



April 25, 2007

Dear Members of the House Financial Services Committee:

On behalf of our respective professional and amateur sports organizations, we write to thank this Committee for its leadership in the last Congress in enacting the Unlawful Internet Gambling Enforcement Act of 2006 ("UIGEA"), and to urge the Committee to reject proposals to reverse itself on this issue.

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

The House Financial Services Committee began addressing the problem of offshore gambling websites in June 2000, when the committee held hearings on a bill to prohibit financial payments for this illegal activity (H.R. 4419), marked up the bill, and reported it by a voice vote. Between that time and the passage of the UIGEA on September 29, 2006, this committee marked up and reported four more similar bills, each time with overwhelming bipartisan support. Together with the House Judiciary Committee, which had secondary referral for most of these bills, there were several hearings on this issue, and three floor votes in the House—one voice vote and two recorded votes in which the bill passed on both occasions by a 3-to-1 margin. In the latest floor vote on July 11, 2006, the current members of this Committee also supported the legislation by large margins, with Republicans voting in favor 29-1 and Democrats in favor 17-8.

By the time UIGEA was enacted, it had been extensively considered, debated, and revised, and achieved bipartisan support and consensus in this Committee and the full House of Representatives. The final product of that consensus was a law that did not change the legality of any gambling activity – it simply gave law enforcement new, effective tools for enforcing state and federal gambling laws already on the books, particularly against gambling website operators who locate offshore to evade U.S. laws and law enforcement.

Though support for UIGEA has been broad and deep for many years, there have always been some detractors who oppose state and federal gambling prohibitions or limitations, and therefore do not support updated and effective enforcement measures. The detractors have now seized upon the fact that the final enactment of UIGEA was achieved through inclusion in an unrelated conference report to support claims that the law was not adequately considered by Congress. These claims ignore the hard work of this Committee that produced the text that became law, and the long record of bipartisan Congressional support for stand-alone Internet gambling legislation.

Proponents of Internet gambling claim that legalizing and regulating Internet gambling would be preferable to UIGEA. Our sports organizations would very strongly oppose any effort to legalize any online sports gambling. Congress has repeatedly agreed that any tax revenues that might be derived from legalizing sports gambling are not worth the cost in undermining the integrity of athletic contests and diminishing their reputation as family-friendly entertainment, by taking the extraordinary step of

preempting state laws that might legalize sports gambling, in the Professional and Amateur Sports Protection Act of 1992, the 1974 federal lottery laws, and the 1961 Wire Act.

We would also oppose any legislation that would legalize and regulate non-sports gambling online, because we do not believe that differential treatment of sports gambling and other gambling online would be sustainable in the current environment. Distinguishing between different forms of gambling will complicate the implementation of UIGEA, for which the implementing regulations have not been written yet. The new law must be given a chance to work before policymakers can determine whether partial legalization is technologically feasible.

Furthermore, the World Trade Organization recently affirmed its ruling that federal and state restrictions on Internet gambling violate our international trade agreements (despite protestations that the U.S. never intended to commit to free trade in gambling services) *unless* the U.S. can prove that restrictions are “necessary to protect public morals” and do not discriminate against foreign service providers. In the eyes of the WTO, exceptions to prohibition undermine the argument that gambling restrictions are “necessary to protect public morals.” Hence, if online poker or lotteries or other forms of online gambling are legalized, a major trading partner such as the European Union may be able to get the WTO to rule against *all* U.S. gambling restrictions, including the prohibition on sports gambling. The U.S. would then be faced with a Hobson’s choice of abandoning its gambling laws or making billions of dollars of trade concessions. We are opposed to any legislation that would thus jeopardize federal laws against sports gambling or further unreasonable demands from foreign entities.

Thank you for considering our views on this matter, and for the leadership of the House Financial Services Committee on this issue.

Sincerely,

Rick Buchanan, Executive VP and General Counsel
National Basketball Association

Elsa Kircher Cole, General Counsel
National Collegiate Athletic Association

William Daly, Deputy Commissioner
National Hockey League

Tom Ostertag, Senior VP and General Counsel
Major League Baseball

Jeffrey Pash, Executive VP and General Counsel
National Football League