

Lawmakers urge U.S. stop action vs EU gambling firms

Washington (Reuters) – Two U.S. lawmakers have urged the U.S. Justice Department to suspend its investigation of European Internet gambling companies for possible criminal violations that occurred before Congress passed a law in 2006 to crack down on online gambling.

Rep. Robert Wexler, a Florida Democrat, and Rep. Steve Cohen, a Tennessee Democrat, warned U.S. Attorney General Michael Mukasey in separate letters the issue could lead to a potentially damaging trade spat between the United States and the European Union at the World Trade Organization.

„In all likelihood, this issue will escalate and I understand could result in WTO action focused specifically on how the U.S. government enforces its laws. I cannot see how that can be in the interests of this country,“ Wexler said in a letter to Mukasey on Wednesday.

European Internet gambling companies lost billions of euros in market value after Congress moved to shut down the U.S. market by making it illegal for banks and credit card companies to make payments to online gambling sites.

Many publicly traded European companies, such as PartyGaming and 888, withdrew from the United States after Congress passed the Unlawful Internet Gambling Enforcement Act in 2006, but have continued to face possible criminal prosecution for activities before then.

That prompted the European Commission to launch a formal investigation in March into whether Washington was singling out EU companies for enforcement actions, while allowing U.S. online firms to operate freely.

Cohen, in a July 29 letter to Mukasey, said the Justice Department still had not given a good reason why it was investigating „foreign operators who respected congressional intent in 2006 and withdrew from the market, while U.S. companies continue to operate uninterrupted.“

EU Trade Commissioner Peter Mandelson urged the Bush administration in June to „freeze“ any Justice Department action until the EU had completed its probe.

An EU team plans to visit Washington in September as part of its investigation. An earlier scheduled visit in July was delayed at the United States' request.