

~~Internet~~  
Gambling

July 14, 2000

MEMORANDUM FOR THE CHIEF OF STAFF

FROM: BRUCE REED  
BETH NOLAN  
CHUCK BRAIN  
KAREN TRAMONTANO

SUBJECT: INTERNET GAMBLING LEGISLATION

This memorandum provides information about the Internet gambling legislation now moving through Congress so that we can decide whether the Administration should issue a veto threat. The legislation is titled the "Internet Gambling Prohibition Act of 1999," but as we detail below, it is deeply flawed and actually expands gambling in certain circumstances. This legislation has passed the Senate by unanimous consent and was reported out by the House Judiciary Committee in April. It is expected to go to the House floor next week on the suspension calendar. Under that procedure, it will take two thirds (or 290 or so Members in favor) for the bill to pass.

Provisions of the Internet Gambling Legislation

The "Internet Gambling Prohibition Act of 1999," sponsored by Senator Kyl, passed the Senate on November 19, 1999 by unanimous consent. The House version, sponsored by Representative Goodlatte, passed the House Judiciary Committee by a vote of 21-8 on April 6, 2000. Despite its title, the legislation (H.R. 3125) actually expands gambling in some circumstances because of its broad exemptions for bets placed on horse racing, dog racing, and jai alai. Democratic support comes from Members aligned with parimutuel interests in their districts.

The Department of Justice has two major concerns with the bill as it passed out of the Judiciary Committee. First, DOJ is concerned that H.R. 3125 will overlap with and create inconsistencies in federal gambling laws, impeding effective prosecution. Under current law, for instance, it is illegal to place an interstate bet on a horse race over the telephone; H.R. 3125 would permit that same bet over the Internet. In addition, the bill's Internet-only prohibition may quickly become obsolete as new technologies develop. The bill refers only to the Internet and interactive computer services, and does not leave open the possibility of application to new technologies not yet developed.

Second, and more important, H.R. 3125, exempts several gambling activities from the ban against online wagering, such as horse and dog races and jai alai games. There is no policy justification for these exemptions. In fact, they have the effect of allowing individuals to bet on dog and horse races from their homes – and giving children and other vulnerable populations unsupervised, unlimited access to such gambling activities. The bill is also internally inconsistent in that it requires bets on state lotteries to be placed at a public lottery outlet, while requiring no such limitation on the other excepted categories of gambling.

Since the bill passed out of the Judiciary Committee, a few conservative groups such as the Traditional Values Coalition have begun to focus on the exemption for parimutuel wagering. As a result of the new arguments against the bill, a group of conservative Republicans, known as the Conservative Action Team, asked the House leadership to have Representative Tauzin, chairman of the Commerce Committee, and Representative Goodlatte work out a deal to address these concerns.

On Wednesday, Representatives Goodlatte and Tauzin issued a press release stating that they had reached an agreement to address concerns that the bill "in no way expands gambling on the Internet." This language states that "any otherwise lawful, State-regulated pari-mutuel wagering activities on live horse or dog racing or live jai alai conducted on a closed loop, subscriber-based service, provided that the type of wagering activity has been authorized by the State" would be permitted. The language that we have received thus far does nothing to address any of the DOJ's concerns. It is DOJ's position that it is currently illegal for someone in a gambling business to accept bets on horse races, dog races, or jai alai sent across state lines using a wire communication facility. To the extent that the amendment would permit someone in a gambling business to accept interstate bets on horse races, dog races, or jai alai, it would constitute an unacceptable expansion of authorized gambling beyond what is permitted under current law. In addition, the new amendment would, like the rest of the legislation, not be technology-neutral and could, for that reason, quickly become obsolete.

### **Political Background and Legislative Outlook**

When Senator Kyl first introduced his bill in December 1995, it was supported by a coalition of "family values" organizations, the National Association of Attorneys General, professional sports leagues, and the NCAA. The horse- and dog-racing industries then lobbied Kyl for an exemption, arguing that they should be regulated by the states and not the federal government. Kyl gave them a carve-out, even though there is no greater states' rights argument for horse racing than for state lotteries. The Senate bill was then hotlined last fall and passed by unanimous consent. Most Senators did not study the bill, and the coalition remained intact.

As of this week, Representatives Tauzin and Goodlatte have represented that the following groups support their new language:

- National Football League (NFL)
- National Collegiate Athletic Association (NCAA)
- Major League Baseball (MLB)

- National Association of Attorneys General
- National Coalition Against Gambling Expansion
- Focus on the Family
- Family Research Council
- Christian Coalition
- Jerry Falwell Ministries
- National Council of Churches
- United Methodist Church, General Board of Church and Society
- Presbyterian Church U.S.A.
- American Family Association
- Home School Legal Defense Association

Most of these groups, while they support the bill, support it because it is the best vehicle out at the time.

Also strongly in favor of the bill is Governor Paul Patton (D-KY). As you know from your conversation with him, Governor Patton is under intense pressure from the Kentucky horse racing industry -- particularly the Churchill Downs Company -- to help them save the bill from a veto. Churchill Downs currently is engaged in "closed loop" broadcast of its races, which allows subscribers to bet from their homes. An Assistant U.S. Attorney in Kentucky has threatened publicly to bring criminal charges against the owners of Churchill Downs. The bill explicitly would legalize this form of gambling, which the Churchill Downs people believe would obviate the threat of prosecution.

As Governor Patton tirelessly reminds the White House staff, he has been "forced" to defend the Administration on a number of highly contentious issues in Kentucky, including coal mining restrictions, clean air rules, tobacco regulation and the slow pace of cleanup at the Paducah Uranium Enrichment Plant.

Several conservative groups still oppose the bill, most notably the Traditional Values Coalition. In addition, the National Indian Gaming Association is opposed because the bill expands gambling for parimutuel wagering, but does not do the same for tribal gaming. States and state lotteries are also opposed because they are not treated the same as the parimutuel industry because they currently do not utilize the Internet for lottery tickets. Representative Patrick Kennedy (D-RH) has close ties to the State lottery industry and is actively working to defeat the bill. The Interactive Gaming Council is also opposed because this bill is a regulation of the Internet.

On Wednesday, we met with the House Judiciary Democratic staff and representatives of organizations opposed to the bill. The House Democrats do not have a clear count of how many people will vote against the bill. The bill currently has 34 cosponsors, 11 Democrats and 22 Republicans. While there is no clear indication of how many House Democrats oppose the bill, Leader Gephardt, Representatives Conyers, Dingell, Kennedy, and other senior Democrats are committed to oppose the bill. However, Gephardt will not aggressively work to defeat the

measure given the dozens of Democrats from districts with strong ties to horse racing, dog racing, and other parimutuel interests who support the bill. Democratic Whip David Bonior will not whip against the bill and has not yet taken a position.

Among Republicans, conservatives Chris Cannon (R-UT), J.D. Hayworth (R-AZ) and other influential Republicans oppose the bill. The combination of Democrats and Republicans opposed to the bill could well lead to its defeat. A veto message from the Administration should strengthen Democratic opposition.

### Recommendations and Options

Because Representatives Goodlatte and Tauzin are representing that they have "fixed" the issue of expansion of gambling, we would like to send the attached letter which refutes their assertion. The Administration has not, thus far, sent a views letter on this legislation, and we believe it is important to put out a letter that will help inform members.

The issue that needs to be decided is whether the letter should say that we strongly oppose, that the Attorney General has recommended a veto, or whether senior advisors have recommended a veto. DOJ tells us that the Attorney General is comfortable recommending a veto as long as she will be supported by the White House. The situation with House Democrats is that they will more likely vote against the bill with strong opposition from the Administration. Unfortunately, however, it seems unlikely that we will have a good indication of how many members will vote against the bill before we send the letter. In order to defeat putting this bill on the suspension calendar, we would need 146 or so votes.

The following offices recommend an AG veto in the DOJ letter: the Vice President's office, Legislative Affairs, and the Domestic Policy Council. Counsel's Office recommends a veto on the substance, but notes that it is somewhat inconsistent with the low-level voicing of our objections up to this point. Intergovernmental Affairs recommends a strongly oppose.

#### Attachment

- Proposed DOJ letter

The Honorable Dennis Hastert  
Speaker  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Mr. Speaker:

The Department understands that H.R. 3125, the "Internet Gambling Prohibition Act of 2000," may be considered on the House floor as early as Monday, July 17, 2000. We would like to take this opportunity once again to present our views on the bill.

The Department strongly opposes enactment of this bill, which appears designed to protect certain forms of Internet gambling that currently are illegal, while potentially opening the floodgates for other forms of illegal gambling. We are especially troubled by the exemptions included in the bill for parimutuel wagering on activities such as horse races, dog races, and jai alai. Essentially, the exemptions could be read to make legal on the Internet types of parimutuel wagering that are not legal in analogous circumstances in the physical world. When section 1084 of title 18, United States Code, was enacted in 1961, it was specifically designed to prohibit parimutuel wagering over wire communications facilities, such as telephone lines. The Department is at a loss to understand why, at this juncture, the Congress would want to make it legal to conduct this kind of wagering over certain types of communications facilities (i.e., the Internet) and notes that these exemptions could have the effect of allowing individuals to bet on dog and horse racing from their homes, giving children and other vulnerable populations unsupervised, unlimited access to such gambling activities. There is no policy justification for such an exemption.

A second concern is that H.R. 3125 is not technology-neutral and applies only to Internet gambling. Legislation that is tied to a particular technology may quickly become obsolete and require further amendment. As a result, we believe it prudent to identify the conduct that the Congress is trying to prohibit and then to prohibit that conduct in technology-neutral terms. The Department believes that legislation addressing conduct over the Internet should treat physical activity and cyberactivity in the same way. If an activity is prohibited in the physical world but not on the Internet, then the Internet becomes a safe haven for that criminal activity. Similarly, conduct that is not a Federal crime in the physical world should not be subject to Federal criminal sanction when committed in cyberspace. This can be most efficiently accomplished by amending existing gambling laws, as opposed to creating a new technology-specific statutory scheme.

On a related point, we are concerned that, if enacted, proposed section 1085 will substantially overlap and be inconsistent with existing federal gambling laws. As section 1084 and other federal gambling laws already apply to Internet gambling, we continue to urge Congress to address Internet gambling issues by amending the existing gambling laws, rather than creating new laws that specifically govern the Internet. Indeed, the Department of Justice believes that amendments to existing section 1084 could achieve the objectives of H.R. 3125, while ensuring that the same laws apply to gambling businesses, whether they operate over the Internet, the telephone, or some other instrumentality of interstate commerce. In that connection, we have prepared a draft bill that amends existing section 1084 and related statutes and avoids the problems discussed above. We would be pleased to supply you with a copy of that proposal.

The Department has received reports that H.R. 3125 may be amended to provide that otherwise lawful State-regulated parimutuel wagering activities conducted on a "closed loop subscriber-based system" (a term that is vague and ill-defined) would be permitted. ~~While the Department has not received a copy of this new language and has therefore not had a chance to review it, the characterization of the proposed changes, if accurate, does nothing to address any of the Department's concerns. The language that the Department received, which we understand constitutes the language of the amendment, does nothing to address any of the Department's concerns.~~ It is our position that it is currently illegal for someone in a gambling business to accept bets on horse races, dog races, or jai alai sent across state lines using a wire communication facility. To the extent that the amendment would permit someone in a gambling business to accept interstate bets on horse races, dog races, or jai alai, it would constitute an unacceptable expansion of authorized gambling beyond what is permitted under current law. In addition, the new amendment would, like the rest of the legislation, not be technology-neutral and could, for that reason, quickly become obsolete.

Finally, we are troubled that this bill could interfere with the regulatory scheme set forth in the Indian Gaming Regulatory Act (IGRA). We believe that any Internet gambling legislation should make it clear that it is not intended to repeal or amend the rights or privileges secured by the tribes under IGRA.

**For the foregoing reasons, the Department of Justice is strongly opposed to enactment of this legislation. If it were to be presented to the President in its current form, the Attorney General would recommend that he veto it.**

Again, thank you for the opportunity to comment on this legislation. Please do not hesitate to call upon us if we may be of additional assistance. The Office of Management and Budget has advised us that there is no objection from the standpoint of the Administration's program to the submission of this report, and that enactment of H.R. 3125 would not be in accord with the program of the President.

Sincerely,

Robert Raben  
Assistant Attorney General

**IDENTICAL LETTER TO BE SENT TO THE MINORITY LEADER**



Barbara Chow  
07/13/2000 06:36:21 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP@EOP

cc:

Subject: Labor/HHS

I forgot to convey to you the rest of the rumors on Labor/HHS so here goes:

- Conference on Tuesday (Big 4 will meet earlier)
- Stevens is supposed to be calling Jack tonight
- Everything is supposed to be finished by July 20 (hah!)
- R's are seeking a "signable bill"
- Instructions are to "not give the POTUS everything he wants"
- Drop PBOR and genetic nondiscrimination
- Keep Medicare lockbox
- School construction to "be handled by the leadership" interpreted by staff to mean Goodling  
(By the way, Harkin wants to be part of these discussions)
- Specter will be arguing for "local control"/block grants.

July 13, 2000

MEMORANDUM FOR THE CHIEF OF STAFF

FROM: BRUCE REED  
BETH NOLAN  
CHUCK BRAIN  
KAREN TRAMONTANO

SUBJECT: INTERNET GAMBLING LEGISLATION

This memorandum provides information about the Internet gambling legislation now moving through Congress so that we can decide whether the Administration should issue a veto threat. The legislation is titled the "Internet Gambling Prohibition Act of 1999," but as we detail below, it is deeply flawed and actually expands gambling in certain circumstances. This legislation has passed the Senate by unanimous consent and reported out by the House Judiciary Committee in April. It is expected to go to the House floor next week on the suspension calendar.

**Provisions of the Internet Gambling Legislation**

The "Internet Gambling Prohibition Act of 1999," sponsored by Senator Kyl, passed the Senate on November 19, 1999 by unanimous consent. The House version, sponsored by Representative Goodlatte, passed the House Judiciary Committee by a vote of 21-8 on April 6, 2000. Despite its title, the legislation (H.R. 3125) actually expands gambling in some circumstances because of its broad exemptions for bets placed on horse racing, dog racing, and jai alai.

The Department of Justice has two major concerns with the bill. First, DOJ is concerned that H.R. 3125 will overlap with and create inconsistencies in federal gambling laws, impeding effective prosecution. Under current law, for instance, it is illegal to place an interstate bet on a horse race over the telephone; H.R. 3125 would permit that same bet over the Internet. In addition, the bill's Internet-only prohibition may quickly become obsolete as new technologies develop. The bill refers only to the Internet and interactive computer services, and does not leave open the possibility of application to new technologies not yet developed.

Second, and more important, H.R. 3125, exempts several gambling activities from the ban against online wagering, such as horse and dog races and jai alai games. There is no policy

justification for these exemptions. In fact, they have the effect of allowing individuals to bet on dog and horse races from their homes – and giving children and other vulnerable populations unsupervised, unlimited access to such gambling activities. The bill is also internally inconsistent in that it requires bets on state lotteries to be placed at a public lottery outlet, while requiring no such limitation on the other excepted categories of gambling.

Since the bill passed out of the Judiciary Committee, a few conservative groups such as the Traditional Values Coalition have begun to focus on the exemption for parimutuel wagering. As a result of the new arguments against the bill, a group of conservative Republicans, known as the Conservative Action Team, asked the House leadership to have Rep. Tauzin, chairman of the Commerce Committee, and Rep. Goodlatte work out a deal to address these concerns.

