

HR 556

Leach-LaFalce Internet Gambling Enforcement Act

Congress: 107 (2001–2003, Ended)

Chamber: House

Policy Area: Crime and Law Enforcement

Introduced: Feb 12, 2001

Current Status: Received in the Senate and Read twice and referred to the Committee on the Judiciary.

Latest Action: Received in the Senate and Read twice and referred to the Committee on the Judiciary. (Oct 2, 2002)

Official Text: <https://www.congress.gov/bill/107th-congress/house-bill/556>

Sponsor

Name: Rep. Leach, James A. [R-IA-1]

Party: Republican • State: IA • Chamber: House

Cosponsors (7 total)

Cosponsor	Party / State	Role	Date Joined
Rep. Petri, Thomas E. [R-WI-6]	R · WI		Jun 19, 2001
Rep. Green, Mark [R-WI-8]	R · WI		Dec 18, 2001
Rep. LaFalce, John J. [D-NY-29]	D · NY		Feb 13, 2002
Rep. Oxley, Michael G. [R-OH-4]	R · OH		Feb 13, 2002
Rep. Bachus, Spencer [R-AL-6]	R · AL		Feb 26, 2002
Rep. Wolf, Frank R. [R-VA-10]	R · VA		Feb 26, 2002
Rep. Owens, Major R. [D-NY-11]	D · NY		Mar 19, 2002

Committee Activity

Committee	Chamber	Activity	Date
Financial Services Committee	House	Hearings By (subcommittee)	Jul 24, 2001
Judiciary Committee	House	Hearings By (subcommittee)	Nov 29, 2001
Judiciary Committee	Senate	Referred To	Oct 2, 2002

Subjects & Policy Tags

Policy Area:

Crime and Law Enforcement

Related Bills

No related bills are listed.

Leach-LaFalce Internet Gambling Enforcement Act - (Sec. 3) - Prohibits any person engaged in a business of betting or wagering from knowingly accepting in connection with the participation of another person in Internet gambling: (1) credit; (2) electronic fund transfers or funds transmitted by or through a money transmitting business; (3) any instrument drawn by or on behalf of another and payable through any financial institution; or (4) the proceeds of any other form of financial transaction involving a financial institution as payer or financial intermediary for another.

Includes in the definition of bets or wagers: (1) the purchase of a chance or opportunity, predominantly subject to chance, to win a lottery or other prize; (2) sports betting; and (3) any instructions or information pertaining to the establishment or movement of funds in an account by the bettor or customer with the business of betting or wagering.

Excludes from the definition of bets or wagers: (1) any activity governed by the securities laws for the purchase or sale of securities; (2) any transaction subject to the Commodity Exchange Act; (3) over-the-counter derivative instruments; (4) any other transaction exempt from regulation under the Commodity Exchange Act or from State gaming or bucket shop laws; (5) any contract of indemnity or guarantee, or for insurance; (6) deposits or transactions with a depository institution; (7) any participation in a simulation sports game or an educational game or contest that meets certain requirements; and (8) any lawful transaction with a business licensed or authorized by a State.

Prescribes judicial guidelines under which the Federal district courts exercise exclusive jurisdiction to prevent or restrain violations of this Act. Authorizes the Attorney General or any State attorney general to institute proceedings for injunctive relief. Grants the United States enforcement authority for violations on Indian lands.

Directs that relief granted under this Act against an interactive computer service: (1) be limited to the removal of, or disabling of access to, an on-line site violating this Act, or a hypertext link to such site, that resides on a computer server that the service controls or operates, with an exception; (2) be available only after notice to the service and an opportunity to appear are provided; (3) not impose any obligation on a service to monitor its service or to affirmatively seek facts indicating activity violating this Act; (4) specify the service to which it applies; and (5) specifically identify the location of the on-line site or hypertext link to be removed or access to which is to be disabled.

Requires the court, in considering granting relief against any payment system, or any participant in a payment system that is a creditor, credit card issuer, financial institution, operator of a terminal at which an electronic fund transfer may be initiated, money transmitting business, or international, national, regional, or local network utilized to effect a credit transaction, electronic fund transfer, or money transmitting service, or a participant in such network, to consider the following factors: (1) the extent to which the person is extending credit or transmitting funds knowing the transaction is in connection with unlawful Internet gambling; (2) the history of that person in extending credit or transmitting funds with such knowledge; (3) the extent to which that person has established and is maintaining policies and procedures in compliance with regulations prescribed under this Act; (4) the feasibility that any specific remedy prescribed in the order issued under this Act can be implemented without substantial deviation from normal business practice; and (5) the costs and burdens the specific remedy will have on that person.

