

AMERICAN GREYHOUND RACING, INC.

November 26, 2007

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Ms. Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve
System
20th Street and Constitution Ave., NW
Washington, DC 20551

**Re: Comments to Notice of Joint
Proposed Rulemaking; Prohibition On
Funding Of Unlawful Internet Gambling
Docket Number R-1298**

Dear Madam Secretary:

On behalf of American Greyhound Racing, Inc., I am writing to convey my strong concerns that your proposed regulation, titled: "Prohibition On Funding Of Unlawful Internet Gambling", would have on my business.

Our operations, comprising of Phoenix Greyhound Park, Apache Greyhound Park, AZ Off-Track Betting Network, and Max's Sports and Simulcast Wagering Center, are conducted in Phoenix, AZ, Glendale, AZ, Apache Junction, AZ and various other cities in Maricopa County, having been in business well over 50 years. We currently conduct greyhound racing 362 days a year with an average of 15 races per day, which we export to over 25 states and countries on a daily basis, as well as importing numerous races from other pari-mutuel facilities throughout the country. We employ over 400 people throughout the Phoenix Metropolitan area and in other parts of the State of Arizona.

We are affiliated with various community organizations through the Phoenix Greyhound Racing Foundation, such as the 100 Club, the Lions Foundation, Arizona Adopt-a-Greyhound, Valley of the Sun United Way, United Cerebral Palsy, the Thunderbird Youth Foundation, Maricopa Community College Fund, among others.

If the proposed regulation is not amended, it will put our businesses, and therefore the livelihood of our employees, in jeopardy. Congress specifically stated that legal greyhound pari-mutuel betting was beyond the scope of the Unlawful Internet Gambling Enforcement Act of 2006. The Congressional Record clearly states that if the use of the Internet in connection with dog racing is approved by state regulatory agencies and does not violate any Federal law, then it is allowed under the new section 5362(10)(A) of title 31. (*152 Cong. Rec. H8026-04; Sept. 29, 2006*). However, your proposed regulation fails to reiterate this position, and when taken in conjunction with some of the other sections, the banking institutions will not have the ability to properly distinguish between legal and unlawful transaction, and therefore they will go beyond the scope of the statute and block legal transaction.

(continued)

Pari-mutuel betting, account wagering, and common pool wagering is lawful in several States including, New York, Connecticut, Oregon, Kentucky, Louisiana, California, Virginia, New York, New Jersey, and Pennsylvania. These transactions use the Internet, and are authorized and regulated without regard to whether the race meet is a horse race or greyhound race. In fact the only difference between a horse race and a greyhound race is the animal. The technology is identical for each. Moreover, at many horse tracks, there are greyhound races simulcasted and visa versa. The final regulation must address the substantial risk of overblocking these legal transactions, which is in violation of the Act.

I, along with other members of the Greyhound racing industry, suggest that the final rule include clarification in the definition of "unlawful internet gambling" to provide clarity to the situation. We urge you to include language that would specifically state that legal interstate pari-mutuel wagering transactions are not a violation of the Act. One option could be to direct the banking institutions and payment processors to institute procedures to ensure that they are not blocking legal transactions. For example, a new merchant category code ("MCC") can be created for legal transactions, such as those in the state sanctioned pari-mutuel industry, to ensure that the processors are not blocking transactions beyond what the Act requires. This change could significantly reduce compliance burdens, protect against overblocking, and allow credit card issuers to create policies and procedures which reject payments for unlawful on-line gambling activities, while accepting Internet and account wagers on pari-mutuel races.

While I understand that the proposed regulation makes reference to the fact that the regulation does not exclude legal state licensed transactions, this cursory reference is not enough. More explicit explanations are necessary. The final regulation must reiterate the Congressional position that the regulation does not limit legal and fully sanctioned pari-mutuel betting. This clarification is needed to ensure that the banking and payment processors have the needed understanding of what is considered a legal transaction, and therefore do not inadvertently block such transactions.

Sincerely,



Daniel A. Luciano
President

DAL/rm

- cc: Senator Jon Kyl
- cc: Senator John McCain
- cc: Congressman Rick Renzi
- cc: Congressman Trent Franks
- cc: Congressman John Shadegg
- cc: Congressman Ed Pastor
- cc: Congressman Harry Mitchell
- cc: Congressman Raul Grijalva
- cc: Congressman Jeff Flake
- cc: Congresswoman Gabrielle Giffords
- cc: Jeffrey A. Sandquist, Steptoe & Johnson LLP
- cc: Henry Cashen, Dickstein Shapiro LLP