Yesterday, Reps. Goodlatte and Tauzin issued a press release stating that they had reached an agreement to address concerns that the bill "in no way expands gambling on the Internet." Rep. Goodlatte and Tauzin are keeping this language closely held, and, therefore, the Administration has not seen this new language. Our understanding is, however, that H.R. 3125 may be amended to provide that otherwise lawful State-regulated parimutuel wagering activities conducted on a "closed loop subscriber-based system" (a term that is vague and ill-defined) would be permitted. While we have not received a copy of this new language and has therefore not had a chance to review it, the characterization of the proposed changes, if accurate, does nothing to address any of the DOJ's concerns. It is DOJ's position that it is currently illegal for someone in a gambling business to accept bets on horse races, dog races, or jai alai sent across state lines using a wire communication facility. To the extent that the amendment would permit someone in a gambling business to accept interstate bets on horse races, dog races, or jai alai, it would constitute an unacceptable expansion of authorized gambling beyond what is permitted under current law. In addition, the new amendment would, like the rest of the legislation, not be technology-neutral and could, for that reason, quickly become obsolete.

### **Political Background and Legislative Outlook**

When Senator Kyl first introduced his bill in December 1995, it was supported by a coalition of "family values" organizations, the National Association of Attorneys General, professional sports leagues, and the NCAA. The horse- and dog-racing industries then lobbied Kyl for an exemption, arguing that they should be regulated by the states and not the federal government. Kyl gave them a carve-out, even though there is no greater states' rights argument for horse racing than for state lotteries. The Senate bill was then hotlined last fall and passed by unanimous consent. Most Senators did not study the bill, and the coalition remained intact.

As of yesterday, Reps. Tauzin and Goodlatte have represented that the following groups support their new language:

- National Football League (NFL)
- National Collegiate Athletic Association (NCAA)
- Major League Baseball (MLB)

- National Association of Attorneys General
- National Coalition Against Gambling Expansion
- Focus on the Family
- Family Research Council
- Christian Coalition
- Jerry Falwell Ministries
- National Council of Churches
- United Methodist Church, General Board of Church and Society
- Presbyterian Church U.S.A.
- American Family Association
- Home School Legal Defense Association

There are still several groups against the bill. The Traditional Values Coalition still opposes the bill. The National Indian Gaming Association is opposed because the bill expands gambling for parimutuel wagering, but does not do the same for tribal gaming. States and state lotteries are also opposed because they are not treated the same as the parimutuel industry because they currently do not utilize the Internet for lottery tickets. The Interactive Gaming Council is also opposed because this bill is a regulation of the Internet.

We met with the House Democrats yesterday and the groups opposing the bill. The House Democrats do not have a clear count of how many people will vote against the bill. The bill currently has 34 cosponsors, 11 Democrats and 22 Republicans.

### **Recommendations and Options**

Because Reps. Goodlatte and Tauzin are representing that they have "fixed" the issue of expansion of gambling, we would like to send the attached letter which refutes their assertion. The Administration has not, thus far, sent a views letter on this legislation, and we believe it is important to put out a letter that will help inform members.

The issue that needs to be decided is whether the letter should say that we strongly oppose, that the Attorney General has recommended a veto, or whether senior advisors have recommended a veto. DOJ tells us that the Attorney General is comfortable recommending a veto as long as she will be supported by the White House. The situation with House Democrats is that they will more likely vote against the bill with strong opposition from the Administration. Unfortunately, however, it seems unlikely that we will have a good indication of how many members will vote against the bill before we send the letter. In order to defeat putting this bill on the suspension calendar, we would need 13\_ votes.

We recommend ---

Attachment

- Proposed DOJ letter

Gambling

# Online Gambling Bill a Web of Industry Favors

By DAN MORGAN  
Washington Post Staff Writer

The Internet Gambling Prohibition bill was supposed to do just what its name implied: curb the explosion of online gambling. But as the bill heads into the final stretch in Congress, it has become a magnet for favors to gambling interests.

First, there is the \$14 billion a year parimutuel horse racing industry, which would get a share of the proceeds from bets placed on a home computer. Wielding influence through its nationwide network of tracks, breeders and horse farms, the industry has won concessions that the Justice Department says would "expand gambling opportunities."

That exception has set off a frenzy among other groups—from Indian tribes to states with lotteries—clamoring for the same privileges. Before the Senate passed the measure in November, the American Greyhound Track Operators won a similar exception for dog tracks. Then in the House, Rep. Bill McCollum (R-Fla.) went to bat for the state's jai alai industry—and jai alai was added to the list.

As a result, several Christian right organizations have pulled their support. And the anti-gambling bill—once a seemingly straightforward effort to clamp down on a fast-growing phenomenon—has become bogged down in the war of clashing interests, with groups from professional sports leagues to Internet service providers to credit card companies angling to protect their interests.

The established casino industry has been a prime mover behind the bill because it would curb the online upstarts the industry fears could cut into its profits.

But after unanimously passing the Senate last year and winning approval in the House Judiciary Committee in April, the legislation is "in trouble," one aide to the House Republican leadership said. No date has been set for floor action.

The biggest current dispute involves state lotteries, which do not sell tickets online but want to be able to compete in cyberspace. In a bid to retain support from Christian groups, the House Judiciary Committee put severe restrictions on state lotteries before it approved the bill.

Lobbyists for the online companies that would handle this business have mobilized the National Governors Association and individual governors to ask House Speaker J. Dennis Hastert (R-Ill.) and other top House Republicans for help. They have urged Congress to let states decide for themselves whether to permit the use of the Internet for local lottery operations.

On the other side, convenience store chains that sell lottery tickets fear the Internet could undercut the business and are opposing an exemption.

Many other interest groups have weighed in as well. Professional and college athletic leagues believe Internet gambling poses ethical and economic perils for sports, and are pressing for re-

strictions. America Online Inc. and other Internet service providers are seeking to limit their liability for allowing access to online casinos. Credit card companies want to ensure that they can collect debts incurred in online wagering.

One lobbying firm, Janus-Merritt Strategies, has three separate sets of clients interested in the bill. The Interactive Gaming Council, representing gambling Web sites in the United States and abroad, wants to defeat the bill, with a lob-

bying campaign that its Web site says will cost \$1 million. The group argues that "people want the government to stay out of their home computers" and that it is impossible to create "an electronic wall around the United States."

Another Janus-Merritt client, CDM Fantasy Sports, which operates fantasy sports leagues, has lobbied successfully for a provision that would allow fantasy sports online. Inland Entertainment, which advises Indian tribes on gambling activities, wants to expand the ability of tribes to cash in on Internet gambling; in the current version of the measure, only those who are "physically located on Indian lands" may gamble online.

All this is a far cry from the situation a year ago, when Sen. Jon Kyl (R-Ariz.), who chairs the Judiciary Committee's subcommittee on technology, set out to meet the demands of the anti-gambling movement.

More than 250 online casinos, 64 lotteries, 20 bingo games and 139 sports books were already providing gambling over the Internet, according to the National Gambling Impact Study Commission. Most of the Web sites were beyond the reach of U.S. regulators or tax collectors, and many were seem-

ingly in violation of long-standing federal law that already prohibits the use of wires to facilitate or transmit betting across state lines.

The Senate bill was endorsed by numerous religious and conservative groups opposed to gambling in all forms. But the bill also had the backing of Washington's most pro-gambling group, the American Gaming Association, representing casinos, riverboat gambling operators and casino equipment manufacturers.

"If a little mud gets spotted at one end of this industry, everyone gets covered with it," said association President Frank Fahrenkopf.

Senate Majority Leader Trent Lott (R-Miss.), whose home state's casinos and riverboats have made Mississippi the country's third-highest recipient of gambling revenue, signed on as an early cosponsor, and the bill sailed through the Senate.

In the House, however, warfare among various gambling interests intensified, and the exceptions for online parimutuel betting were preserved only after a major grassroots effort by the American Horse Council, representing tracks, breeders, trainers, jockeys and horse farms.

Illustrative of the industry's grassroots ties is Arlington Race-track northwest of Chicago, a subsidiary of Duchossois Industries. Members of the Duchossois family

have contributed \$41,000 to the Illinois Republican Party since 1996, and some employees live in Hastert's district. The track itself is in the district of Judiciary Committee Chairman Henry J. Hyde (R).

Horse racing officials hotly disagree with the Justice Department that the parimutuel provisions expand gambling. Under current law, they say, nine states allow "account wagering" in which registered players can telephone bets to a track or an off-track facility in their state.

"We believe the bills only maintain the status quo, grandfather us in and protect our opportunity to do this type of wagering under state requirements," said American Horse Council President Jay Hickey. Tracks could receive an average of 3 cents on every dollar wagered interactively—similar to the share in off-track betting.

Rep. Robert W. Goodlatte (R-Va.), chief House architect of the bill, called the provision "a narrow exemption that reflects what's going on on the Internet."

But Justice Department officials contend that expressly authorizing the use of the Internet for

horse racing would expand gambling opportunities by allowing bettors from out of state to place wagers. Some of that has already happened. One horse racing site, *Youbet.com*, settled a lawsuit brought by the Los Angeles County district attorney by agreeing not to accept wagers from California residents. Anti-gambling groups are now divided on the bill. "We can show it will reduce the amount of gambling. Horse racing and jai alai are not growing, so we're not as concerned about them as these other forms," said Michael Bowman of the Family Research Council.

But in a May 11 letter to Hyde, Paul M. Weyrich, president of the Free Congress Foundation, voiced his "strong opposition." The Christian Coalition, which originally supported the bill, said in a letter to Hyde in March that it could no longer do so because of the dog racing and jai alai provisions. The Traditional Values Coalition has also changed its mind. "When I gave an exemption to parimutuel betting, we said this is too much," said the group's chairman, the Rev. Lou Sheldon. "It opens a giant Pandora's box."

Staff writer Juliet Eilperin contributed to this report.

# Nominee Is Held Up In Energy Dept. Fight

*Authority Over New Nuclear Agency at Issue*

By WALTER PINCUS  
*Washington Post Staff Writer*

Senate confirmation of Gen. John A. Gordon as the first head of the new, semi-autonomous National Nuclear Security Administration inside the Energy Department has been held up by a Democrat angered by Republican legislation that cuts into Energy Secretary Bill Richardson's authority over the new agency.

Sen. Richard H. Bryan (D-Nev.) put the hold on Gordon's nomination last Thursday even though he "has no reservations about the general," who has been serving as a deputy director of the CIA, said Bryan's press secretary, David Lemon. At issue are two provisions attached to the pending defense authorization bill that, Lemon said, "go back on an agreement reached last year about Richardson's authority over Gordon's agency."

One prohibits Richardson from abolishing, altering, consolidating or discontinuing any unit or component inside the new nuclear weapons-building administration. The other denies pay to any Energy Department official who also serves as an official in the new agency. Richardson has employed such a dual-hatting arrangement for several key positions, much to the irritation of Republicans who want near autonomy for the National Nuclear Security Administration.

Congress created the administration last year in the wake of allegations that China obtained nuclear secrets partly because of lax security at the Energy Department's national laboratories. Richardson initially opposed the law setting up the agency, arguing that it would gut his authority. Earlier this year, he reversed course and announced a search committee for the agency's director, but said he might appoint some of his senior deputies to key roles.

Republican staff members, who asked to remain anonymous, said yesterday that they believed Richardson was behind Bryan's hold on Gordon—something that the senator's spokesman promptly denied. "The senator did not talk to Richardson about doing this," Lemon said.

"This is a very regrettable internecine battle between a Cabinet officer and both sides of the aisle in the Senate," said Sen. John W. Warner (R-Va.), chairman of the Armed Services Committee, which held a confirmation hearing on Gordon last week. "One of the best-qualified, ablest men for the job is caught in this battle."

A senior Energy Department official said yesterday that the department did not know about Bryan's hold on Gordon until after it took place.

"Richardson plans to talk to the senator with regard to Gordon" when Bryan returns from a trip this week to Russia and Ukraine, the energy official said.

The official, however, made clear he thought the Republican legislation was aimed at Richardson, who has only a few months left in office.

"Whether [Vice President] Gore or [Texas Gov. George W.] Bush wins," the energy official said, "the Republicans are tying the hands of the next secretary. Meanwhile, we need dual-hatting even once Gordon is confirmed, because he never could staff up his administration with new people in the few months ahead."

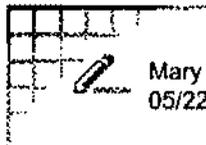
Sen. Carl M. Levin (D-Mich.), the panel's ranking Democrat, called the legislation "an unprecedented restriction of a Cabinet secretary to manage a department."

But Sen. Pete V. Domenici (R-N.M.) said the provisions "let us make sure that we do not let this secretary or any secretary water down the authority and jurisdiction of this position."

Gordon declined to take a position on the legislation, although he said, "I told [Richardson] . . . he will be my boss, and he will exercise his authority, direction and control. He makes the policy, I execute it."

Later, when asked if he could work with the security czar system that Richardson set up for the entire department, with retired Gen. Eugene Habiger in charge, Gordon said he had told the secretary, "as long as I . . . have the authority to run my organization, I can make that structure work where there is a policy center that is outside of the structure."

Gambling



Mary L. Smith  
05/22/2000 11:26:18 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP@EOP, Barbara Chow/OMB/EOP@EOP  
cc: Jennifer E. McGee/OMB/EOP@EOP  
Subject: gambling update



bioarticle.RT Here is an update on the Internet Gambling legislation, the college sports gambling legislation, and a bill to prohibit credit card use for illegal gambling.

1. **Internet Gambling Legislation.** Barbara and I talked to DOJ and Broderick and we agreed that Broderick would try to reach out to Gephardt and other Democrats to see if we could get more support for our alternative proposal. Rep. Bliley is also seeking a referral to the House Commerce committee, and Broderick will reach out to those folks as well. DOJ felt that we should not send an AG letter unless there is a triggering event such as a markup in the Commerce committee or the introduction of our proposal. They felt that unless there was something to react to then we would not receive much press. We will touch base with Broderick on Thursday to see how his efforts went. *opened*

2. **Sports Betting Legislation.** I think it is possible to be against the sports betting legislation (which would prohibit it in Nevada basically), and still be against the Internet gambling legislation. We could argue that this only occurs in Nevada, and it is not a significant problem. Furthermore, we could argue that the original law, the Professional and Amateur Sports Act (PASPA) was just signed in 1992 and grandfathered in Nevada, along with 3 other states.

Attached are a couple of articles on the college sport bill. Basically, Senators McCain and Brownback have a bill in the Senate (S.2340) which was reported out of the Senate Commerce Committee. This legislation would establish a grant program, administered by the National Institute of Standards and Technology, to support research and training in methods of detecting the use of performance-enhancing substances by athletes. It also would establish a ban on gambling on Olympic, college, and high school athletic events. This ban would close a loophole in PASPA. On October 28, 1992, President Bush signed into law PASPA. PASPA prohibits the expansion of state-sanctioned, authorized, or licensed gambling on sports. PASPA grandfathered sports gambling in four states -- Nevada, Oregon, Montana, and Delaware. Under PASPA, each of these states may legalize gambling on college sports, although only Nevada has done so. Oregon runs a state lottery game based on games played in the NFL. Delaware and Montana offer no form of legalized sports gambling. Currently, 142 legal sports books operate in Nevada. Bettors wagered \$2.3 billion in Nevada's licensed sports books in 1998.

In the House, Rep. Lindsey Graham has a similar bill (H.R. 3575) -- there are many Democratic cosponsors on this bill. This bill is scheduled for a June 13 hearing in the House Judiciary Committee. Shelley Berkley is upset by this because in February the House Republican leadership promised not to act on this bill this year (in deference to Berkley's Republican opponent). On the Senate side, Senator Bryan tried to offer an amendment in committee that would keep the grandfather provision in. This amendment was defeated by 16 to 2 --with many Democrats voting against it such as Inouye, Dorgan, and Kerry.

neutral

3. **Credit Card Legislation.** There is one other piece of legislation on gambling that may be relevant. A bill, sponsored by Rep. Leach (H.R. 4419) would prohibit the use of credit cards for Internet gambling. I am having OMB send this around to see what the agencies and NEC think of it.

