



OFFICE OF THE GOVERNOR

RICK PERRY
GOVERNOR

March 24, 2014

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

The Honorable Patrick Leahy
Chairman, Committee on the Judiciary
U.S. Senate
224 Dirksen Senate Office Building
Washington, D.C. 20510

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

The Honorable Chuck Grassley
Ranking Member, Committee on the Judiciary
U.S. Senate
224 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairmen Goodlatte and Leahy and Ranking Members Conyers and Grassley:

I write you to express my concern at the U.S. Department of Justice's (DOJ) reversal of its long-standing interpretation of the Wire Act, 18 U.S.C. § 1084, as that statute applies to Internet gambling.

The regulation of gambling, subject to broad federal limitations (such as the Wire Act) and requirements (such as those found in UIGEA), has properly been the domain of the states — and should remain so. But, when gambling occurs in the virtual world, the ability of states to determine whether the activity should be available to its citizens and under what conditions — and to control the activity accordingly — is left subject to the vagaries of the technological marketplace. This seriously compromises the ability of states to control gambling within their borders.

For decades, the U.S. government consistently deemed the Wire Act to prohibit all forms of Internet gambling. However, on December 23, 2011, with Congress out of session, DOJ, acting on an opinion provided by its Office of Legal Counsel (OLC) and without input from Congress, state and local officials, or the public, abruptly overturned years of precedence.¹ This reversal directly conflicted with the long-standing position of DOJ itself and with a 2010 opinion of DOJ Criminal Division.² OLC stated that only online *sports* betting is barred by the Wire Act and that the Act does not apply to online state lottery sales. I believe the reasoning behind this

¹ See Memorandum for Lanny A. Breuer, Assistant Attorney General, Criminal Division, from Virginia A. Seitz, Assistant Attorney General, Office of Legal Counsel (September 20, 2011).

² See Memorandum for David Barron, Acting Assistant Attorney General, Office of Legal Counsel, from Lanny A. Breuer, Assistant Attorney General, Criminal Division (July 12, 2010) ("USDOJ 2010 Memo").

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alarming reversal by DOJ is flawed and that congressional action is necessary to resolve this issue. Additionally, I believe DOJ did not adequately account for all of the policy concerns surrounding the expansion of gaming to the Internet. I think these policy concerns are for the U.S. Congress and other law enforcement interests to study and analyze before Internet gaming is unleashed on the states.

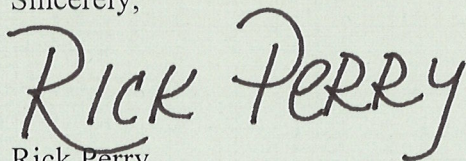
Allowing Internet gaming to invade the homes of every American family, and be piped into our dens, our living rooms, our workplaces and even our kids' bedrooms and dorm rooms, is a major decision. We must carefully examine the short- and long-term social and economic consequences before Internet gambling spreads.

The law enforcement community has identified the risks associated with Internet gambling, although more investigation is needed. The FBI in 2009 warned that Internet gambling could be used by criminal elements for money laundering and fraud. The agency questioned whether the technology exists to guarantee that children and people with gambling problems are kept off, countering claims that such technology was available. In the same letter, it also rattled off a litany of potential abuses.

Congress needs to step in now and call a "time-out" by restoring the decades-long interpretation of the Wire Act.

Congress, the states, law enforcement, and the public need — and deserve — an opportunity to fully review, assess, understand and debate the significant policy implications entailed in the spread of Internet gambling before it becomes pervasive in our society. I appreciate your consideration and look forward to working with you on developing a sensible policy that protects Americans and preserves the traditional role of the states in controlling gambling within their borders.

Sincerely,



Rick Perry
Governor

RP:lnp

cc: The Honorable John Boehner, Speaker, U.S. House of Representatives
The Honorable Nancy Pelosi, Minority Leader, U.S. House of Representatives
The Honorable Harry Reid, Majority Leader, U.S. Senate
The Honorable Mitch McConnell, Minority Leader, U.S. Senate
Texas Congressional Delegation