

State Attorneys General

A Communication from the Chief Legal Officers of the Following States and Territories:

**Maine * Michigan * Missouri * Nebraska
Nevada * Oklahoma * South Carolina * South Dakota**

December 7, 2015

The Honorable Bob Goodlatte
Chairman, Committee on the Judiciary
United States House of Representatives
2138 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Chuck Grassley
Chairman, Committee on the Judiciary
United States Senate
224 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable John Conyers, Jr.
Ranking Member, Committee on the Judiciary
United States House of Representatives
B-351 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Patrick Leahy
Ranking Member, Committee on the Judiciary
United States Senate
224 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairman Goodlatte, Chairman Grassley, Ranking Member Conyers, and Ranking Member Leahy:

As the states' top law enforcement officers, we the undersigned Attorneys General send this letter to express our unwavering support of H.R. 707 and S.B. 1668 ("Restoration of America's Wire Act") and to request Congress take action to reverse the U.S. Department of Justice's (DOJ) interpretation of the Wire Act, 18 U.S.C. Section 1084, as it applies to Internet gambling.

For many years, the federal government consistently interpreted the Wire Act to prohibit all forms of gambling involving interstate wire transmissions – including transmissions over the Internet. In late 2011, DOJ's Office of Legal Counsel issued a legal opinion reversing its own longstanding interpretations.

DOJ's revised interpretation of the Wire Act opened the door to expansive Internet gambling and has had significant negative impacts on our states from money laundering to exploitation of children to helping finance terrorist organizations. Additionally, the expansion of online gambling has undermined state and local law enforcement efforts to outlaw gambling which is prohibited in many states. As such, we urge Congress to adopt the Restoration of America's Wire Act.

Since DOJ reinterpreted the Wire Act as inapplicable to Internet gambling, Nevada, New Jersey, and Delaware have passed legislation legalizing various forms of Internet gambling. Pennsylvania, California, and New York are also considering expanding gambling to include Internet gambling, with Massachusetts and Connecticut identified by the online gambling industry as the next targets.

In this same time period, states like South Carolina have had to combat the menace of Internet sweepstakes operations. We fear that if RAWA is not adopted we will see a return to the wild west of Internet gambling. This will create tremendous hurdles for law enforcement and have a negative impact on the general welfare of our states.

As predicted, regulation of online gambling has proven difficult for states. This June, New Jersey announced it would not prosecute illegal gambling sites that have been operating in the state since 2013, provided the companies cease business within the next five months. Given the inherently *interstate* nature of Internet gambling transactions, we anticipate that it will become increasingly difficult to effectively regulate such conduct as additional jurisdictions consider legalizing Internet gambling.

In addition, substantial harms have been documented with the proliferation of online gambling. The anonymity of the Internet and the ability for youth to access online gambling sites presents a significant risk to teens. According to the Columbia University Medical Center's research, teenagers make up half of the 16 million people in the United States with gambling addictions and teens succumb to gambling addiction at rates between two and four times the rate of adults. A study of Connecticut youth and gambling showed that 20.5% of adolescent gamblers reported gambling online.

Online gambling affects more than our nation's youth. In 2011, DOJ filed a civil complaint for money laundering that sought \$3 billion being held by the nation's three largest online gambling companies. The anonymity of the Internet offers vast opportunity for criminal activity, terrorist financing, and money laundering through online gaming sites.

In response to the enforcement challenges associated with Internet gambling and the serious threats posed to the citizens of our states, we ask that Congress adopt the Restoration of America's Wire Act and reestablish the decades-long prohibition of Internet gambling under the Wire Act.

To be sure, we believe Congress may only regulate transactions which are interstate in nature, consistent with fundamental constitutional principles. Our system of government commands that *intrastate* matters, including the regulation of gambling at brick-and-mortar facilities and intrastate lotteries is clearly vested in the states. However, Internet gambling is inherently *interstate* in nature and states are ill-equipped to enforce gambling laws against interstate and international companies, particularly when age and location verification mechanisms are subject to compromise and the technological vulnerabilities of the Internet. Accordingly, it is critical that Congress act now to reinstitute the federal ban on online gaming.

Our primary concern is the restoration of the Wire Act to its original form in 2011. This letter does not opine on unintended collateral and peripheral consequences policymakers will have to consider throughout the legislative process.

We appreciate your consideration of this request.

Sincerely,



Chris Koster
Missouri Attorney General



Alan Wilson
South Carolina Attorney General



Janet Mills
Maine Attorney General



Bill Schuette
Michigan Attorney General



Doug Peterson
Nebraska Attorney General



Adam Paul Laxalt
Nevada Attorney General



Scott Pruitt
Oklahoma Attorney General



Marty Jackley
South Dakota Attorney General

Copy: The Honorable Paul Ryan, Speaker, United States House of Representatives
The Honorable Nancy Pelosi, Minority Leader, United States House of Representatives
The Honorable Mitch McConnell, Majority Leader, United States Senate
The Honorable Harry Reid, Minority Leader, United States Senate