- 
- x Commercial Judic Dem staff
    - sequential referral
  - x Views letter if it comes to flow
  - x DOJ looking for <sup>locality</sup> case
  - x Ralph/BR op-ed

- 
- no <sup>formal</sup> view
  - sports betting
  - signed 3 state except 5 yrs ago
  - Braunbach
-

May 9, 2000

MEMORANDUM FOR THE CHIEF OF STAFF

FROM: BRUCE REED  
BETH NOLAN  
CHUCK BRAIN  
KAREN TRAMONTANO

SUBJECT: INTERNET GAMBLING LEGISLATION

This memorandum provides information about the Internet gambling legislation now moving through Congress. The legislation is titled the "Internet Gambling Prohibition Act of 1999," but as we detail below, it is deeply flawed and actually expands gambling in certain circumstances. This legislation has passed the Senate by unanimous consent and was recently reported out by the House Judiciary Committee. It is expected to go to the House floor next week, although jurisdictional sparring could delay a floor vote. Because it has a better-than-even chance of final action by both bodies, we wanted to bring the issue to your attention now. We have outlined some options for an Administration position, ranging from a "hands off" approach to a more active effort to block this legislation.

**Provisions of the Internet Gambling Legislation**

The "Internet Gambling Prohibition Act of 1999," sponsored by Senator Kyl, passed the Senate on November 19, 1999 by unanimous consent. The House version, sponsored by Representative Goodlatte, passed the House Judiciary Committee by a vote of 21-8 on April 6, 2000. Despite its title, the legislation (H.R. 3125) actually expands gambling in some circumstances because of its broad exemptions for bets placed on horse racing, dog racing, and jai alai.

The Department of Justice has two major concerns with the bill. First, DOJ is concerned that H.R. 3125 will overlap with and create inconsistencies in federal gambling laws, impeding effective prosecution. Under current law, for instance, it is illegal to place an interstate bet on a horse race over the telephone; H.R. 3125 would permit that same bet over the Internet. In addition, the bill's Internet-only prohibition may quickly become obsolete as new technologies develop. The bill refers only to the Internet and interactive computer services, and does not leave open the possibility of application to new technologies not yet developed.

Second, and more important, H.R. 3125, exempts several gambling activities from the ban against online wagering, such as horse and dog races and jai alai games. There is no policy

justification for these exemptions. In fact, they have the effect of allowing individuals to bet on dog and horse races from their homes – and giving children and other vulnerable populations unsupervised, unlimited access to such gambling activities. The bill is also internally inconsistent in that it requires bets on state lotteries to be placed at a public lottery outlet, while requiring no such limitation on the other excepted categories of gambling.

DOJ has testified on the bill's shortcomings, but we have not expressed public and forceful opposition. The Department has also drafted an alternative bill that would avoid the problems of H.R. 3125. It would amend existing law instead of creating a new statute to deal with the Internet. And it would allow no exemptions for parimutuel wagering, and create no loopholes permitting bets to be placed from the home. This alternative bill has not yet been introduced.

### **Political Background and Legislative Outlook**

When Senator Kyl first introduced his bill in December 1995, it was supported by a coalition of “family values” organizations, the National Association of Attorneys General, professional sports leagues, and the NCAA. The horse- and dog-racing industries then lobbied Kyl for an exemption, arguing that they should be regulated by the states and not the federal government. Kyl gave them a carve-out, even though there is no greater states’ rights argument for horse racing than for state lotteries. The Senate bill was then hotlined last fall and passed by unanimous consent. Most Senators did not study the bill, and the coalition remained intact.

In the House, however, the coalition has splintered. The Family Research Council, which pushed successfully for the provision barring state lottery gambling from the home, supports the bill. But the Christian Coalition opposes it because the bill still allows parimutuel betting from the home. The National Indian Gaming Association is opposed because the bill expands gambling for parimutuel wagering, but does not do the same for tribal gaming. States and state lotteries are also opposed because they are not treated the same as the parimutuel industry. Internet Service Providers (ISPs) are generally supportive of the bill because it grants them partial immunity, but have not lobbied extensively and have generally kept a low profile. The NCAA supports the bill, fearing that the spread of online gambling could affect the integrity of its games and that college students might be susceptible to huge gambling debts.

If the bill is cleared for House floor consideration, Democrats are unlikely to present vigorous, united opposition. Absent a strong signal from the Administration that opposition is important, Democratic members will likely vote according to the parimutuel interests in their own states. The issue before us now is whether to send such a signal.

### **Recommendations and Options**

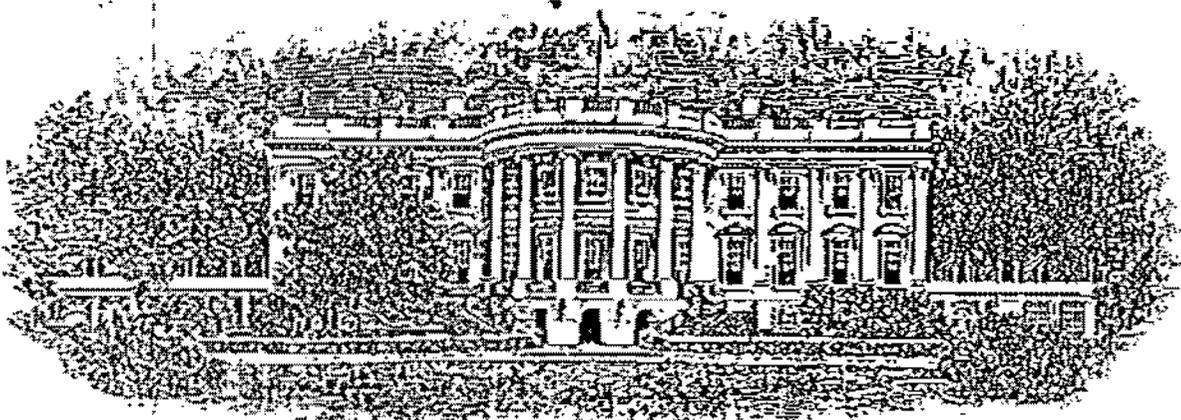
We present the following options:

1. Have DOJ become more proactive in arguing against the bill, on the grounds that it creates problems for prosecutors and exposes children to more gambling in their homes. The Attorney General could send a letter or speak out against the bill.

2. Engage the White House, along with DOJ, in vocal opposition to the bill.
3. Ask House Democrats to introduce the DOJ alternative as a substitute on the floor.
4. Continue with the "hands-off" approach we have taken thus far.

We would recommend Option 2. We believe that the White House and DOJ jointly could take a principled stand against the expansion of gambling. This would allow us the opportunity to reach out to those persons who want to protect children from the dangers of gambling. While we believe we should take a strong stand, we should also recognize that it may be an uphill battle and that we may have a difficult time prevailing, given the history of this issue. Nonetheless, we believe this is a political battle worth having.

# The White House



## COUNSEL'S OFFICE

### Facsimile Transmission Cover Sheet

Telephone 202 456-6229

Fax 202 456-2146

DATE: \_\_\_\_\_

TO: Bruce Reed

FACSIMILE NUMBER: \_\_\_\_\_

TELEPHONE NUMBER: \_\_\_\_\_

FROM: Mary Smith

TELEPHONE NUMBER: \_\_\_\_\_

PAGES (WITH COVER): \_\_\_\_\_

COMMENTS: Letter on gambling from former governor Bob Miller

**PLEASE DELIVER AS SOON AS POSSIBLE**

The document(s) accompanying this facsimile transmittal sheet is intended only for the use of the individual or entity to whom it is addressed. This message contains information which may be privileged, confidential or exempt from disclosure under applicable law. If the reader of this message is not the intended recipient, or the employee or agent responsible for delivering the message to the intended recipient, you are hereby notified that any disclosure, dissemination, copying or distribution, or the taking of any action in reliance on the contents of this communication is strictly prohibited. If you have received this information in error, please immediately notify the sender at their telephone number stated above.

 Mary L. Smith  
05/16/2000 07:20:29 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP@EOP  
cc:  
Subject: gambling question

Former governor of Nevada, Bob Miller, has written to the President asking that the President take a "critical look" at S. 2267, sponsored by Senator McCain. This bill would ban legal gambling on college sporting activities. Because basically Nevada is currently the only state that permits such gambling -- this legislation singles out Nevada. Former Governor Miller writes that the genesis of this legislation is one of the Gambling Impact Study Commission's recommendations.

The Administration has not said anything on this legislation, and we probably are not inclined to do so either. The correspondence office wants to know what we should say in response to this letter. This letter also addresses an NSC issue.

Currently, the draft says that the President has shared this letter with the Attorney General who is reviewing this issue. Do you think this is sufficient? Or do you think we should say anything else (although I don't know what we would say)? I will fax you the letter, the draft response, and the legislation. Let me know, Mary

THE WHITE HOUSE  
WASHINGTON

MEMORANDUM

To: Mary Smith  
6-1847

From: Woyneab Wondwossen  
Presidential Letters and Messages  
Voice 202/456-5492 Fax 202/456-5426

\*\*\*\*\*

Please see comments  
below

Please advise on how  
to respond

Please call me  
regarding the attached

For your information

For your approval

Per your request

No response necessary  
for attached letter,  
unless response otherwise  
recommended

For your agency's  
response

Please respond by:

\*\*\*\*\*

Comments:

Thanks.

~~DEPT OF EC LETTER~~

|                                                                                                                                                             |                                                                                                            |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|
| INITIALS: EC /wmw                                                                                                                                           | DOCUMENT NAME:<br>\\s who00010\dos\public\letter\slr\p\wmw<br>\miller b wmw.doc                            |
| DRAFT / LETTER DATE: May 8,<br>2000                                                                                                                         | CORRESPONDENCE #: 7201022                                                                                  |
| CORRESPONDENCE ADDRESSED TO:<br>The Honorable Bob Miller<br>Jones Vargas<br>Third Floor South<br>3773 Howard Hughes Parkway<br>Las Vegas, Nevada 89109-0949 | CC:<br>Uzbekistan language provided by Steven<br>Mull @DOS; cleared by Mark Brzezinski,<br>NSC Russia S/8. |

Dear Bob:

Thanks for following up on our conversations about Newmont Gold and the legislation banning legal gambling on college sports.

On April 18<sup>th</sup>, Secretary Albright met with President Karimov and strongly urged the President to approve Newmont's bid to invest in Uzbekistan's gold mining industry, emphasizing the enormous benefits of such an investment to the economy of Uzbekistan. With regard to your concerns about S. 2267, I have shared your letter with Attorney General Reno, ~~Secretary Rabbitt, and Administrator Browner~~ who are currently reviewing this important issue. As always, I value your continued counsel, and I look forward to hearing from you again soon. Best regards.

*POTUS*  
*[Signature]*

513 7000  
903 4/14/00

# JONES VARGAS

ATTORNEYS AT LAW  
THIRD FLOOR SOUTH  
3773 HOWARD HUGHES PARKWAY  
LAS VEGAS, NEVADA 89102-0040

TELEPHONE  
(702) 734-2220  
TELECOPIER  
(702) 734-2772

CLIFFORD A. JONES (1919 - 1983)  
GEORGE L. VARGAS (1908 - 1983)  
JOHN C. WARTLETT (1919 - 1983)  
LOUIS MEAD DIXON (1919 - 1983)  
GARY T. FOREMASTER (1933 - 1983)

OF COUNSEL  
ORALD W. NORVILLE

E-mail Address  
bjmill@jonesvargas.com

05 APR 20 09:27 AM

HERBERT M. JONES  
MELVIN D. GLOSE, JR.  
JOSEPH W. BROWN  
ALBERT F. PACHA  
JOHN P. SANDS, III  
WILLIAM J. KAGGIO  
BOB MILLER  
GARY R. GOODHEART  
MICHAEL B. BUCKLEY  
DOUGLAS G. GROSSBY  
RICHARD F. JOST  
JANET L. CHUMB  
DOUGLASS M. CONNOR

KIRBY D. LENNARD  
KEVIN R. STOLWORTHY  
STEPHEN M. RICE  
ANTHONY C. GOROON  
GREG L. JENSEN  
JODI A. GOODHEART  
PAUL A. LEMCKE  
PHILIP M. BULLIP  
REINHOLD R. REUTHER  
MICHAEL P. LINDALL  
MICHAEL B. ALONSO  
ERIC W. LERUDE  
BRIAN P. CLARK

KRIST T. BALLARD  
MELISSA P. BARNARD  
GREGORY A. BROWER  
EDWARD M. SANCIA  
DANIEL W. GLASSER  
DAWN R. HINMAN  
CARLA R. JONES  
R. DOUGLAS NUREZIEL  
JANIEDE S. MARSHALL  
KARL L. MIELSON  
ENNIS L. OLSON  
MICHAEL A. T. PACHA  
PUOTYARAT K.  
KREMSHINUT

PATRICK A. ROSS  
TONY P. WAGNER III  
SCOTT M. SCHENKHALD  
PATRICK J. BRENNAN  
JENNIFER A. SLOAN  
DIANA L. SULLIVAN  
ERIC W. SWANIS  
SANDRA D. TURNER  
STACBY A. UPSON  
GORDON H. WARREN  
CAROL L. WETZEL  
MARK E. WILKEY

April 3, 2000

4-20-00  
TO Burkhardt  
for Reply  
[Stamp: AC SIC]  
[Stamp: 4 LEP NSC 19A]

Fax (202) 456-6220

DAN: NOT LOGGED OUT  
OF TICKLER...  
FOR JOHN'S 'BOSIG' LOG?  
WEB.

President William J. Clinton  
The White House  
1600 Pennsylvania Ave  
Washington, D.C. 20500

Dear Mr. President:

It was great to spend some time with you yesterday. Pursuant to your request, contained herein is additional background on the issues we discussed: the NCAA legislation banning legal betting on college sports and Newmont Gold's corporate presence in Uzbekistan. I also wanted to update you on recent activities of the Past Governors' Association.

As you are aware, the Senate Commerce, Science and Transportation Committee held a hearing last week on a proposal (S. 2267) by Senator McCain that would ban legal gaming on college sporting activities. As you know, Nevada is the only state in the country that allows legal wagering on college sports.

The genesis of this errant legislation is from a brief mention in the Gaming Impact Study Commission's findings. Instead of addressing the problem of illegal sports wagering directly, the NCAA has chosen this legislation as a feel good reaction to the problem. In fact, legal sports wagering constitutes only 1% of the betting nationwide and it was the legal sports books in Nevada that uncovered an illegal college basketball sports fix in Arizona.

While this legislation might make people feel good, the plain fact is it will not curb illegal sports betting. This effort is merely one to cover the fact that the NCAA failed to testify on this issue before the Commission and should be recognized as such. Nevada should not be made their scapegoat. As American Gaming Association Chair Frank Fahrenkopf so aptly testified in his prepared remarks before the Commerce Committee, "To ban college sports betting in Nevada to address this problem [illegal betting] would be like

100 WEST LIBERTY STREET, 12<sup>TH</sup> FLOOR  
TELECOPIER (775) 766-1177

RENO OFFICE:

RENO, NEVADA 89501

TELEPHONE (775) 766-2000

APR 12 2000

President William J. Clinton  
April 3, 2000  
Page 2

shutting down Napa Valley to curb binge drinking on campus". Clearly the NCAA has to look within its own membership for a solution to this problem without blaming Nevada, which has the best gaming regulatory system in the world. I hope your staff will take a critical look at this bill as it progresses.

I also wanted to reiterate Newmont Gold's corporate status as the largest American business in Uzbekistan, where they operate the largest mine in the country. In addition, Newmont is the largest American based gold mining company in the world. I now serve on the Board of Directors for Newmont. It is my understanding that Secretary of State Albright will be in Uzbekistan somewhere between April 14<sup>th</sup> to the 17<sup>th</sup>. I have spoken to Secretary Albright's Chief of Staff, Elaine Shocus, in hopes that Secretary Albright might be able to recognize the potential \$1 billion increase to the already significant investment Newmont has made in Uzbekistan and how good this is for both countries. Newmont President Wayne Murdock will be present in Uzbekistan during Secretary Albright's visit. Should you or your staff have an opportunity to facilitate something along those lines, it would be greatly appreciated.

