

**Development of Internet Gambling Regulations
Conference Call with Representatives of Various State Attorneys General**

Call Date: July 9, 2008 / 3:00pm EDT

AG Reps: Sara Drake, Office of the Attorney General, California
Neil Houston, Office of the Attorney General, California
Geoffrey Morgan, Office of the Attorney General, Mississippi
Martin Millette, Office of the Attorney General, Mississippi
Mary Francis Jowers, Office of the Attorney General, South Carolina
Jerry Ackerman, Office of the Attorney General, Washington
Nicholas Alexander, Criminal Law Counsel, National Association of Attorneys General (NAAG)

FRB: Rich Ashton, Joseph Baressi, Chris Clubb, Joshua Hart, Louise Roseman

Treasury: Charles Klingman

The Agencies arranged the call through NAAG staff to discuss issues related to State gambling laws in the United States. The state attorneys general offices on the call described a legal landscape in which gambling laws and regulations vary from state to state. States represented therefore did not believe it would be feasible to develop a single, nationwide definition of unlawful Internet gambling.

Call participants thought that creating a reference guide of all states' Internet gambling laws and rules would be difficult, because the rules in some states are substantially derived from case law, and the laws differ by state regarding what activities constitute gambling (e.g., what activities are considered "games of chance").¹ NAAG staff indicated that NAAG does not maintain a compilation of state Internet gambling rules. Formal approval of the NAAG Executive Committee and/or the membership might be required prior to a formal designation in the Code of Federal Regulations holding NAAG responsible for developing, maintaining and/or publishing such a compendium for consumption by the general public.²

Mr. Ackerman suggested that a reasonable approach for the Board and Treasury to take in their regulations would be to require a business engaged in Internet-gambling activities to provide documentation to its bank attesting to the legality of its activities.

In response to a question on whether any state attorneys general has used sections 5365(b) and (c) of the Unlawful Internet Gambling Enforcement Act to require an Internet service provider to

¹ South Carolina noted that it generally does not provide advisory opinions.

² In a follow-up written comment to the July 9 teleconference call, NAAG staff suggested that the Treasury Department and the Federal Reserve may be able to explore the maintenance of such a compendium with the National Conference of State Legislatures, the Council of Governments, or other similarly situated organizations.

remove an unlawful Internet gambling website, no one present on the call was aware of any such action. Mr. Ackerman indicated that such authority would be useful.³

Advance-deposit wagering on horse races is allowed in California and Washington. State residents establish accounts via the Internet from which they may fund bets if the bettor, the horse race, and the Internet website facilitating the bets are all located in states that permit such activity.

³ Washington stated that it had not believed it could seek an injunction under § 5365 of the Act until the Board and Treasury publish their regulations. The Board and Treasury, however, believe that that section of the Act is self-implementing and is available to states' attorneys general at the current time.