



The Internet Gambling Regulation, Consumer Protection & Enforcement Act

What is the objective of this bill?

The Internet Gambling Regulation, Consumer Protection & Enforcement Act would establish a licensing and enforcement framework to permit gambling operators licensed under this regime to accept wagers from individuals in the U.S. The bill puts in place practical and enforceable standards to bring transparency to Internet gambling and provide consumers the protections they expect and deserve.

What consumer protections are included in the bill and how would they be implemented and enforced?

The Internet Gambling Regulation, Consumer Protection & Enforcement Act would, for the first time, effectively regulate Internet gambling and address important consumer protection issues such as underage and compulsive gambling.

In order to qualify for an Internet gambling license, applicants must demonstrate they have established, and can maintain, the following requirements, at minimum:

- Safeguards to verify the identity and age of each customer
- Safeguards to combat compulsive gambling
- Safeguards to verify the customer's location at the time he or she attempts to place a bet or wager
- Safeguards to ensure that the individual placing the bet or wager is physically located in a jurisdiction that permits that form of Internet gambling
- Protections against fraud, identity theft and money laundering
- Safeguards to protect customer's privacy and security

Does this legislation establish the framework for generating new revenue from Internet gambling activity?

No. This legislation requires licensees to collect and pay all taxes due.

Rep. Jim McDermott (D-WA) recently introduced the Internet Gambling Regulation and Tax Enforcement Act of 2009, as a companion to Chairman Frank's bill, which establishes tax requirements for licensed and regulated Internet gambling.

Who is responsible for issuing licenses and enforcing regulations?



The Secretary of the U.S. Treasury or any person/body designated by the Secretary would have the authority to approve and provide permits for online gambling activity. Additionally, the Secretary of the Treasury could provide final approval for applications reviewed and processed by state or tribal regulatory bodies with expertise in gambling regulation.

Would individual states and Indian tribes have the option to opt out of legalized Internet gambling?

Yes. States and Indian tribes would be able to prohibit Internet gambling activities within their respective geographic borders. Restrictions would be enforced if individual states, or tribes, decide to opt out from permitting persons in their jurisdiction to participate in Internet gambling.

Does this legislation authorize online sports betting?

No. The proposed legislation does not authorize any sports betting that is already prohibited under federal law by the Professional and Amateur Sports Protection Act (PASPA).

How would the legislation ensure that licenses are granted only to qualified Internet gambling operators?

Applicants for a license would be required to provide comprehensive financial statements and corporate structure documents. Licensees would be subject to U.S. jurisdiction and all applicable laws governing Internet gambling and related financial transactions. Applicants convicted of a criminal violation involving gambling, money laundering, fraud, privacy or any other financial laws would not be eligible for an Internet gambling license.