Last, I wanted you to put in the back of your mind an organization I recently founded, the Past Governor's Association ("PGA"). The other Board Members are John Waihee, Stephen Merrill and David Beasley. This year I am the Chairman, and you may recall our Secretary-Treasurer Jim Martin, who recently retired from the National Governors' Association after many years of excellent stewardship. Zell Miller will be hosting the next PGA event in Atlanta. We had one last year in Las Vegas. We are developing an agenda and identity for this association. Please let me know if the PGA can assist you during the balance of your Presidency, or in the long term if there are ways we can assist or work with you.

I hope you were able to break 80 yesterday, I'd love to join you next time you are in town. I look forward to speaking with you soon,

Sincerely,

JONES VARGAS

  
Bob Miller

THE WHITE HOUSE  
WASHINGTON

MEMORANDUM

To: Mary Smith  
G-11697

From: Wayneab Wondwossen  
Presidential Letters and Messages  
Voice 202/456-5492 Fax 202/456-5426

\*\*\*\*\*

Please see comments  
below

Please advise on how  
to respond

Please call me  
regarding the attached

For your information

For your approval

Per your request

No response necessary  
for attached letter,  
unless response otherwise  
recommended

For your agency's  
response

Please respond by:

\*\*\*\*\*

Comments:

Thanks.

~~DRAFT OF BC LETTER~~

|                                                                                                                                                             |                                                                                                     |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|
| INITIALS: BC /wmw                                                                                                                                           | DOCUMENT NAME:<br>\\s whc00010\dos\public\letter\slr\p\wmw<br>\miller b wmw.doc                     |
| DRAFT / LETTER DATE: May 8,<br>2000                                                                                                                         | CORRESPONDENCE #: 7201022                                                                           |
|                                                                                                                                                             | CC:                                                                                                 |
| CORRESPONDENCE ADDRESSED TO:<br>The Honorable Bob Miller<br>Jones Vargas<br>Third Floor South<br>3773 Howard Hughes Parkway<br>Las Vegas, Nevada 89109-0949 | Uzbekistan language provided by Steven<br>Mull @DOS; cleared by Mark Brzezinski,<br>NSC Russia 5/8. |

Dear Bob:

Thanks for following up on our conversations about Newmont Gold and the legislation banning legal gambling on college sports.

On April 18<sup>th</sup>, Secretary Albright met with President Karimov and strongly urged the President to approve Newmont's bid to invest in Uzbekistan's gold mining industry, emphasizing the enormous benefits of such an investment to the economy of Uzbekistan. With regard to your concerns about S. 2267, I have shared your letter with Attorney General Reno, Secretary Sabbit, and Administrator Browner who are currently reviewing this important issue. As always, I value your continued counsel, and I look forward to hearing from you again soon. Best regards.

**THIS SEARCH**

Next Hit  
Prev Hit  
Hit List

**THIS DOCUMENT**

Forward  
Back  
Best Sections  
Doc Contents

**GO TO**

New Bills Search  
HomePage  
Help

|                                |                                                     |                                         |                                     |
|--------------------------------|-----------------------------------------------------|-----------------------------------------|-------------------------------------|
| GPO's PDF version of this bill | References to this bill in the Congressional Record | Link to the Bill Summary & Status file. | Full Display - 10,110 bytes. [Help] |
|--------------------------------|-----------------------------------------------------|-----------------------------------------|-------------------------------------|

**Amateur Sports Integrity Act (Placed on the Calendar in the Senate)**

S 2267 PCS

Calendar No. 469

106th CONGRESS

2d Session

S. 2267

To direct the National Institute of Standards and Technology to establish a program to support research and training in methods of detecting the use of performance-enhancing substances by athletes, and for other purposes.

**IN THE SENATE OF THE UNITED STATES**

**March 22, 2000**

Mr. MCCAIN (for himself and Mr. BROWNBACK) introduced the following bill; which was read the first time

**March 23, 2000**

Read the second time and placed on the calendar

**A BILL**

To direct the National Institute of Standards and Technology to establish a program to support research and training in methods of detecting the use of performance-enhancing substances by athletes, 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.**

This Act may be cited as the 'Amateur Sports Integrity Act'.

**TITLE I--PERFORMANCE ENHANCING DRUGS**

## SEC. 101. SHORT TITLE.

This Title may be cited as the 'Athletic Performance-Enhancing Drugs Research and Detection Act'.

## SEC. 102. RESEARCH AND DETECTION PROGRAM ESTABLISHED.

(a) **IN GENERAL-** The Director of the National Institute of Standards and Technology shall establish and administer a program under this title to support research into the use of performance-enhancing substances by athletes, and methods of detecting their use.

### (b) Grants-

(1) **IN GENERAL-** The program shall include grants of financial assistance, awarded on a competitive basis, to support the advancement and improvement of research into the use of performance-enhancing substances by athletes, and methods of detecting their use.

(2) **BANNED SUBSTANCES-** In carrying out the program the Director shall consider research proposals involving performance-enhancing substances banned from use by competitors in events sanctioned by organizations, such as the International Olympic Committee, the United States Olympic Committee, the National Collegiate Athletic Association, the National Football League, the National Basketball Association, and Major League Baseball.

(3) **RESEARCH CONCENTRATION-** In carrying out the program, the Director shall--

(A) fund research on the detection of naturally-occurring steroids and other testosterone precursors (e.g., androstendione), such as testosterone, and other substances, such as human growth hormone and erythropoietin for which no tests are available but for which there is evidence of abuse or abuse potential;

(B) fund research that focuses on population studies to ensure that tests are accurate for men, women, all relevant age, and major ethnic groups; and

(C) not fund research on drugs of abuse, such as cocaine, phencyclidine, marijuana, morphine/codeine, and methamphetamine/amphetamine.

### (c) TECHNICAL AND SCIENTIFIC PEER REVIEW-

(1) **IN GENERAL-** The Director shall establish appropriate technical and scientific peer review procedures for evaluating applications for grants under the program.

(2) **IMPLEMENTATION-** The Director shall--

(A) ensure that grant applicants meet a set of minimum criteria before receiving consideration for an award under the program;

(B) give preference to laboratories with an established record of athletic drug testing analysis; and

(C) establish a minimum grant award of not less than \$500,000.

(3) **CRITERIA-** The list of minimum criteria shall include requirements that each applicant--

(A) demonstrate a record of publication and research in the area of athletic drug

testing;

(B) provide a plan detailing the direct transference of the research findings to lab applications in athletic drug testing; and

(C) certify that it is a not-for-profit research program.

(4) **RESULTS-** The Director also shall establish appropriate technical and scientific peer review procedures for evaluating the results of research funded, in part or in whole by grants provided under the program. Each review conducted under this paragraph shall include a written report of findings and, if appropriate, recommendations prepared by the reviewer. The reviewer shall provide a copy of the report to the Director within 30 days after the conclusion of the review.

(d) **AUTHORIZATION OF APPROPRIATIONS-** There are authorized to be appropriated to the Director of the National Institute of Standards and Technology \$4,000,000 per fiscal year to carry out this section for fiscal years 2001, 2002, 2003, 2004, and 2005.

## **SEC. 103. PREVENTION AND INTERVENTION PROGRAMS.**

(a) **IN GENERAL-** The Director of the National Institute of Standards and Technology shall develop a grant program to fund educational substance abuse prevention and intervention programs related to the use of performance-enhancing substances described in section 102(b)(2) by high school and college student athletes. The Director shall establish a set of minimum criteria for applicants to receive consideration for an award under the program. The list of minimum criteria shall include requirements that each applicant--

(1) propose an intervention and prevention program based on methodologically sound evaluation with evidence of drug prevention efficacy; and

(2) demonstrate a record of publication and research in the area of athletic drug use prevention.

(b) **MINIMUM GRANT AWARD-** The Director shall establish a minimum grant award of not less than \$300,000 per recipient.

(c) **AUTHORIZATION OF APPROPRIATIONS-** There are authorized to be appropriated to the Director of the National Institute of Standards and Technology \$3,000,000 per fiscal year to carry out this section for fiscal years 2001, 2002, 2003, 2004, and 2005.

## **TITLE II--GAMBLING**

### **SEC. 201. PROHIBITION ON GAMBLING ON COMPETITIVE GAMES INVOLVING HIGH SCHOOL AND COLLEGE ATHLETES AND THE OLYMPICS.**

(a) **IN GENERAL-** The Ted Stevens Olympic and Amateur Sports Act (chapter 2205 of title 36, United States Code) is amended by adding at the end the following new subchapter:

#### **\*SUBCHAPTER III--MISCELLANEOUS**

##### **\*Sec. 220541. Unlawful sports gambling: Olympics; high school and college athletes**

(a) **PROHIBITION-** It shall be unlawful for--

(1) a governmental entity to sponsor, operate, advertise, promote, license, or authorize by

law or compact, or

(2) a person to sponsor, operate, advertise, or promote, pursuant to law or compact of a governmental entity,

a lottery, sweepstakes, or other betting, gambling, or wagering scheme based, directly or indirectly, on a competitive game or performance described in subsection (b).

(b) COVERED GAMES AND PERFORMANCES- A competitive game or performance described in this subsection is the following:

(1) One or more competitive games at the Summer or Winter Olympics.

(2) One or more competitive games in which high school or college athletes participate.

(3) One or more performances of high school or college athletes in a competitive game.

(c) APPLICABILITY- The prohibition in subsection (a) applies to activity described in that subsection without regard to whether the activity would otherwise be permitted under subsection (a) or (b) of section 3704 of title 28.

(d) INJUNCTIONS- A civil action to enjoin a violation of subsection (a) may be commenced in an appropriate district court of the United States by the Attorney General of the United States, a local educational agency, college, or sports organization, including an amateur sports organization or the corporation, whose competitive game is alleged to be the basis of such violation.

(e) DEFINITIONS- In this section:

(1) The term 'high school' has the meaning given the term 'secondary school' in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801).

(2) The term 'college' has the meaning given the term 'institution of higher education' in section 101 of the Higher Education Act of 1965 (20 U.S.C. 8801).

(3) The term 'local educational agency' has the meaning given that term in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801).

(b) CLERICAL AMENDMENT- The table of sections at the beginning of that Act (chapter 2205 of title 36, United States Code) is amended by adding at the end the following:

**SUBCHAPTER III-MISCELLANEOUS**

220541. Unlawful sports gambling: Olympics; high school and college athletes.

Calendar No. 469

106th CONGRESS

2d Session

S. 2267

A BILL

To direct the National Institute of Standards and Technology to establish a program to support research and training in methods of detecting the use of performance-enhancing substances by athletes, and for other purposes.

Received Data

---

March 23, 2000

Read the second time and placed on the calendar

---

**THIS SEARCH**

Next Hit  
Prev Hit  
Hit List

**THIS DOCUMENT**

Forward  
Back  
Best Sections  
Doc Contents

**GO TO**

New Bills Search  
HomePage  
Help

---

Gambling

# Gambling Panel to Call for Array of Limits

By BRETT PULLEY

SAN FRANCISCO, June 3 — After two years spent studying the social and economic effects of the gambling industry's vast growth, a Federal commission completed its work here today and prepared to deliver a list of more than 70 recommendations to President Clinton, Congress, governors and Indian leaders.

Among the proposals are a moratorium on gambling expansion, a ban on college-sports betting and a prohibition against all wagering on the Internet.

The nine members of the Federal panel, the National Gambling Impact Study Commission, had to overcome stark differences among themselves in order to give unanimous approval to a sweeping report on the state lotteries, casino gaming, racing and other forms of legal wagering that last year generated revenue of more than \$50 billion.

The commissioners found that for all the economic benefits, the boom in wagering had also brought an array of negative consequences, most significantly a rise in problem gambling. But they agreed that the gambling industry would remain a fixture on the American landscape, at least as far as they could see to the horizon.

"It is clear that the American people want legalized gambling and it has already sunk deep economic and other roots in many communities," says their report, which they are to deliver on June 18. "Its form and extent may change — it may even disappear — but for the present, it's a reality."

Congress's creation of the commission in 1995 initially caused fear in the casino industry that Federal regulations and new taxes would result. But the report calls for no such measures to be imposed on the major commercial casino operators.

Among the recommendations, however, are a call for states to impose a pause in gambling expansion, as a way of encouraging local governments to review closely the effects of gaming businesses on their communities; a prohibition on all forms of Internet gambling, because of the Net's little-regulated reach; a curtailing of state lottery advertising and new lottery games; closer regulation of the casinos operated on Indian reservations, and a vast array of ways to finance research and treatment of problem gambling.

The commission also recommended "tight restrictions" on political contributions from casino companies, whose ability to prosper is closely tied to licensing and regulatory decisions by state officials; a ban on college-sports wagering, legal now only in Nevada; a ban as well on the unregulated gambling boats that sponsor "cruises to nowhere," and the removal of automated cash machines from casino floors.

None of those restrictions will be realized, of course, unless they are adopted by legislators, and many of

## CASINO RUMORS UPSET RUSTIC AREA

A New York landowner's plan to donate 54 acres to the Oglala Sioux has raised fears that a casino will be built. New York, page A27.

the tougher proposals are expected to face fierce political opposition.

"In the real world, two or three recommendations and a couple of observations will get through and in the end be viewed as what this commission contributed," said one member, Richard C. Leone, president of the Century Foundation, a public-policy research institute.

But the commission's most ardent gambling opponent, James C. Dobson, president of the conservative Focus on the Family, said he intended to use his organization's web of radio broadcasts and mailing lists to force lawmakers to respond to the recommendations. "We will work at getting the word out," Mr. Dobson said. "I really don't think this report is going to gather dust."

The commission spent two years and \$5 million traveling the country, to tour the back rooms of casinos, see the thousands of workers streaming into and out of the gambling halls on Mississippi's Gulf Coast and the Las Vegas Strip, and hear testimony

plained that the commission's effectiveness had ultimately been undermined by unyielding positions among some members. As a result, the critics said, the report is filled with recommendations that are not likely to have much effect.

"They're coming out with lightweight recommendations, no question," said Arnie Wexler, a counselor on compulsive gambling who testified before the commission.

And Tom C. Rodgers, a lobbyist for the Indian gambling industry, called the commission "a lost opportunity." Echoing a view held by others, Mr. Rodgers said the panel could have been more effective had fewer members come to the task with a predisposition on gambling.

"You see this with every commission like this," he said. "People try to form a compromise, but they can't for political reasons."

People on both sides of the gambling debate, meanwhile, were declaring victory. "It's clear that the commissioners came away understanding that there are vast benefits associated with some forms of gambling," said Alan Feldman, a spokesman for the Las Vegas casino company Mirage Resorts. "This whole process represented our opportunity to show government and the public just how legitimately operated our businesses are."

Mr. Feldman conceded, however, that the commission's report would show that "there are areas we need to work on."

Tom Grey, who heads the National Coalition Against Gambling Expansion, said he believed that the report would give his movement much-needed ammunition.

"By getting the commissioners to come out and say that the product — gambling — is flawed, gives us fuel to attack," Mr. Grey said. The existence of the commission has "made the industry recognize that they have a problem" with compulsive gambling, he added. "Now gambling will be in the public consciousness along with alcohol, tobacco and drugs."

Still, Mr. Grey concurred with others who said that while the commissioners had studied most of the social and economic issues associated with gambling, they had proved unwilling to recommend anything that might severely affect the earnings of the powerful casino companies.

These critics also said that some of the seemingly tough recommendations either faced uphill political battles or would have little effect in the end. The proposed ban on Internet gambling, for example, is seen as nearly impossible to enforce fully. And two weeks ago, just minutes after the commission addressed a wave of college-sports gambling scandals by voting to recommend that sports books in Las Vegas be prohibited from taking bets on college games, casino officials quickly pointed out that such a proposal was highly unlikely to ever pass the Nevada Legislature.

