Internet gambling, including the practices carried out pursuant to the requirements of section 107 and the regulations prescribed pursuant to such section.

(2) ELEMENTS.—Each report submitted under paragraph (1) shall include the following:
(A) A detailed description of the efforts of each qualifying body to protect consumers from unfair or deceptive acts or practices, including deceptive advertising and marketing to minors.

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

(C) Such recommendations as the Secretary may have for legislative action as the Secretary considers necessary to protect consumers with respect to Internet gambling.

(D) Such other information as the Secretary considers appropriate.

SEC. 116. INDEPENDENT TESTING OF LICENSED OPERATOR EQUIPMENT.

(a) REQUIREMENT.—The Secretary shall require independent testing of hardware, software, communications equipment, and other necessary devices for Internet gambling facilities to ensure the integrity, accountability, and randomness of play and network security.

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

(1) that is accredited by an intentional accreditation body approved by the Secretary;
(2) that is competent and qualified to scientifically test and evaluate equipment, software, communications and functionality relating to the operation of an Internet gambling facility; and

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

SEC. 117. INCLUSION OF AUTHORITY TO ADDRESS GAMBLING ADDICTION IN SAMHSA AUTHORITIES.

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

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

(2) by striking the period at the end of paragraph (18) and inserting “; and”;

(3) by adding at the end the following:

“(19) establish and implement programs for the identification, prevention, and treatment of pathological and other problem gambling.”.

SEC. 118. COMPILATION OF DATASETS ON PLAYER BEHAVIOR.

The Secretary shall compile and make available to the public, on the Web site of the Department of the Treasury, datasets, with respect to Internet gambling, on player be-
behavior from customer tracking data collected or generated by loyalty programs, player tracking software, online gambling transactions, or any other information system. The Secretary shall ensure that personally identifying information, including player name, street address, and bank or credit information, are automatically removed from the data. The data shall include information on player characteristics including gender, age and region of residence, player behavior including frequency of play, length of play, speed of play, denomination of play, amounts wagered and, if applicable, number of lines or hands played, and characteristics of games played.

SEC. 119. EFFECTIVE DATE.

(a) In General.—Except as otherwise provided in this title, the provisions of this title shall take effect on the date that is 30 days after the date of the enactment of this Act.

(b) Regulations Required Before Issuing Licenses.—Notwithstanding any other provision of this title, a qualified body may not issue a license under this title until the qualified body has issued regulations to meet its obligations as a qualified body.
TITLE II—ENFORCEMENT
UNDER TITLES 18 AND 31,
UNITED STATES CODE

SEC. 201. FINANCIAL SERVICE PROVIDERS.

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

(1) in section 5362—

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

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

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

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

“(d) FINANCIAL TRANSACTION PROVIDERS.—

“(1) IN GENERAL.—A financial transaction provider shall prevent, prohibit, or suspend its service from completing payment transactions involving customers within the United States and a person or entity that is—
“(A) an Internet gambling facility not included on the list of licensed Internet gambling facilities, or that the financial transaction provider reasonably believes is included on such list;

“(B) demonstrated to be, or that the financial transaction provider reasonably believes to be, an unlicensed Internet gambling enterprise, based on information other than the list of licensed Internet gambling facilities; or

“(C) acting on behalf of an Internet gambling facility that is not included on the list of licensed Internet gambling facilities, or that the financial transaction provider reasonably believes is included on such list, if the financial transaction provider has knowledge that such person or entity is acting on behalf of the unlicensed person or entity.

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

“(A) for engaging in a financial activity or transaction, including a payments processing activity, in connection with a bet or wager that the provider believes is permitted by the Internet Gambling Regulation, Enforcement, and
Consumer Protection Act of 2013 or the Internet horseracing Act of 1978 (15 U.S.C. 3001 et seq.), unless the financial transaction provider has actual knowledge that the financial activity or transaction was conducted in violation of either such Act or any applicable provision of Federal or State law; or

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

SEC. 202. AMENDMENTS RELATING TO ILLEGAL GAMBLING BUSINESSES.

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

(1) in clause (i), by striking “(i) is” and inserting “(A)(i) is”;

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

(3) by adding at the end the following:

“(B) is an unlawful Internet gambling facility, as defined in section 102 of the Internet Gambling Regulation, Enforcement, and Consumer Protection Act of 2013.”.
SEC. 203. FURTHER AMENDMENTS TO SUBCHAPTER IV OF CHAPTER 53 OF TITLE 31, UNITED STATES CODE.

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

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

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

(2) by redesignating subparagraph (D) as subparagraph (B);

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

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

“(C) QUALIFYING INTRASTATE LOTTERY TRANSACTIONS.—The term ‘unlawful Internet gambling’ does not include the purchase of a chance or opportunity to win a lottery or other prize that satisfies all of the conditions and lim-
itations set out in section 102(3)(B) of the
Internet Gambling Regulation, Enforcement,

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

SEC. 204. BETTOR FORFEITURE.

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

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

SEC. 205. REGULATIONS.

(a) REGULATIONS.—Not later than 180 days after
the date of enactment of this Act, the Secretary of the
Treasury shall prescribe such regulations as the Secretary of the Treasury considers necessary to ensure compliance with the Bank Secrecy Act (12 U.S.C. 1951 et seq.; 31 U.S.C. 5311 et seq.), by licensees, significant vendors to such licensees, and financial service providers to such licensees (as those terms are defined in section 102).

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

SEC. 206. CONFORMING AMENDMENT.

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

TITLE III—OTHER MATTERS

SEC. 301 SEVERABILITY.

If any provision of this Act is declared unconstitutional, or the applicability thereof to any person or circumstances is held invalid, the remainder of the Act shall remain in effect and will continue to apply to other persons and circumstances.

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