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(Original Signature of Member)

110TH CONGRESS  
1ST SESSION

**H. R.**

To amend subchapter IV of chapter 53 of title 31, United States Code, and section 1084 of title 18 of such Code to clarify the applicability of such provisions to games of skill, and establish certain requirements with respect to such games, and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

Mr. WEXLER introduced the following bill; which was referred to the Committee on \_\_\_\_\_

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**A BILL**

To amend subchapter IV of chapter 53 of title 31, United States Code, and section 1084 of title 18 of such Code to clarify the applicability of such provisions to games of skill, and establish certain requirements with respect to such games, 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,*

3 **SECTION 1. SHORT TITLE.**

4 This Act shall be known as the “Skill Game Protec-  
5 tion Act”.

1 **SEC. 2. CONGRESSIONAL FINDINGS.**

2 The Congress finds as follows:

3 (1) Millions of Americans enjoy competing with  
4 other players in a variety of games of skill, including  
5 bridge, mah-jong, backgammon, and poker, over the  
6 Internet, where the operator provides the Internet  
7 venue for competition and receives a fee for such  
8 service.

9 (2) For some Americans, these games provide  
10 their primary source of income.

11 (3) While each of these games contains an ele-  
12 ment of chance, over any substantial interval, a  
13 player's success at any of these games is determined  
14 by that player's relative level of skill and is widely  
15 recognized as such.

16 (4) Games where success is predominantly de-  
17 termined by the skill of the players involved, as a  
18 matter of law and of policy, are distinct from the  
19 games of chance traditionally described and ad-  
20 dressed in Federal and State gambling statutes.

21 (5) Despite the fact that the language in sec-  
22 tion 1084 of title 18, United States Code, commonly  
23 referred to as the "Wire Act", has been interpreted  
24 by Federal courts as applying only to betting on  
25 sports, some in law enforcement interpret the section

1 as prohibiting the acceptance of both sports and  
2 non-sports betting through a communications device.

3 (6) The Federal Government should take appro-  
4 priate steps to ensure that, with respect to skill  
5 games—

6 (A) minors are prevented from playing for  
7 money;

8 (B) persons with compulsive behavior  
9 should be identified and referred to treatment;

10 (C) operators of such games should not be  
11 vulnerable to, or participate in criminal or ter-  
12 rorist money laundering; and

13 (D) appropriate taxes are collected.

14 **SEC. 3. CLARIFICATION.**

15 Section 1084 of title 18, United States Code, is  
16 amended by adding at the end the following new sub-  
17 section: (f)

18 “(f) As used in this section, the term ‘bets or wagers’  
19 does not include operating, or participation in, poker,  
20 chess, bridge, mahjong or any other game where success  
21 is predominantly determined by a player’s skill, to the ex-  
22 tent that—

23 “(1) the game provides for competition only be-  
24 tween and among participants, and not against the  
25 person operating the game; and

1           “(2) the operator is in compliance with regula-  
2           tions issued pursuant to section 5368 of title 31,  
3           United States Code.”.

4   **SEC. 4. SAFEGUARDS.**

5           (a) IN GENERAL.—Subchapter IV of chapter 53 of  
6           title 31, United States Code, is amended by adding at the  
7           end the following new section:

8   **“§ 5368. Games of skill**

9           “Before the end of the 180-day period beginning on  
10          the date of the enactment of the Skill Game Protection  
11          Act, the Secretary shall prescribe regulations requiring  
12          each person who operates a game of skill on the Internet  
13          to maintain the following:

14                 “(1) Appropriate safeguards to ensure that the  
15                 individual participant depositing funds is 18 years of  
16                 age or older.

17                 “(2) Appropriate safeguards to ensure that the  
18                 individual participant is physically located in a juris-  
19                 diction that does not bar participation in the par-  
20                 ticular Internet games of skill in which the indi-  
21                 vidual participates at the time in the individual par-  
22                 ticipates.

23                 “(3) Appropriate mechanisms to ensure that all  
24                 taxes relating to Internet games of skill due to Fed-  
25                 eral and State governments and to Indian tribes

1 from individual participants are collected as required  
2 by at the time of any payment of any proceeds of  
3 Internet games of skill.

4 “(4) Appropriate safeguards to combat fraud  
5 and money laundering as may be prescribed by regu-  
6 lations issued by the Secretary or a designee of the  
7 Secretary.

8 “(5) Appropriate safeguards to combat compul-  
9 sive participation in Internet games of skill.

10 “(6) Appropriate safeguards to protect the pri-  
11 vacy and security of any person engaged in Internet  
12 games of skill.”.

13 (b) CLERICAL AMENDMENT.—The table of sections  
14 for subchapter IV of chapter 53 of title 31, United States  
15 Code, is amended by inserting after the item relating to  
16 section 5367 the following new item:

“5368. Games of skill.”.

17 **SEC. 5. RULES OF CONSTRUCTION.**

18 (a) NONAPPLICABILITY TO GAMES OF SKILL.—Sec-  
19 tion 5362(1)(E) of title 31, United States Code, is amend-  
20 ed—

21 (1) by striking “or” at the end of clause (viii);

22 (2) by striking the period at the end of clause  
23 (ix) and inserting “; or”; and

24 (3) by adding at the end the following new  
25 clause:

1                   “(x) participation in any activity  
2                   which does not constitute “bets or wagers”  
3                   within the meaning of section 1084(f) of  
4                   title 18 and is operated in compliance with  
5                   the regulations issued pursuant to section  
6                   5368.”.

7           (b) NONAPPLICABILITY TO NON-SPORTS WAGER-  
8   ING.—No provision of this Act, or amendment made by  
9   this Act to any other provision of law, shall be construed  
10   as implying that section 1084 of title 18, United States  
11   Code, applies or applied to non-sports wagering before or  
12   after the enactment of this Act.