## Regulations that casinos feared are not recommended.

from hundreds of people on everything from the dangers of compulsive gambling to the economic benefits that legalized betting had brought to Indian reservations.

Yet the commissioners often found it difficult to reach consensus on an industry that may yield billions but also draws strong moral objections from many.

The panel's chairwoman was Kay Cole James, a conservative Republican who is a dean at Regent University, a Virginia institution that was founded by Pat Robertson and bills itself as "America's premier Christian graduate school." Her views were frequently at odds with those of members like J. Terrence Lanni, chief executive of the Las Vegas casino giant MGM Grand.

Over time, though, agreement was struck on a number of issues. Mr. Lanni, for example, surprisingly parted company with other gambling proponents on Wednesday to vote in favor of restricting casino contributions to state and local political campaigns. "This won't sit well with people in my industry," he said. "But I think it's important that we maintain the appearance as well as the substance of integrity."

Despite such accords, critics com-

# Justice Dept. Is Said to Be Close to a Decision on Indicting a Chinese Company

By JEFF GERTH

WASHINGTON, June 3 — In a diplomatically sensitive case, the Justice Department is nearing a decision on whether to indict one of China's most powerful state-owned corporations, law-enforcement officials and lawyers say.

Some career prosecutors in the department have recommended the indictment of the corporation, Catic, an aerospace giant, on charges of buying American machining equipment for civilian use in 1994 and diverting some of it to a military plant, the officials and lawyers said.

The equipment was sold to the Chinese by McDonnell Douglas, now part of The Boeing Company, which has also been under criminal investigation for possible violations of American export laws.

But the current chill in relations between Beijing and Washington and Congressional scrutiny of the case has complicated the decision. Law-enforcement officials said they were unaware of any previous case in which the United States had indicted a Chinese government entity on the scale of Catic, the China National Aero-Technology Import Export Corporation.

Catic agreed with the Justice Department last month to extend the deadline for filing charges, the officials and lawyers said. It was five years ago that McDonnell Douglas applied for a Commerce Department license to sell the machining equipment to Catic, which buys and sells civilian aerospace technology.

Since the extension, the parties have been in a "continuing dia-

logue," and Catic has discussed the possibility of paying a civil penalty to resolve the case, one lawyer said.

Barbara Van Gelder, Catic's lawyer in Washington, said today that "we are exploring a settlement with the Justice Department and the Commerce Department."

The Commerce Department can impose civil penalties for violations of export control laws and could bar Catic and its affiliates from future export licenses if the company was criminally convicted of export control violations.

Larry McCracken, a spokesman for Boeing, which bought McDonnell Douglas in 1997, said, "We're cooperating but we don't want to get into the details at this point."

A Justice Department spokesman had no comment on the investigation. Catic has ample incentive to resolve the case without risking its fate with an American jury at a time of strained Chinese-American relations.

The sale of machining equipment was part of a billion-dollar jetliner deal in 1994 in which McDonnell Douglas was to build aircraft in China. At the time, the aircraft deal was promoted by President Clinton and Commerce Secretary Ronald H. Brown as a centerpiece of the Administration's commercial diplomacy, the policy of using economic engagement to broaden ties with Beijing and promote exports.

But within a few months of the announcement of the deal, McDonnell Douglas discovered that some of the equipment it sold to China had been sent 800 miles from Beijing to a military facility in Nanchang that

makes missiles and fighter aircraft. And through the 1994 deal announced by President Clinton called for the building of "20 planes," a Boeing spokesman said today that China would build only 1 or 2 planes with the company.

A conviction of Catic could further strain relations between the countries and curb other American exports to China, officials said.

Moreover, the Administration's policy of promoting exports to China now faces serious challenge in Congress. Last week a select Congress-

ional committee reported that the proposed uses of military use-ful U.S. technology. The Clinton Administration prevented the committee from disclosing further details.

In addition, Justice Department officials blocked the committee from disclosing 1994 cables that showed how Administration officials delayed seeking timely assurances from Catic on how it planned to use the machining equipment so as not to disrupt Mr. Brown's announcement in China of the McDonnell Douglas aircraft deal, officials familiar with the report said.

The Commerce Department received an assurance from Catic after Mr. Brown left China but it left unanswered the question of exactly where the machining equipment would be located, according to excerpts from a Sept. 13, 1994, cable included in the Cox committee report.

On Sept. 14 the department approved the export of the machining equipment — some of it more than a decade old, including machine tools to shape and bend large aircraft parts — for use in Beijing as part of the McDonnell Douglas project to build aircraft in China.

The license included some last-minute additions to allay concerns raised by the Pentagon. In August, the Defense Intelligence Agency warned that the Chinese did not really need the equipment for the civilian aircraft deal but that "an advanced machine tool facility presents a unique opportunity for Chinese military aerospace facilities to access advanced equipment which otherwise might be denied," the Cox report said.

Commerce Department officials

said the licensing conditions that were added led to a discovery by McDonnell Douglas in 1995 that some of the equipment had wound up at the Nanchang military complex. The equipment was eventually moved to a civilian location in China.

The Commerce Department began an investigation seven months after the discovery of the diversion. The discovery and recovery illustrate, Commerce officials say, that their enforcement system works.

The case was also referred to the Customs Service and the Justice Department. In 1996, a Federal grand jury began examining whether Catic and McDonnell Douglas had complied with export control laws.

By last September, prosecutors in the office of the United States Attorney for the District of Columbia had completed a lengthy memorandum recommending charges against both Catic and McDonnell Douglas, according to law-enforcement officials.

But then the lead prosecutor in the case left the Government. Over the next several months other prosecutors reviewed the case and asked the Customs Service to continue its investigation, officials said.

During the subsequent review, some lawyers basically concurred with the original memorandum while others raised questions, including some reservations about the strength of the case against McDonnell Douglas, which is said to rely more on circumstantial evidence, officials and lawyers said.

It is not known whether the Justice Department has given final approval to seek any indictments from the grand jury.

## A case touching on commerce and national security.

sional committee's report on transfers of sensitive American technology to China concluded that American export control policies had tilted too much toward commerce at the expense of national security.

The committee, headed by Representative Christopher Cox, Republican of California, said the machining equipment deal was a case study in how China "will attempt diversions when it suits its interests."

The committee's unanimous report also found that Catic had played a central role in China's drive to acquire technology with civilian and military uses and that on several occasions Catic had "misrepresent-

## Commission to Recommend to President, Congress a Ban on Internet Gambling

Gambling

By CECILIA M. KANG  
*Dow Jones Newswires*

**PALO ALTO, Calif.** — The National Gambling Impact Study Commission plans to recommend to the president and Congress that the government prohibit Internet gambling in the U.S.

In the commission's final report after a two-year study on the social and economic impacts of gambling, the government-mandated group made a list of recommendations that will be presented to President Clinton, Congress, state governors and American Indian tribal leaders on June 18.

A draft version of the report was released this week at a commission meeting in San Francisco to discuss its contents.

The U.S. gambling industry, including 48 states and the District of Columbia, has grown tenfold since 1975 with around \$600 billion wagered last year, the commission said. Casinos are authorized in 21 states, and there are 289 casinos on Indian reservations.

"Online wagering promises to revolutionize the way Americans gamble because it opens up the possibility of immediate, individual, 24-hour access to the full range of gambling in every home," the report stated.

The commission cited a study by research group Christiansen/Cummings Associates that estimates Internet gambling more than doubled to 14.5 million gamblers in 1998 from 6.9 million people in 1997, with revenue of \$651 million in 1998 up from \$300 million in 1997.

### Danger of Underage Gambling

Because the Internet can be used anonymously, the commission stated that there is a danger underage gamblers will abuse online gambling sites. Pathological gamblers may become easily addicted to online gambling because of the Internet's easy access, privacy and instant results, the commission said. And with anonymity associated with the Internet, online gambling is more susceptible to crime, the commission said.

Though there is a federal law prohibiting gambling using wire communication, the commission said there has been much debate on whether the Internet is included in the statute.

Among the series of recommendations, the commission suggests that all legal gambling be restricted to those under 21 years of age and that each gambling operation — state lottery, tribal government and gambling organizations — adopt advertising guidelines that avoid appeals to people vulnerable to gambling such as youths and residents of low-income neighborhoods.

To state and tribal governments, the National Collegiate Athletic Association and other youth and school organizations, the commission recommended that each fund educational and prevention programs against sports gambling.

Signs warning about the risks of gambling and the odds of success should be posted in prominent locations at gambling facilities, the commission suggested.

### A Tax for Research and Programs

Each state and tribal government should impose a gambling tax, where a portion of funds will be used to support research on the problems of gambling, prevention, education and treatment programs.

The commission also recommended to

the president and Congress that laws concerning American Indian gambling be tightened to ensure fiscal accountability.

Also tribal governments, states and labor organizations should work voluntarily to extend to employees of tribal casinos the same or equivalent protection of workers at federal and state jobs, the commission said.

Tribal governments were recommended to use some of the net revenue from Indian gambling operations as investment funds to further diversify tribal economies and reduce their dependence on gambling.

Automatic teller machines and credit machines shouldn't be easily accessible to gambling operations, the commission said.

It said Congress should direct the Substance Abuse and Mental Health Services Administration to add gambling components to the National Household Survey on drug abuse.

The commission also recommended Congress direct the National Institute of Justice to research the effects gambling has on property and violent crime.

THE WALL STREET JOURNAL  
FRIDAY, JUNE 4, 1999

# Peace Pact Could Help Gore's Race

## Domestic Issues, Site Of Democrat Power, Would Regain Force

By JOHN HARWOOD  
And BOB DAVIS

Staff Reports of THE WALL STREET JOURNAL  
WASHINGTON—While diplomats pondered details of a Kosovo peace plan, political strategists had no trouble discerning its likeliest beneficiary: Vice President Al Gore.

Mr. Gore himself, echoing President Clinton, cautioned that it "remains to be seen" whether the accord will achieve the objectives of the North Atlantic Treaty Organization's air offensive. But after a spring clouded by political missteps and lackluster polls, the prospect that Yugoslav President Slobodan Milosevic had yielded to the U.S.-led military campaign came as rare and welcome good news for Mr. Gore's 2000 presidential bid.

At a minimum, the peace plan dims the possibility that U.S. troops would be fighting in Kosovo next winter while Mr. Gore struggles to fend off a Democratic primary challenge from former Sen. Bill Bradley and prepare for next November's election. More than that, Mr. Gore's advisers say, peace on NATO's terms will undercut criticism of the administration's foreign-policy competence and shift attention back to the domestic issues on which the Democratic Party holds the advantage.

"When we start talking about a healthy economy, our families and our future," says Paul Maslin, a California-based pollster in Mr. Gore's camp, "all of a sudden the sitting vice president is going to be looking a whole lot better."

Some prominent Republican strategists agreed that Mr. Gore will benefit. "Now Gore won't be the final casualty of Kosovo," conceded Alex Castellanos, a GOP media consultant. Mr. Castellanos argued that peace now amounts to an empty "TV victory" since Serbian forces have already left hundreds of thousands of ethnic Albanians homeless. But Richard Haass, a top foreign-policy official under President Bush, conceded that "compared to almost all the alternatives" for ending the conflict, the administration—and by extension Mr. Gore—"will look pretty good."

Few strategists in either party have expected that the conflict in Kosovo would play a dominant role in the 2000 race for the White House. Even amid this spring's massive bombardment, "it's never been a front-line, kitchen table issue for average Americans," said David Axelrod, a Democratic consultant based in Chicago.

But the war, combined with intense public attention on the April massacre at a Colorado high school, has had the effect of damping the Americans' mood after an extended period of optimism over a strong economy. By averting the possibility that NATO would have to cave in on its demands for an end to the conflict or risk the casualties inherent in an invasion of Kosovo—the proposed peace deal holds the promise of stemming public dissatisfaction that could damage Mr. Gore's campaign.

Some leading Republicans insisted that the administration remains vulnerable to charges of starving the defense budget and bungling foreign relations, particularly with China and Russia. Former Vice President Dan Quayle, a 2000 presidential hopeful, criticized the administration for having "squandered substantial resources" on a conflict involving no vital U.S. interests. "The Clinton-Gore administration has been very vague about the terms of this proposal," complained GOP candidate Elizabeth Dole. "and I'm worried that we're on the verge of a sellout."

GOP front-runner George W. Bush sounded a more positive note, saying, "I'm hopeful the rhetoric is real." But the Texas governor's pollster, Fred Steeper, said the administration will "have two problems: executing the peace, and Milosevic remains in office." He added, "If the voters are concerned about national security, they'll elect a Republican president."

Nevertheless, peace in Kosovo could give Mr. Gore a vehicle for touting his own contribution to a foreign-policy success. He played a significant role in encouraging Russian official Viktor Chernomyrdin's work as a diplomatic interlocutor, which may have kept chilly U.S.-Russian relations from freezing altogether. During lengthy talks with Mr. Chernomyrdin in early May, the two men agreed to ask Finnish Martti Ahtisaari, who played a key role in this week's developments, to join diplomatic talks.

Former Sen. Bradley, who welcomed reports of the accord while warning of Mr. Milosevic's "history of broken promises," has cited the impact on relations between the two countries in expressing reservations about administration policy.

The impact of a peace accord within Republican ranks is unclear. Some GOP critics fear the issue had muddled the party's message on national security through mixed signals from presidential candidates and Congress.

An accord could help Mr. Bush, the Republican front-runner who backed the air campaign after initial hesitation, by lowering the volume of an intraparty debate driven by conservative commentator Pat Buchanan over the wisdom of U.S. intervention in the Balkans and elsewhere. Yet some analysts say the outcome may also serve to underscore the foreign-policy leadership of Arizona Sen. John McCain, who, as GOP media consultant Mike Murphy put it, has "looked about 10 feet taller than Bush" through his aggressive support for challenging Mr. Milosevic.

