

Union Calendar No. 585

110TH CONGRESS
2^D SESSION

H. R. 6870

[Report No. 110-910]

To ensure that implementation of proposed regulations under subchapter IV of chapter 53 of title 31, United States Code, does not cause harm to the payments system, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 11, 2008

Mr. FRANK of Massachusetts (for himself and Mr. KING of New York) introduced the following bill; which was referred to the Committee on Financial Services

OCTOBER 3, 2008

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italics]

[For text of introduced bill, see copy of bill as introduced on September 11, 2008]

A BILL

To ensure that implementation of proposed regulations under subchapter IV of chapter 53 of title 31, United States Code, does not cause harm to the payments system, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 *This Act may be cited as the “Payments System Pro-*
3 *tection Act of 2008”.*

4 **SEC. 2. PROHIBITION.**

5 *(a) IN GENERAL.—The Secretary of the Treasury and*
6 *the Board of Governors of the Federal Reserve System,*
7 *whether acting jointly or separately, may not propose, pre-*
8 *scribe, or implement any regulation under subchapter IV*
9 *of chapter 53 of title 31, United States Code, or otherwise*
10 *give effect to such subchapter or any such regulation, in-*
11 *cluding the proposed regulations published in the Federal*
12 *Register on October 4, 2007, except to the extent as any*
13 *such regulation pertains to unlawful Internet sports gam-*
14 *bling or except as provided in section 3.*

15 *(b) INTERIM FINAL REGULATIONS ON UNLAWFUL*
16 *INTERNET SPORTS GAMBLING.—Before the end of the 60-*
17 *day period beginning on the date of the enactment of this*
18 *Act, the Secretary and the Board of Governors of the Fed-*
19 *eral Reserve System, in consultation with the Attorney Gen-*
20 *eral, shall jointly prescribe interim final regulations as re-*
21 *quired by subchapter IV of chapter 53 of title 31, United*
22 *States Code, to the extent that such regulations pertain to*
23 *unlawful Internet sports gambling.*

24 *(c) UNLAWFUL INTERNET SPORTS GAMBLING DE-*
25 *FINED.—*

1 (1) *IN GENERAL.*—For purposes of this Act, the
2 term “unlawful Internet sports gambling” means bets
3 or wagers placed over the Internet on a lottery, sweep-
4 stakes, or other betting, gambling, or wagering scheme
5 based, directly or indirectly (through the use of geo-
6 graphical references or otherwise), on 1 or more com-
7 petitive games in which amateur or professional ath-
8 letes participate, or are intended to participate, or on
9 1 or more performances of such athletes in such
10 games.

11 (2) *EXCEPTION.*—For purposes of paragraph (1),
12 the term “competitive games in which amateur or
13 professional athletes participate” does not include
14 events described in section 3704 of title 28, United
15 States Code (parimutuel animal racing or jai-alai
16 games).

17 (d) *TREASURY LIST OF UNLAWFUL INTERNET SPORTS*
18 *GAMBLING BUSINESSES.*—No regulations under subsection
19 (a) to implement the requirements of section 5364 of title
20 31, United States Code, shall be effective unless such regula-
21 tions—

22 (1) require the Secretary of the Treasury to com-
23 pile and maintain a list of unlawful Internet sports
24 gambling businesses; and

1 (2) *do not require any person to block or refuse*
2 *to honor any transaction, or prohibit the acceptance*
3 *of any product or service of such person, other than*
4 *in connection with a business on the list maintained*
5 *by the Secretary.*

6 **SEC. 3. RULEMAKING TO IMPLEMENT SUBCHAPTER ON**
7 **PROHIBITION ON FUNDING OF UNLAWFUL**
8 **INTERNET GAMBLING AND DEFINE UNLAW-**
9 **FUL INTERNET GAMBLING.**

10 (a) *IN GENERAL.*—*Notwithstanding section 2, the Sec-*
11 *retary of the Treasury and the Board of Governors of the*
12 *Federal Reserve System, in consultation with the Attorney*
13 *General, shall jointly develop and implement regulations*
14 *(which the Secretary and the Board jointly determine to*
15 *be appropriate), on the record after opportunity for agency*
16 *hearing involving an administrative law judge or similar*
17 *official, under subchapter IV of chapter 53 of title 31,*
18 *United States Code, that shall include a definition of the*
19 *term “unlawful Internet gambling” for purposes of such*
20 *subchapter and such regulations, after conducting a full eco-*
21 *nomie impact study of the proposed regulations under chap-*
22 *ter 6 of title 5, United States Code (commonly referred to*
23 *as the “Regulatory Flexibility Act”).*

24 (b) *TREASURY LIST OF UNLAWFUL INTERNET GAM-*
25 *BLING BUSINESSES.*—*No regulations under subsection (a)*

1 *to implement the requirements of section 5364 of title 31,*
2 *United States Code, shall be effective unless such regula-*
3 *tions—*

4 (1) *require the Secretary of the Treasury to com-*
5 *pile and maintain a list of unlawful Internet gam-*
6 *bling businesses; and*

7 (2) *do not require any person to block or refuse*
8 *to honor any transaction, or prohibit the acceptance*
9 *of any product or service of such person, other than*
10 *in connection with a business on the list maintained*
11 *by the Secretary.*

12 (c) *COORDINATION WITH PROHIBITION.—Upon the ef-*
13 *fective date of final regulations under subsection (a), section*
14 *2 shall cease to apply.*

Union Calendar No. 585

110TH CONGRESS
2^D SESSION

H. R. 6870

[Report No. 110-910]

A BILL

To ensure that implementation of proposed regulations under subchapter IV of chapter 53 of title 31, United States Code, does not cause harm to the payments system, and for other purposes.

OCTOBER 3, 2008

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed