

**Assembly Joint Resolution**

**No. 19**

**Introduced by Assembly Member Hall**  
(Principal coauthor: Senator Wright)

September 8, 2011

Assembly Joint Resolution No. 19—Relative to Internet gambling.

LEGISLATIVE COUNSEL’S DIGEST

AJR 19, as introduced, Hall. Internet gambling.

This measure would respectfully urge the members of California’s Congressional delegation to preserve the right of the State of California to opt out of any federal Internet gambling system, and retain the right to operate its own intrastate Internet gambling system, or opt into any federal Internet gambling system.

Fiscal committee: no.

1 WHEREAS, Leading gaming consultants estimate that in 2005,  
2 United States citizens illegally wagered \$4 billion online at  
3 off-shore, non-United States Internet gambling Web sites, and that  
4 every week more than 1.5 million Californians participate in illegal  
5 online gambling on the Internet; and  
6 WHEREAS, Currently hundreds of Internet gambling Web sites  
7 operate outside the United States, unregulated by any United States  
8 governmental entity and in violation of United States laws.  
9 Questions often arise about the honesty and the fairness of the  
10 games played on these Internet Web sites, and about the true  
11 purpose for, and use of, proceeds generated by these unregulated  
12 Internet Web sites, particularly since the United States Department  
13 of Justice has indicted the owners and operators of several of the

1 leading Internet gaming Web sites for money laundering, bank  
2 fraud, and other federal felony offenses; and

3 WHEREAS, In October 2006, the United States Congress  
4 passed, and the President signed, the SAFE Port Act to increase  
5 the security of United States ports. Embedded within the language  
6 of that bill was a section called the Unlawful Internet Gambling  
7 Enforcement Act of 2006 (UIGEA), which prohibits the use of  
8 banking instruments such as credit cards, checks, or fund transfers  
9 for interstate Internet gambling. The statute, however, has not  
10 eliminated illegal, unregulated Internet gambling, nor has it  
11 provided any increased protection for participants from game  
12 operators and others who would impair the integrity of online  
13 gambling activity; and

14 WHEREAS, Congress included specific provisions in UIGEA  
15 for individual states to permit intrastate Internet gambling, provided  
16 that state laws permitting and regulating that activity could impose  
17 reasonable protections against participation by underage persons  
18 or by persons located outside the boundaries of the states  
19 authorizing that activity. While the federal Indian Gaming  
20 Regulatory Act balanced the interests of three sovereign  
21 governments, the state, Indian tribes, and the federal government,  
22 UIGEA was designed to balance the federal interest in secure  
23 financial transactions with the state power to determine how online  
24 gambling should take place within the states; and

25 WHEREAS, The Legislature has held numerous hearings and  
26 taken hours of testimony over the past 18 months on the issues  
27 and challenges surrounding intrastate Internet gaming, and those  
28 hearings have been instrumental in identifying problems and  
29 solutions that have narrowed the differences among various  
30 stakeholders. Witnesses have testified that a state regulated Internet  
31 gaming framework will ensure that the games Californians are  
32 authorized to play are honest, that winners are paid when and in  
33 amounts due, and that the state and its citizens, rather than illegal  
34 off-shore companies operating outside the reach of, and contrary  
35 to, state and federal laws, will benefit from economic activity in  
36 this state; and

37 WHEREAS, The Legislature has made a significant amount of  
38 progress on intrastate Internet gaming to the point where, absent  
39 unforeseen circumstances, a sound and objective proposal is fully

1 expected to be developed for consideration by the Legislature  
2 during the 2012 portion of the 2011–12 Regular Session; and

3 WHEREAS, Congress currently has pending before it several  
4 bills that would authorize and regulate certain forms of online  
5 gaming that could be a disservice to all Californians and place the  
6 state at a severe regulatory, competitive, and financial  
7 disadvantage; now, therefore, be it

8 *Resolved by the Assembly and the Senate of the State of*  
9 *California, jointly*, That the Legislature respectfully urges the  
10 members of California’s Congressional delegation to preserve the  
11 right of the State of California to opt out of any federal Internet  
12 gambling system, and retain the right to operate its own intrastate  
13 Internet gambling system as currently permissible under UIGEA,  
14 or opt into any federal Internet gambling system; and be it further

15 *Resolved*, That the Chief Clerk of the Assembly transmit copies  
16 of this resolution to each Senator and Representative from  
17 California in the Congress of the United States, and to the author  
18 for appropriate distribution.