Still, Republican pollster Bill McInturff cautioned: "We've got 18 months before the election in what seems like a pretty volatile situation."

| Recommendations                                                                                                                                                                                       | Agree | Disagree | Don't Know |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|----------|------------|
| <b>Chapter 3. Regulating Gambling</b>                                                                                                                                                                 |       |          |            |
| 3-1 States are best equipped to regulate gambling within their border except for tribal and Internet gambling.                                                                                        |       |          |            |
| 3-2 All legal gambling should be restricted to those at least 21.                                                                                                                                     |       |          |            |
| 3-3 "Cruises to nowhere" should be prohibited unless the state specifically legalizes them.                                                                                                           |       |          |            |
| 3-4 Warnings about gambling should be posted in all gambling facilities.                                                                                                                              |       |          |            |
| 3-5 States should adopt campaign contribution restrictions from gambling entities.                                                                                                                    |       |          |            |
| 3-6 States should not authorize any further convenience gambling operations and should cease and roll back existing operations.                                                                       |       |          |            |
| 3-7 Betting on collegiate and amateur athletic events be banned altogether.                                                                                                                           |       |          |            |
| 3-8 Where there is little regulatory oversight already, there should be background checks and licensing for those managing or supplying state lotteries.                                              |       |          |            |
| 3-9 States with lotteries should adopt legislative "best practices."                                                                                                                                  |       |          |            |
| 3-10 Instant games should be prohibited.                                                                                                                                                              |       |          |            |
| 3-11 Aggressive advertising strategies, particularly those targeted at the poor or young, should be banned.                                                                                           |       |          |            |
| 3-12 Casino type gambling should be banned from pari-mutual facilities.                                                                                                                               |       |          |            |
| 3-13 Educational and prevention programs should be funded to help recognize that almost all sports gambling is illegal and can have serious consequences.                                             |       |          |            |
| 3-14 Enforceable advertising guidelines should be voluntarily adopted. Congress should amend the federal truth-in-advertising laws to include Native American gambling and state-sponsored lotteries. |       |          |            |
| 3-15 Congress should delegate to the appropriate federal agency the task of annually gathering data concerning lottery operations.                                                                    |       |          |            |
| 3-16 States and tribal governments should do periodic reassessments of the various forms of gambling permitted in their borders.                                                                      |       |          |            |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |  |  |  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|
| 3-17 Federal, state, and tribal gambling regulators should be subject to a cooling-off period that prevents them from working for any gambling operation subject to their jurisdiction for a period of 1 year.                                                                                                                                                                                                                                                                                                                                                  |  |  |  |
| 3-18 Jurisdictions should consider doing "Gambling Impact Statements" when considering expanding existing operations or adding new forms of gambling.                                                                                                                                                                                                                                                                                                                                                                                                           |  |  |  |
| 3-19 States with lotteries should limit advertising and number of sales outlets in low-income areas.                                                                                                                                                                                                                                                                                                                                                                                                                                                            |  |  |  |
| 3-20 States with lotteries should create a private citizen oversight board.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |  |  |
| 3-21 Penalties and enforcement efforts regarding underage gambling should be greatly increased.                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |  |  |  |
| 3-22 States should curtail the growth of new lottery games, reduce lottery advertising, and limit locations for lottery machines.                                                                                                                                                                                                                                                                                                                                                                                                                               |  |  |  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |  |  |  |
| <b>Chapter 4. Problem and Pathological Gambling</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |  |  |  |
| 4-1 Government gambling regulatory agencies should require, as a condition of any gambling facility's license to operate: (1) a mission statement on policy regarding pathological gambling; (2) a high-level person to oversee the mission statement; (3) contracts with state-recognized gambling treatment professionals; (4) refusal of service to any customer who exhibits indications of a gambling disorder; (5) provide customers with signs of disorders a list of treatment programs; and (6) provide insurance for pathological gambling employees. |  |  |  |
| 4-2 States and tribes should enact a gambling privilege tax which shall be used for research, prevention, education, and treatment.                                                                                                                                                                                                                                                                                                                                                                                                                             |  |  |  |
| 4-3 States should require that private and public insurers and managed care providers cover problem-gambling treatment under their plans.                                                                                                                                                                                                                                                                                                                                                                                                                       |  |  |  |
| 4-4 Each gambling facility must implement procedures to allow for voluntary self-exclusion, enabling gamblers to ban themselves from a gambling establishment for a specified period of time.                                                                                                                                                                                                                                                                                                                                                                   |  |  |  |
| 4-5 Encourage private volunteerism to solve problem gambling.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |  |  |  |
| 4-6 Each state-run or approved gambling operation should be required to post two state-approved providers of treatment and support services for problem gambling.                                                                                                                                                                                                                                                                                                                                                                                               |  |  |  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |  |  |  |

|                                                                                                                                                                                                                                                             |  |  |  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|
| <b>Chapter 5. Internet Gambling</b>                                                                                                                                                                                                                         |  |  |  |
| 5-1 The federal government should prohibit Internet gambling not already authorized within the United States. DOJ should develop enforcement strategies for those who intentionally or unintentionally facilitate Internet gambling transactions.           |  |  |  |
| 5-2 Legislation should be passed to prohibit wire transfers to known Internet gambling sites or the banks that represent them. Legislation should also be passed which prohibits the recovery of credit card debts incurred while gambling on the Internet. |  |  |  |
| 5-3 States should not permit the expansion of gambling into homes through technology and the expansion of account wagering.                                                                                                                                 |  |  |  |
| 5-4 The federal government should encourage or enable foreign governments not to harbor Internet gambling organizations that prey on U.S. citizens.                                                                                                         |  |  |  |
|                                                                                                                                                                                                                                                             |  |  |  |
| <b>Chapter 6. Native American Tribal Gambling</b>                                                                                                                                                                                                           |  |  |  |
| 6-1 All tribal gaming commissions should work to ensure that tribal gambling operations meet the new Minimum Internal Control Standards and the NIGC focus special attention on tribal gambling operations struggling to comply with these requirements.    |  |  |  |
| 6-2 IGRA's definitions of Class II and Class III gambling activities should be more clearly defined and Class III activities should not include any activities that are not permitted in that state.                                                        |  |  |  |
| 6-3 Labor organizations, tribal governments, and states should voluntarily work together to ensure the right of free association –including the right to organize and bargain collectively.                                                                 |  |  |  |
| 6-4 Tribal governments, states, and labor organizations should work together voluntarily to extend to employees of tribal casinos the same or equivalent protections that are applicable to comparable state or private-sector employees.                   |  |  |  |
| 6-5 NIGC should publish aggregated financial Indian gambling data. Independent auditors should also review and comment on tribal compliance with the Minimum Internal Control Standards.                                                                    |  |  |  |
| 6-6 Tribal members should be able to inspect the annual certified independently audited financial statements and compliance review of the MICS submitted to the NIGC.                                                                                       |  |  |  |

|                                                                                                                                                                                                                                                                                    |  |  |  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|
| 6-7 Tribal and state sovereignty should be recognized, protected, and preserved.                                                                                                                                                                                                   |  |  |  |
| 6-8 All relevant governmental gambling regulatory agencies should take the rapid growth of gambling into account as they formulate policies.                                                                                                                                       |  |  |  |
| 6-9 The federal government should fully enforce all provisions of the IGRA.                                                                                                                                                                                                        |  |  |  |
| 6-10 Tribes, states, and local governments should continue to work together to resolve issues of mutual concern rather than relying on federal law to resolve problems for them.                                                                                                   |  |  |  |
| 6-11 Tribes should enter into reciprocal agreements with state and local governments to mitigate the negative effects of the activities that may occur in other communities.                                                                                                       |  |  |  |
| 6-12 The federal government should leave issues other than gambling (which is covered by IGRA) to the states and tribes for resolution.                                                                                                                                            |  |  |  |
| 6-13 Congress should specify a constitutionally sound means of resolving disputes between states and tribes regarding Class III gambling. All parties to Class III negotiations should be subject to an independent, impartial decisionmaker who is empowered to approve compacts. |  |  |  |
| 6-14 Congress should adopt no law altering the right of tribes to use existing telephone technology to link bingo games between Indian reservations.                                                                                                                               |  |  |  |
| 6-15 Tribal governments should be encouraged to use some net revenues to diversify their economies.                                                                                                                                                                                |  |  |  |
|                                                                                                                                                                                                                                                                                    |  |  |  |
| <b>Chapter 7 Gambling's Impacts on People and Places</b>                                                                                                                                                                                                                           |  |  |  |
| 7-1 States, tribal governments, and pari-mutuel facilities should ban credit card cash advance machines from the immediate area where gambling takes place.                                                                                                                        |  |  |  |
| 7-2 Gambling establishments should implement policies to help ensure the safety of children on their premises and to prevent underage gambling including: (1) post local curfews in public areas and (2) train employees to handle unattended children and underage gambling.      |  |  |  |
| 7-3 State, local, and tribal governments should recognize that casino gambling has the ability to generate job creation.                                                                                                                                                           |  |  |  |

|                                                                                                                                                                                                                                                                              |  |  |  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|
| 7-4 State, local, and tribal governments should recognize that lotteries, Internet gambling, and non-casino EGD's do no create a concentration of good quality jobs.                                                                                                         |  |  |  |
| 7-5 State, local, and tribal governments should recognize that casino development should be targeted for locations where the jobs would benefit distressed communities.                                                                                                      |  |  |  |
| 7-6 Studies of gambling's economic impact should include an analysis of gambling industry job quality.                                                                                                                                                                       |  |  |  |
| 7-7 State, local, and tribal governments should recognize that destination resorts create more and better jobs than casinos catering to a local clientele.                                                                                                                   |  |  |  |
| 7-8 State, local, and tribal governments should look to cooperation between labor unions and management as a means for protecting job quality.                                                                                                                               |  |  |  |
| 7-9 Students should be warned of the dangers of gambling, beginning at the elementary level and continuing through college.                                                                                                                                                  |  |  |  |
|                                                                                                                                                                                                                                                                              |  |  |  |
| <b>Chapter 8. Future Research</b>                                                                                                                                                                                                                                            |  |  |  |
| 8-1 Congress should encourage NIH to convene a multidisciplinary advisory panel that will help establish a broad framework for research on problem and pathological gambling issues.                                                                                         |  |  |  |
| 8-2 Congress should direct SAMHSA to add gambling components to the National Household Survey on Drug Abuse.                                                                                                                                                                 |  |  |  |
| 8-3 Congress should direct all federal agencies conducting or supporting longitudinal research panels to consider the feasibility of adding a gambling component to such surveys.                                                                                            |  |  |  |
| 8-4 Congress should encourage NIH to issue a revision of the special research program announcement for research applications on pathological gambling.                                                                                                                       |  |  |  |
| 8-5 Congress should direct NIH to invite applications for supplemental funds to add legal and illegal gambling components to appropriate existing surveys and to issue a revision of the special program announcement for research applications on pathological gambling.    |  |  |  |
| 8-6 Congress should direct NIH to invite applications for supplemental funds to issue a revision of the special program announcement for research applications to commence a study of American adult problem gamblers below the pathological gambler threshold (APA DSM-IV). |  |  |  |

|                                                                                                                                                                                                                                                                           |  |  |  |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|
| 8-7 Congress should direct SAMHSA to add specific gambling questions to its annual surveys of mental health providers, which are conducted by the Center for Mental Health Services.                                                                                      |  |  |  |
| 8-8 SAMHSA should initiate treatment outcome studies conducted by scientists in the treatment research field.                                                                                                                                                             |  |  |  |
| 8-9 Congress should request that the National Science Foundation establish a multidisciplinary research program that will estimate the benefits and costs of illegal and separately each form of legal gambling allowed under federal, tribal, and state law.             |  |  |  |
| 8-10 Congress should direct NIJ to research what effect legal and illegal gambling has on property and/or violent crime rates.                                                                                                                                            |  |  |  |
| 8-11 Congress should direct NIJ or BJS to add gambling components to ongoing studies of federal prison inmates, parolees, and probationers who manifest disorders that frequently coexist with pathological gambling.                                                     |  |  |  |
| 8-12 Congress should direct NIJ to investigate and study the extent of adolescent participation in illegal gambling and all forms of legal gambling separately.                                                                                                           |  |  |  |
| 8-13 Congress should direct the Department of Labor to research job quality in the gambling industry as measured by income levels, health insurance coverage and affordability, pension benefits, job security, and other similar indicators.                             |  |  |  |
| 8-14 If Congress acts to prohibit Internet gambling, it should also require NIJ to measure its effectiveness for a period of one year.                                                                                                                                    |  |  |  |
| 8-15 Congress should direct NIH to invite applications for supplemental funds to issue a revision of the special program announcement for research applications to commence a study of prevalence of problem and pathological gambling among gambling industry employees. |  |  |  |
| 8-16 Appropriate institutes should conduct research to determine if an analysis of available gambling patron data derived from banks and other credit agencies can assist in the identification of problem and pathological gamblers.                                     |  |  |  |
| 8-17 State and tribal governments should authorize and fund every two years an objective study of the prevalence of problem and pathological gamblers among their residents.                                                                                              |  |  |  |

|                                                                                                                                                                                                                                |  |  |  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|
| 8-18 State and tribal governments should authorize and fund research programs for those who are likely to become problem or pathological gamblers in their resident population.                                                |  |  |  |
| 8-19 State and tribal governments should require, as a condition of the granting of a license to operate a gambling facility or to sell goods or services in a gambling facility, full cooperation in any research undertaken. |  |  |  |
| 8-20 State and tribal governments should consider authorizing research to collect and analyze data that would assess gambling related effects on customers and their families.                                                 |  |  |  |
|                                                                                                                                                                                                                                |  |  |  |
|                                                                                                                                                                                                                                |  |  |  |
|                                                                                                                                                                                                                                |  |  |  |
|                                                                                                                                                                                                                                |  |  |  |
|                                                                                                                                                                                                                                |  |  |  |
|                                                                                                                                                                                                                                |  |  |  |

June 24, 1999

MEMORANDUM FOR THE PRESIDENT

THROUGH: JOHN PODESTA

FROM: LYNN CUTLER

CC: MARIA ECHAVESTE

SUBJECT: INDIAN COUNTRY

**New Markets Initiative**

- I've been working on your visit to Pine Ridge. As you know, the Ogala Sioux Tribe resides on the Pine Ridge Reservation and Harold Salway is the Tribe's President. President Salway is, of course, ecstatic about your visit. I am actually going out there this weekend with some folks from the Department of the Interior to meet with President Salway and the Tribal Council. One of the projects we are trying to bring to closure for you to announce is a Visitor's and Tourist and Cultural Center at the south end of Badlands National Park, which is on the reservation.
- There are still several other potential announcements—one would involve a contribution by Gateway, Inc. to the Indian community college to train students in data processing. Senator Daschle is asking them to do make this contribution.
- Another proposal that may require help from you is an idea from the Federal Communications Commission to have spectrum from the Department of Defense dedicated for tribal use. Wireless communication is the best solution for some of the reservations, i.e., Navajo, as well as the tribes in the Dakotas and Montana. Only 41% of the people at Pine Ridge have phones in their homes. It is far less at Navajo. If we can get communications capability into Indian country, economic development will follow. I have attached a letter from Chairman Kennard regarding this proposal.
- The very fact that you are going to Indian country as part of New Markets is sparking a tremendous amount of activity that will be helpful to many of the tribes. I know that was your intention, and it is certainly working!

MEMORANDUM FOR THE PRESIDENT  
PAGE TWO

**Mississippi Delta**

- I called your friends William Winter, Ray Mabus and Mike Espy to tell them that you are coming to the Delta. Everyone is very pleased and hopes to see you there.