Directs the Attorney General or a State attorney general to: (1) notify that person and the appropriate regulatory agency of the violation or potential violation and the remedy sought; and (2) allow that person 30 days to implement a reasonable remedy. Prescribes a criminal fine and/or up to five years imprisonment for violations of this Act. Authorizes a court to enter a permanent injunction enjoining any person convicted of a criminal offense under this Act from any activity related to illegal bets or wagers.

Specifies circumstances for the liability under this Act of any creditor, issuer, institution, operator business, network, or participant or any interactive computer service or telecommunications service.

Makes liable under this Act any such creditor, issuer, institution, operator, business, network, or participant that has actual knowledge and control of bets and wagers and: (1) operates, manages, supervises, or directs an Internet website at which unlawful bets or wagers are offered or may be placed, received, or otherwise made; or (2) owns or controls, or is owned or controlled by, any person who operates, manages, supervises, or directs such a website.

Directs the Secretary of the Treasury to prescribe regulations requiring any designated payment system to establish policies and procedures reasonably designed to identify and prevent restricted transactions.

Sets forth provisions regarding: (1) requirements for policies and procedures; and (2) compliance with such policies and procedures; (3) immunity from liability for anyone blocking or refusing to honor restricted transactions; and (4) enforcement.

(Sec. 4) Declares that the Federal Government, in deliberations with a foreign government on money laundering, corruption, and crime issues, should: (1) encourage cooperation by foreign governments and relevant international fora in identifying whether Internet gambling operations are being used for money laundering or other crimes; (2) advance policies that promote international cooperation in the enforcement of this Act; and (3) encourage the Financial Action Task Force on Money Laundering to study the extent to which Internet gambling operations are being used for money laundering.

Requires the Secretary of the Treasury to report to Congress on deliberations between the United States and other countries on Internet gambling-related issues.

(Sec. 5) Modifies Federal criminal code provisions regarding gambling to: (1) replace the definition of "wire communication facility" with "communication facility"; (2) include satellite and microwave transmissions, and mobile as well as fixed connections; and (3) increase the penalty for unlawful wire transfers of wagering information.

Actions Timeline

- **Oct 2, 2002:** Received in the Senate and Read twice and referred to the Committee on the Judiciary.
- **Oct 1, 2002:** Mr. Leach moved to suspend the rules and pass the bill, as amended.
- **Oct 1, 2002:** Considered under suspension of the rules. (consideration: CR H6839-6848)
- **Oct 1, 2002:** DEBATE - The House proceeded with forty minutes of debate on H.R. 556.
- **Oct 1, 2002:** Passed/agreed to in House: On motion to suspend the rules and pass the bill, as amended Agreed to by voice vote.(text: CR H6839-6841)
- **Oct 1, 2002:** On motion to suspend the rules and pass the bill, as amended Agreed to by voice vote. (text: CR H6839-6841)
- **Oct 1, 2002:** Motion to reconsider laid on the table Agreed to without objection.
- **Mar 29, 2002:** Committee on Judiciary discharged.
- **Mar 29, 2002:** Committee on Judiciary discharged.
- **Mar 29, 2002:** Placed on the Union Calendar, Calendar No. 220.
- **Dec 20, 2001:** House Committee on Judiciary Granted an extension for further consideration ending not later than March 29, 2002.
- **Dec 13, 2001:** Reported (Amended) by the Committee on Financial Services. H. Rept. 107-339, Part I.
- **Dec 13, 2001:** House Committee on Judiciary Granted an extension for further consideration ending not later than Dec. 21, 2001.
- **Dec 13, 2001:** Reported (Amended) by the Committee on Financial Services. H. Rept. 107-339, Part I.
- **Nov 29, 2001:** Subcommittee Hearings Held.
- **Oct 31, 2001:** Committee Consideration and Mark-up Session Held.
- **Oct 31, 2001:** Ordered to be Reported (Amended) by the Yeas and Nays: 34 - 18.
- **Oct 31, 2001:** Subcommittee on Financial Institutions and Consumer Credit discharged..
- **Jul 24, 2001:** Subcommittee Hearings Held.
- **Mar 2, 2001:** Referred to the Subcommittee on Financial Institutions and Consumer Credit.
- **Feb 16, 2001:** Referred to the Subcommittee on Crime.
- **Feb 12, 2001:** Introduced in House
- **Feb 12, 2001:** Introduced in House
- **Feb 12, 2001:** Referred to the Committee on Financial Services, and in addition to the Committee on the Judiciary, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.
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