



**House
Legislative
Analysis
Section**

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BAN INTERNET GAMBLING

House Bill 4653

Sponsor: Rep. James Koetje

**Committee: Gaming and Casino
Oversight**

Complete to 8-23-01

A SUMMARY OF HOUSE BILL 4653 AS INTRODUCED 4-24-01

House Bill 4653 would amend Chapter XLIV, entitled "Gambling", of the Michigan Penal Code (MCL 750.315b) to prohibit a gambling business from using the Internet or a service provider to bet or wager. The bill would ban a person engaged in a gambling business from using the Internet or an interactive computer service (which would include an Internet service provider or system providing access to the Internet) from using the Internet to bet or wager, or to offer to bet or wager. "Bet" or "wager" would be defined as receiving or accepting money or other valuable thing either directly or indirectly with the understanding that the money or valuable thing would be paid or delivered to a person contingent upon the result of a race, contest, or game or the uncertain happening of an event. A bet or wager would not include the purchase, sale, or trade of securities or commodities under state or federal law. A "gambling business" would be a business conducted at a gambling establishment or that involved the placing, receiving, or making bets or wagers or even the offer to engage in placing, receiving, or making bets or wagers. "Internet" would be defined as "the international computer network of both federal and nonfederal interoperable packet switched data networks."

Under the bill, a person (defined to mean an individual, association, partnership, corporation, financial institution and so forth) would be prohibited from establishing a location or site in the state from which to conduct a gambling business on or over the Internet or a service provider. The bill would define "financial institution" to mean a financial institution regulated under Public Act 379 of 1984 or the Consumer Financial Services Act (or regulated under a financial licensing act as that term is defined in Section 2 of the act). Each individual bet or wager would constitute a separate felony violation, with penalties of up to two years imprisonment or a fine up to \$5,000, or both, for a first offense and up to five years imprisonment and a fine up to \$25,000, or both, for a second or subsequent offense.

The attorney general or a county prosecutor could prosecute violations of the bill. The attorney general could, but would not have to, notify a gambling business that its web site was illegal in the state and list the penalties for violations. A gambling business could be enjoined from transmitting bets or wagers or information assisting in the placing of bets or wagers as a condition of bond pending trial or disposition of the case. A permanent injunction could be entered against a gambling business found to be guilty or who pled guilty to violating the bill.

Further, a person would be prohibited from honoring the payment of a wager or loss that had been made in violation of the bill's provisions and that had been paid or attempted to be paid. The Department of State Police would have to maintain a list of persons who were known to engage (or offer to engage) in Internet gambling operations that were illegal under the bill and

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would also have to distribute the list to financial institutions. If a financial institution declined to honor the payment of a wager or loss, it would have to report, within 30 days after refusing to honor the payment, the date and amount of any attempted payment, and the name and address of the gambling business to whom a payment had attempted to be made.

The bill would not apply to the Bureau of State Lottery and its licensees, persons licensed under the Horse Racing Law of 1995, a licensee under the Michigan Gaming Control and Revenue Act (which regulates the Detroit casinos), or persons licensed under the Traxler-McCauley-Law-Bowman Bingo Act.

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