| Recommendations                                                                                                                                                                                       | Agree                     | Disagree                        | Don't Know                 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|---------------------------------|----------------------------|
| <b>Chapter 3. Regulating Gambling</b>                                                                                                                                                                 |                           |                                 |                            |
| 3-1 States are best equipped to regulate gambling within their border except for tribal and Internet gambling.                                                                                        | Treas, DOJ, FTC, Interior |                                 | NIGC                       |
| 3-2 All legal gambling should be restricted to those at least 21. <i>Reserve?</i>                                                                                                                     | Treas, DOJ, FTC           | NIGC, Interior                  |                            |
| 3-3 "Cruises to nowhere" should be prohibited unless the state specifically legalizes them.                                                                                                           | Interior                  | Treas                           | DOJ, NIGC, FTC             |
| 3-4 Warnings about gambling should be posted in all gambling facilities.                                                                                                                              | DOJ                       | Treas, NIGC                     | FTC, Interior              |
| 3-5 States should adopt campaign contribution restrictions from gambling entities.                                                                                                                    |                           | Treas, Interior                 | DOJ, NIGC, FTC             |
| 3-6 States should not authorize any further convenience gambling operations and should cease and roll back existing operations.                                                                       |                           | Treas                           | DOJ, NIGC, FTC, Interior   |
| 3-7 Betting on collegiate and amateur athletic events be banned altogether.                                                                                                                           |                           | Treas, DOJ, NIGC                | FTC, Interior              |
| 3-8 Where there is little regulatory oversight already, there should be background checks and licensing for those managing or supplying state lotteries.                                              | Treas, DOJ, NIGC          |                                 | FTC, Interior              |
| 3-9 States with lotteries should adopt legislative "best practices."                                                                                                                                  | DOJ                       |                                 | NIGC, FTC, Interior        |
| 3-10 Instant games should be prohibited.                                                                                                                                                              |                           | Treas, NIGC, Interior           | DOJ, FTC                   |
| 3-11 Aggressive advertising strategies, particularly those targeted at the poor or young, should be banned.                                                                                           |                           | Treas, DOJ, NIGC, FTC, Interior |                            |
| 3-12 Casino type gambling should be banned from pari-mutual facilities.                                                                                                                               |                           | Treas, NIGC                     | DOJ, FTC, Interior         |
| 3-13 Educational and prevention programs should be funded to help recognize that almost all sports gambling is illegal and can have serious consequences.                                             | DOJ                       |                                 | Treas, NIGC, FTC, Interior |
| 3-14 Enforceable advertising guidelines should be voluntarily adopted. Congress should amend the federal truth-in-advertising laws to include Native American gambling and state-sponsored lotteries. | DOJ                       | FTC                             | Treas, NIGC, Interior      |
| 3-15 Congress should delegate to the appropriate federal agency the task of annually gathering data concerning lottery operations.                                                                    |                           | Interior                        | Treas, DOJ, NIGC, FTC      |
| 3-16 States and tribal governments should do periodic reassessments of the various forms of gambling                                                                                                  | DOJ, NIGC, Interior       |                                 | Treas, FTC                 |



|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |            |                 |                                 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-----------------|---------------------------------|
| permitted in their borders.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |            |                 |                                 |
| 3-17 Federal, state, and tribal gambling regulators should be subject to a cooling-off period that prevents them from working for any gambling operation subject to their jurisdiction for a period of 1 year.                                                                                                                                                                                                                                                                                                                                                  | NIGC       | Interior        | Treas, DOJ, FTC                 |
| 3-18 Jurisdictions should consider doing "Gambling Impact Statements" when considering expanding existing operations or adding new forms of gambling.                                                                                                                                                                                                                                                                                                                                                                                                           | Treas, DOJ | Interior        | NIGC, FTC                       |
| 3-19 States with lotteries should limit advertising and number of sales outlets in low-income areas.                                                                                                                                                                                                                                                                                                                                                                                                                                                            |            | Treas, FTC      | DOJ, NIGC, Interior             |
| 3-20 States with lotteries should create a private citizen oversight board.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |            |                 | Treas, DOJ, NIGC, FTC, Interior |
| 3-21 Penalties and enforcement efforts regarding underage gambling should be greatly increased.                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Treas, DOJ |                 | NIGC, FTC, Interior             |
| 3-22 States should curtail the growth of new lottery games, reduce lottery advertising, and limit locations for lottery machines.                                                                                                                                                                                                                                                                                                                                                                                                                               |            | Treas           | DOJ, NIGC, FTC, Interior        |
| <b>Chapter 4. Problem and Pathological Gambling</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |            |                 |                                 |
| 4-1 Government gambling regulatory agencies should require, as a condition of any gambling facility's license to operate: (1) a mission statement on policy regarding pathological gambling; (2) a high-level person to oversee the mission statement; (3) contracts with state-recognized gambling treatment professionals; (4) refusal of service to any customer who exhibits indications of a gambling disorder; (5) provide customers with signs of disorders a list of treatment programs; and (6) provide insurance for pathological gambling employees. |            | Treas, NIGC     | DOJ, FTC, Interior              |
| 4-2 States and tribes should enact a gambling privilege tax which shall be used for research, prevention, education, and treatment.                                                                                                                                                                                                                                                                                                                                                                                                                             |            | Treas, Interior | DOJ, NIGC, FTC                  |
| 4-3 States should require that private and public insurers and managed care providers cover problem-gambling treatment under their plans.                                                                                                                                                                                                                                                                                                                                                                                                                       |            |                 | Treas, DOJ, NIGC, FTC, Interior |
| 4-4 Each gambling facility must implement procedures to allow for voluntary self-exclusion, enabling gamblers to ban themselves from a gambling establishment for a specified period of time.                                                                                                                                                                                                                                                                                                                                                                   | Treas      | Interior        | DOJ, NIGC, FTC                  |
| 4-5 Encourage private volunteerism to solve problem gambling.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Treas      |                 | DOJ, NIGC, FTC                  |
| 4-6 Each state-run or approved gambling operation should be required to post two state-approved providers                                                                                                                                                                                                                                                                                                                                                                                                                                                       |            | Treas           | DOJ, NIGC, FTC,                 |

|                                                                                                                                                                                                                                                             |                                 |                |                            |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|----------------|----------------------------|
| of treatment and support services for problem gambling.                                                                                                                                                                                                     |                                 |                | Interior                   |
| <b>Chapter 5. Internet Gambling</b>                                                                                                                                                                                                                         |                                 |                |                            |
| 5-1 The federal government should prohibit Internet gambling not already authorized within the United States. DOJ should develop enforcement strategies for those who intentionally or unintentionally facilitate Internet gambling transactions.           | DOJ, FTC, Interior              | NIGC           | Treas                      |
| 5-2 Legislation should be passed to prohibit wire transfers to known Internet gambling sites or the banks that represent them. Legislation should also be passed which prohibits the recovery of credit card debts incurred while gambling on the Internet. | DOJ                             | Treas, NIGC    | FTC, Interior              |
| 5-3 States should not permit the expansion of gambling into homes through technology and the expansion of account wagering.                                                                                                                                 | DOJ                             | <del>DOJ</del> | Treas, NIGC, FTC, Interior |
| 5-4 The federal government should encourage or enable foreign governments not to harbor Internet gambling organizations that prey on U.S. citizens.                                                                                                         | Treas, DOJ, NIGC, FTC, Interior |                |                            |
| <b>Chapter 6. Native American Tribal Gambling</b>                                                                                                                                                                                                           |                                 |                |                            |
| 6-1 All tribal gaming commissions should work to ensure that tribal gambling operations meet the new Minimum Internal Control Standards and the NIGC focus special attention on tribal gambling operations struggling to comply with these requirements.    | Treas, DOJ, NIGC, Interior      |                | FTC                        |
| 6-2 IGRA's definitions of Class II and Class III gambling activities should be more clearly defined and Class III activities should not include any activities that are not permitted in that state.                                                        | DOJ, Interior                   | Treas, NIGC    | FTC                        |
| 6-3 Labor organizations, tribal governments, and states should voluntarily work together to ensure the right of free association – including the right to organize and bargain collectively.                                                                | Treas                           | Interior       | DOJ, NIGC, FTC             |
| 6-4 Tribal governments, states, and labor organizations should work together voluntarily to extend to employees of tribal casinos the same or equivalent protections that are applicable to comparable state or private-sector employees.                   | Treas                           | Interior       | DOJ, NIGC, FTC             |
| 6-5 NIGC should publish aggregated financial Indian gambling data. Independent auditors should also review and comment on tribal compliance with the Minimum Internal Control Standards.                                                                    | Treas                           | DOJ, NIGC      | FTC                        |
| 6-6 Tribal members should be able to inspect the annual                                                                                                                                                                                                     | Treas                           | DOJ,           | NIGC, FTC                  |

|                                                                                                                                                                                                                                                                                    |                            |                     |                       |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|---------------------|-----------------------|
| certified independently audited financial statements and compliance review of the MICS submitted to the NIGC.                                                                                                                                                                      |                            | Interior            |                       |
| 6-7 Tribal and state sovereignty should be recognized, protected, and preserved.                                                                                                                                                                                                   | Treas, DOJ, NIGC, Interior |                     | FTC                   |
| 6-8 All relevant governmental gambling regulatory agencies should take the rapid growth of gambling into account as they formulate policies.                                                                                                                                       | Treas, DOJ, NIGC, Interior |                     | FTC                   |
| 6-9 The federal government should fully enforce all provisions of the IGRA.                                                                                                                                                                                                        | DOJ, NIGC, Interior        |                     | Treas, FTC            |
| 6-10 Tribes, states, and local governments should continue to work together to resolve issues of mutual concern rather than relying on federal law to resolve problems for them.                                                                                                   | DOJ, NIGC                  | Interior            | Treas, FTC            |
| 6-11 Tribes should enter into reciprocal agreements with state and local governments to mitigate the negative effects of the activities that may occur in other communities.                                                                                                       | Treas, DOJ, NIGC, Interior |                     | FTC                   |
| 6-12 The federal government should leave issues other than gambling (which is covered by IGRA) to the states and tribes for resolution.                                                                                                                                            |                            | DOJ, NIGC, Interior | FTC                   |
| 6-13 Congress should specify a constitutionally sound means of resolving disputes between states and tribes regarding Class III gambling. All parties to Class III negotiations should be subject to an independent, impartial decisionmaker who is empowered to approve compacts. | DOJ, NIGC, Interior        |                     | Treas, FTC            |
| 6-14 Congress should adopt no law altering the right of tribes to use existing telephone technology to link bingo games between Indian reservations.                                                                                                                               | DOJ, NIGC, Interior        |                     | Treas, FTC            |
| 6-15 Tribal governments should be encouraged to use some net revenues to diversify their economies.                                                                                                                                                                                | Treas, DOJ, NIGC, Interior |                     | FTC                   |
| <b>Chapter 7 Gambling's Impacts on People and Places</b>                                                                                                                                                                                                                           |                            |                     |                       |
| 7-1 States, tribal governments, and pari-mutuel facilities should ban credit card cash advance machines from the immediate area where gambling takes place.                                                                                                                        |                            | Interior            | Treas, DOJ, NIGC, FTC |
| 7-2 Gambling establishments should implement policies to help ensure the safety of children on their premises and to prevent underage gambling including: (1) post local curfews in public areas and (2) train employees to handle unattended children and underage gambling.      | Treas, DOJ, NIGC, Interior |                     | FTC                   |
| 7-3 State, local, and tribal governments should recognize                                                                                                                                                                                                                          | Treas,                     |                     | DOJ, FTC              |

|                                                                                                                                                                                                                                                                           |                 |                |                                 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|----------------|---------------------------------|
| that casino gambling has the ability to generate job creation.                                                                                                                                                                                                            | NIGC, Interior  |                |                                 |
| 7-4 State, local, and tribal governments should recognize that lotteries, Internet gambling, and non-casino EGD's do not create a concentration of good quality jobs.                                                                                                     |                 | NIGC, Interior | Treas, DOJ, FTC                 |
| 7-5 State, local, and tribal governments should recognize that casino development should be targeted for locations where the jobs would benefit distressed communities.                                                                                                   | Treas, Interior |                | DOJ, NIGC, FTC                  |
| 7-6 Studies of gambling's economic impact should include an analysis of gambling industry job quality.                                                                                                                                                                    | NIGC            |                | DOJ, FTC, Interior              |
| 7-7 State, local, and tribal governments should recognize that destination resorts create more and better jobs than casinos catering to a local clientele.                                                                                                                |                 | Interior       | Treas, DOJ, NIGC, FTC           |
| 7-8 State, local, and tribal governments should look to cooperation between labor unions and management as a means for protecting job quality.                                                                                                                            | Treas           | Interior       | NIGC, FTC                       |
| 7-9 Students should be warned of the dangers of gambling, beginning at the elementary level and continuing through college.                                                                                                                                               | Treas, DOJ      |                | NIGC, FTC, Interior             |
| <b>Chapter 8. Future Research</b>                                                                                                                                                                                                                                         |                 |                |                                 |
| 8-1 Congress should encourage NIH to convene a multidisciplinary advisory panel that will help establish a broad framework for research on problem and pathological gambling issues.                                                                                      |                 |                | DOJ, NIGC, FTC, Interior        |
| 8-2 Congress should direct SAMHSA to add gambling components to the National Household Survey on Drug Abuse.                                                                                                                                                              |                 |                | Treas, DOJ, NIGC, FTC, Interior |
| 8-3 Congress should direct all federal agencies conducting or supporting longitudinal research panels to consider the feasibility of adding a gambling component to such surveys.                                                                                         | Treas, DOJ      |                | NIGC, FTC, Interior             |
| 8-4 Congress should encourage NIH to issue a revision of the special research program announcement for research applications on pathological gambling.                                                                                                                    |                 |                | Treas, DOJ, NIGC, FTC, Interior |
| 8-5 Congress should direct NIH to invite applications for supplemental funds to add legal and illegal gambling components to appropriate existing surveys and to issue a revision of the special program announcement for research applications on pathological gambling. |                 |                | Treas, DOJ, NIGC, FTC, Interior |
| 8-6 Congress should direct NIH to invite applications for supplemental funds to issue a revision of the special program announcement for research applications to commence a study of American adult problem gamblers                                                     |                 |                | Treas, DOJ, NIGC, FTC, Interior |

|                                                                                                                                                                                                                                                                           |             |          |                                 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|----------|---------------------------------|
| below the pathological gambler threshold (APA DSM-IV).                                                                                                                                                                                                                    |             |          |                                 |
| 8-7 Congress should direct SAMHSA to add specific gambling questions to its annual surveys of mental health providers, which are conducted by the Center for Mental Health Services.                                                                                      |             |          | Treas, DOJ, NIGC, FTC, Interior |
| 8-8 SAMHSA should initiate treatment outcome studies conducted by scientists in the treatment research field.                                                                                                                                                             |             |          | Treas, DOJ, NIGC, FTC, Interior |
| 8-9 Congress should request that the National Science Foundation establish a multidisciplinary research program that will estimate the benefits and costs of illegal and separately each form of legal gambling allowed under federal, tribal, and state law.             |             |          | Treas, DOJ, NIGC, FTC, Interior |
| 8-10 Congress should direct NIJ to research what effect legal and illegal gambling has on property and/or violent crime rates.                                                                                                                                            |             | DOJ      | Treas, NIGC, FTC, Interior      |
| 8-11 Congress should direct NIJ or BJS to add gambling components to ongoing studies of federal prison inmates, parolees, and probationers who manifest disorders that frequently coexist with pathological gambling.                                                     |             | DOJ      | Treas, NIGC, FTC, Interior      |
| 8-12 Congress should direct NIJ to investigate and study the extent of adolescent participation in illegal gambling and all forms of legal gambling separately.                                                                                                           | DOJ         |          | Treas, NIGC, FTC, Interior      |
| 8-13 Congress should direct the Department of Labor to research job quality in the gambling industry as measured by income levels, health insurance coverage and affordability, pension benefits, job security, and other similar indicators.                             | NIGC        |          | Treas, DOJ, FTC, Interior       |
| 8-14 If Congress acts to prohibit Internet gambling, it should also require NIJ to measure its effectiveness for a period of one year.                                                                                                                                    | Treas, NIGC | DOJ      | FTC, Interior                   |
| 8-15 Congress should direct NIH to invite applications for supplemental funds to issue a revision of the special program announcement for research applications to commence a study of prevalence of problem and pathological gambling among gambling industry employees. |             |          | Treas, DOJ, NIGC, FTC, Interior |
| 8-16 Appropriate institutes should conduct research to determine if an analysis of available gambling patron data derived from banks and other credit agencies can assist in the identification of problem and pathological gamblers.                                     |             | Treas    | DOJ, NIGC, FTC, Interior        |
| 8-17 State and tribal governments should authorize and                                                                                                                                                                                                                    |             | Interior | DOJ, NIGC,                      |

|                                                                                                                                                                                                                                |  |          |                          |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|----------|--------------------------|
| fund every two years an objective study of the prevalence of problem and pathological gamblers among their residents.                                                                                                          |  |          | FTC                      |
| 8-18 State and tribal governments should authorize and fund research programs for those who are likely to become problem or pathological gamblers in their resident population.                                                |  | Interior | DOJ, NIGC, FTC           |
| 8-19 State and tribal governments should require, as a condition of the granting of a license to operate a gambling facility or to sell goods or services in a gambling facility, full cooperation in any research undertaken. |  | Interior | DOJ, NIGC, FTC           |
| 8-20 State and tribal governments should consider authorizing research to collect and analyze data that would assess gambling related effects on customers and their families.                                                 |  |          | DOJ, NIGC, FTC, Interior |
|                                                                                                                                                                                                                                |  |          |                          |
|                                                                                                                                                                                                                                |  |          |                          |
|                                                                                                                                                                                                                                |  |          |                          |
|                                                                                                                                                                                                                                |  |          |                          |
|                                                                                                                                                                                                                                |  |          |                          |
|                                                                                                                                                                                                                                |  |          |                          |

## Outline of Gambling Issues

- I. Agreement or Disagreement with National Gambling Impact Study Commission Report - CHART
- II. DOJ Internet Gambling Bill
- III. Treasury Report on the Relationship of Bankruptcy to Gambling

Treasury already distributed this report to a few members of Congress, but has not done any press on it. (Lott, Hastert, Obcy, Byrd, Campbell, Dorgan, Kolbe, Hoyer, Bill Young, Stevens, Thurmond)

The report finds that there is no connection between state bankruptcy rates and either the extent of or introduction of casino gambling. The report does conclude, however, that there is a 6 percent increase in the probability of filing for bankruptcy for those individuals who gamble frequently -- especially in high risk ventures. Treasury estimates that it loses between \$86.5 and \$108.2 million per year from additional bankruptcies attributable to frequent high-risk gambling. The report recommends a research agenda and a public education campaign regarding bankruptcy and gambling.

- IV. HHS Research Agenda

summarily by way of libel in any court of the United States having jurisdiction thereof. The Secretary of the Treasury may mitigate or remit any of the penalties provided by this section on such terms as he deems proper.

(Added May 24, 1949, c. 139, § 23, 63 Stat. 92.)

**§ 1084. Transmission of wagering information; penalties**

(a) Whoever being engaged in the business of betting or wagering knowingly uses a wire communication facility for the transmission in interstate or foreign commerce of bets or wagers or information assisting in the placing of bets or wagers on any sporting event or contest, or for the transmission of a wire 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 fined under this title or imprisoned not more than two years, or both.

(b) Nothing in this section shall be construed to prevent the transmission in interstate or foreign commerce of information for use in news reporting of sporting events or contests, or for the transmission of information assisting in the placing of bets or wagers on a sporting event or contest from a State or foreign country where betting on that sporting event or contest is legal into a State or foreign country in which such betting is legal.

(c) Nothing contained in this section shall create immunity from criminal prosecution under any laws of any State.

(d) When any common carrier, subject to the jurisdiction of the Federal Communications Commission, is notified in writing by a Federal, State, or local law enforcement agency, acting within its jurisdiction, that any facility furnished by it is being used or will be used for the purpose of transmitting or receiving gambling information in interstate or foreign commerce in violation of Federal, State or local law, it shall discontinue or refuse, the leasing, furnishing, or maintaining of such facility, after reasonable notice to the subscriber, but no damages, penalty or forfeiture, civil or criminal, shall be found against any common carrier for any act done in compliance with any notice received from a law enforcement agency. Nothing in this section shall be deemed to prejudice the right of any person affected thereby to secure an appropriate determination, as otherwise provided by law, in a Federal court or in a State or local tribunal or agency, that such facility should not be discontinued or removed, or should be restored.

(e) As used in this section, the term "State" means a State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, or a commonwealth, territory or possession of the United States. (Added Pub.L. 87-216, § 2, Sept. 13, 1961, 75 Stat. 491, and amended Pub.L. 100-690, Title VII, § 7024, Nov. 18, 1988, 102 Stat. 4397; Pub.L. 101-647, Title XII, § 1205(g), Nov. 29, 1990, 104 Stat. 4831; Pub.L. 103-322, Title XXXIII, § 330016(f)(1), Sept. 13, 1994, 108 Stat. 2147.)

# FACSIMILE

**Office of Senator Richard H. Bryan**  
269 Russell Senate Office Building  
Washington, D.C. 20510

*Bruce Reed*

Office: (202) 224-6244  
Fax: (202) 224-1867

*Tom -  
I suggest you  
meet w/ Bryan's  
people. We'll need  
their perspective  
eventually anyway  
(I assume they'll  
be against  
under 21. I  
don't know  
about Internet.)*

TO: *Steve Richette*

FROM: *Jan Marie*

NUMBER OF PAGES (INCLUDING COVER): 3

DATE:

NOTES: *Steve - This could be a real  
problem - you know who Kay James &  
Jim Kelly are - i dont understand  
white House working with them?*

*BR*

## NATIONAL GAMBLING IMPACT STUDY COMMISSION

800 North Capitol Street, N.W., Suite 450, Washington, D.C. 20002

Tel: 202-523-8217 Fax: 202-523-4394

July 28, 1999

MEMORANDUM

**TO:** Kay C. James  
*Chair*

**FROM:** Timothy A. Kelly, Ph.D. *DE*  
*Executive Director*

**SUBJECT:** Meeting with White House Domestic Policy Council Staff

This memo is to document the meeting I had last Friday with two staff from the White House Domestic Policy Council: Tom Freedman, Special Assistant to the President and Senior Director for Policy Planning, and Mary Smith, Associate Director for Policy Planning. My apologies for not informing you of the possibility of such a meeting well in advance.

The meeting came about as a result of Senator Specter's June 30 Senate subcommittee hearing on Commission research recommendations, attended by Commissioner McCarthy and myself. After the hearing, I was asked by Commissioner McCarthy to call Dr. Goldstone, Director of SAMHSA's Office of Applied Studies, in order to find out if they were planning to include gambling questions in the upcoming Household Survey, as recommended in 8-2. Dr. Goldstone suggested that I call Mr. Freedman, who stated that no decision was yet made by the Clinton Administration, but that it could be helpful to discuss the specifics of the Commission's recommendations. We traded phone calls for weeks, and scheduled the meeting immediately when we finally connected last Friday morning since the Commission office would be closed at the end of this week.

At Mr. Freedman's request, per a phone call last Friday morning, I joined them from approximately 11:30 a.m. - 12:30 p.m. at the OEOB to discuss the Commission's Final Report and recommendations. Mr. Freedman and Ms. Smith are evaluating the Commission's report, and may be drafting policy recommendations for consideration by the White House. My role was simply to explain the background and meaning of the various recommendations that are of interest to them (i.e., that logically could involve federal legislation). Accordingly, I spent the time reading over each relevant recommendation in turn and answering any questions for clarification. I did not, of

course, go beyond what was clearly stated in the recommendations or offer any opinion beyond that which the Commissioners expressed in the Final Report.

Please let me know if you have any questions on this matter.

cc: Commissioners

---

## **Clinton Presidential Records Digital Records Marker**

---

This is not a presidential record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

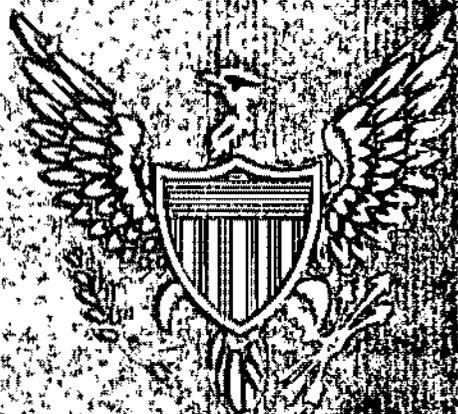
This marker identifies the place of a publication.

---

Publications have not been scanned in their entirety for the purpose of digitization. To see the full publication please search online or visit the Clinton Presidential Library's Research Room.

---

# THE NATIONAL GAMBLING IMPACT STUDY COMMISSION



## EXECUTIVE SUMMARY

June 1999

THE WHITE HOUSE  
WASHINGTON

DOMESTIC POLICY COUNCIL

FACSIMILE FOR: Brewer Read / Eric Linn

DATE: \_\_\_\_\_

TELEPHONE: \_\_\_\_\_

FAX: \_\_\_\_\_

FACSIMILE FROM: MARY SMITH

TELEPHONE: (202) 456-5571

FAX: (202) 456-7431

NUMBER OF PAGES (INCLUDING COVER): \_\_\_\_\_

COMMENTS: Leahy draft statement on  
passage of Internet gambling  
also Campbell amendment on  
Indian gaming

Gambling

Statement of Senator Patrick Leahy  
on Passage of  
S. 692, the "Internet Gambling Prohibition Act"

Mr. LEAHY. Mr. President, I have long been an advocate for legislation that ensures that existing laws keep pace with developing technology. It is for this reason that I have sponsored and supported over the past few years a host of bills to bring us into the 21st Century.

This same impetus underlies my support of legislation to ensure our nation's gambling laws keep pace with developing technology, particularly the Internet. The Department of Justice has noted that "the Internet has allowed for new types of electronic gambling, including interactive games such as poker or blackjack, that may not clearly be included within the types of gambling currently made illegal. . . ." This new technology clearly has the potential to diminish the effectiveness of current gambling statutes.

Vermonters have spoken clearly that they do not want certain types of gambling permitted in our state, and they do not want current laws to be rendered obsolete by the Internet. Vermont Attorney General William Sorrell strongly supports federal legislation to address Internet gambling, as do other law enforcement officials in Vermont.

I believe, therefore, that there is considerable value in updating our federal gambling statutes, which is why I voted for S. 692, the "Internet Gambling Prohibition Act," during Senate Judiciary Committee consideration. I support the bill as a step forward in our bipartisan efforts to make sure our federal laws continue to keep pace with emerging technologies.

I do, however, have concerns that S. 692 might unnecessarily weaken existing federal and state gambling laws.

My first concern is that the bill provides unnecessary exemptions from its Internet gambling ban for certain forms of gambling activities without a clear public policy justification. For example, the bill exempts parimutuel wagering on horse and dog racing from its ban on Internet gambling. The sponsors of S. 692 have offered no complying reason for this special treatment of one form of gambling. Indeed, the Department of Justice is "especially troubled by the broad exemptions given to parimutuel wagering, which essentially would make legal on the Internet types of parimutuel wagering that are not legal in the physical world," according to its June 9, 1999 views letter on S. 692.

Broad exemptions from the Internet gambling ban also contradict the recent recommendations to Congress of the National Gambling Impact Study Commission. After two years of taking testimony at hearings across the country, the Commission has endorsed the need for Federal legislation to prohibit Internet gambling. But the Commission clearly rejected adding new exemptions to the law in such a ban.

Indeed, in a letter to me dated June 15, 1999, Kay C. James, Chair, and William Bible, Commissioner, of the National Gambling Impact Study Commission, wrote:

"The Commission recommends to the President, Congress, and the Department of Justice (DOJ) that the Federal government should prohibit, without allowing new exemptions or the expansion of existing federal exemptions to other jurisdictions, Internet gambling not already authorized within the United States or among parties in the United States and any foreign jurisdiction." (emphasis in the original)

My second concern is that the bill unnecessarily creates a new section in our federal gambling statutes, which may prove inconsistent with existing law and established legal precedent. Instead of updating section 1084 of title 18, which has prohibited interstate gambling through wire communications since 1961, S. 692 creates a new section 1085 to title 18 to cover Internet gambling only. Creating a new section out of whole cloth with different definitions and other provisions from existing federal gambling statutes creates overlapping and inconsistent federal gambling laws for no good reason.

According to its views letter on S. 692, the Department of Justice believes overlapping and inconsistent federal gambling laws can be easily avoided by amending section 1084 of title 18 to cover Internet gambling:

"We therefore strongly recommend that Congress address the objective of this legislation through amending existing gambling laws, rather than creating new laws that specifically govern the Internet. Indeed, the Department of Justice believes that an amendment to section 1084 of title 18 could satisfy many of the concerns addressed in S. 692, as well as ensure that the same laws apply to gambling businesses, whether they operate over the Internet, the telephone, or some other instrumentality of interstate commerce."

I want to thank the sponsors of the legislation, Senators Kyl and Bryan, for addressing my third concern in their substitute amendment. I was concerned that the bill might

unnecessarily create immunity from criminal prosecution under state law for Internet gambling. Any new immunity would have been in sharp contrast to existing federal law, which specifically does not grant immunity from state prosecution for illegal gambling over wire communications.

To address this concern, the substitute amendment adds a new Rules of Construction section, section 2 (g)(1), which I authored. This section makes it clear that, except for the liability limits provided to Interactive Computer Service Providers in section 2 (d) of the bill, S. 692 does not provide any other immunity from Federal or state prosecution for illegal Internet gambling.

Indeed, the New York Attorney General recently prosecuted an offshore Internet gambling company, World Interactive Gaming Corporation, for targeting New York citizens in violation of State and Federal anti-gambling statutes. This past July, the New York State Supreme Court upheld that prosecution.

As a former State prosecutor in Vermont, I strongly believe that Congress should not tie the hands of our state crime-fighting partners in the battle against Internet gambling when we do not mandate federal preemption of state criminal laws for other forms of illegal gambling. Instead, we need to foster effective federal-state partnerships to combat illegal Internet gambling.

During our consideration of the Internet Gambling Prohibition Act in this Congress and the last, the Committee has improved and refined the bill on a bipartisan basis. The bill now applies only to gambling businesses, instead of individual bettors. This will permit Federal authorities to target the prosecution of interstate gambling businesses, while rightly leaving the prosecution of individual bettors to the discretion of state authorities acting under state law.

As Senators continue to work together to enact a ban on Internet gambling, we should keep these words from the Department of Justice foremost in our minds: "[A]ny prohibitions that are designed to prohibit criminal activity on the Internet must be carefully drafted to accomplish the legislation's objectives without stifling the growth of the Internet or chilling its use as a communication medium."

I look forward to working with my colleagues on both sides of the aisle and the Administration to enact into law carefully drafted legislation to update our Federal gambling statutes to ensure that new types of gambling activities made possible by emerging technologies are prohibited.

## Amendment proposed by Mr. Campbell

On page 35 of the Kyl-Bryan substitute, after line 18, insert the following:

1 (4) INDIAN GAMING.  
2

3 (A) IN GENERAL. — Subject to paragraph (2), the prohibition in this section does not apply to  
4 any otherwise lawful bet or wager that is placed, received, or otherwise made on any game that  
5 constitutes class II gaming or class III gaming (as those terms are defined in section 4 of the Indian  
6 Gaming Regulatory Act, 25 U.S.C. 2703), or the sending, receiving, or inviting of information  
7 assisting in the placing of any such bet or wager, as applicable, if—

8 (i) the game is permitted under and conducted in accordance with the Indian Gaming  
9 Regulatory Act (25 U.S.C. 2701 et seq.);

10 (ii) each person placing, receiving, or otherwise making such bet or wager, or  
11 transmitting such information, is physically located on Indian lands (as that term is defined  
12 in section 4 of the Indian Gaming Regulatory Act, 25 U.S.C. 2703) when such person  
13 places, receives, or otherwise makes the bet or wager, or transmits such information;

14 (iii) the game is conducted on a closed-loop subscriber-based system or a private  
15 network; and

16 (iv) in the case of a game that constitutes class III gaming—

17 (I) the game is authorized under, and is conducted in accordance with, the  
18 respective Tribal-State compacts (entered into and approved pursuant to section 11(d) of the Indian  
19 Gaming Regulatory Act, 25 U.S.C. 2710) governing gaming activity on the Indian lands, in each  
20 respective State, on which each person placing, receiving, or otherwise making such bet or wager,  
21 or transmitting such information, is physically located when such person places, receives, or  
22 otherwise makes the bet or wager, or transmit such information; and

23 (II) each such Tribal-State compact expressly provides that the game may be  
24 conducted using the Internet or other interactive computer service only on a closed-loop subscriber-  
25 based system or a private network.

1 (B) ACTIVITIES UNDER EXISTING COMPACTS. — The requirement of subparagraph (A)(iv)(II)  
2 shall not apply in the case of gaming activity that was being conducted on Indian lands on  
3 September 1, 1999, with the approval of the gaming commission or like regulatory authority of the  
4 State in which such Indian lands are located, but without such required compact approval, until the  
5 date on which the compact governing gaming activity on such Indian lands expires (exclusive of any  
6 renewal or extension of such compact), so long as such gaming activity is conducted using the  
7 Internet or other interactive computer service only on a closed-loop subscriber-based system or a  
8 private network. For purposes of this subparagraph, gaming activity is “conducted on Indian lands”  
9 if any person placing, receiving, or otherwise making a bet or wager, or sending, receiving, or  
10 inviting information assisting in the placing of a bet or wager, is physically located on such lands  
11 when such person places, receives, or otherwise makes the bet or wager, or sends, receives, or  
12 invites such information.