Internet Gambling: Lawsuit filed to stop enforcement of UIGEA

Contributed by Thomas Jensen
Tuesday, 05 June 2007
Last Updated Tuesday, 05 June 2007

A temporary restraining order was requested by The Interactive Media Entertainment & Gaming Association (iMEGA) to halt the enforcement of the Unlawful Internet Gambling Enforcement Act. The news of the lawsuit, which was filed today in the U.S. District Court, was broke on Gambling911.com late this afternoon.

UIGEA bans financial institutions from knowingly processing financial transactions for internet gambling, was signed into law in October 2006 by President George W. Bush.

"The suit filed today in U.S. District Court outlined how the Unlawful Internet Gambling Enforcement Act infringes upon basic constitutional rights and sets a dangerous precedent for I-commerce by criminalizing the transmission of money if the end result is illegal in some unspecified place. The injunction, if granted, will prevent the government from enforcing the UIGEA and pave the way for Internet gambling to resume pending further order of the court."

Several large publicly traded AIM listed internet gambling operators such as Party Gaming, 888 Holdings & SportingBet pulled out of the U.S. Market once UIGEA was enacted into law. Both Party Gaming and 888 Holdings have recently announced that they have started dialogues with authorities in the United States to seek clarification to their position under the new law prior to UIGEA being enacted.

The internet gambling industry is starting to mobilize against what the Chairman of the House Financial Services Committee, Barney Frank, calls the "stupidest law ever passed".

In the lawsuit, iMEGA states that the "lawsuit also seeks to stop the enforcement of the UIGEA based on the recent ruling of the World Trade Organization in a final appeal which found the United States in contempt of treaty obligations regarding Internet gambling."

Edward Leyden, President of iMEGA, hopes that the lawsuit will "open the eyes of legislators encouraging regulation and taxation" and stated that two major benefits from regulation include "transparency and tax revenues" for the United States.

"The purpose of the Unlawful Internet Gambling Enforcement Act is to prevent Americans from engaging in their fundamental rights to conduct their lives in the manner they wish to live it - to be free from the government imposing public morality in the privacy of one's home" stated iMEGA attorney Eric M. Bernstein.

Both Edward Leyden and Eric M. Berstein are set to speak in Montreal on Thursday at the Globe Interactive Gambling Summit & Expo (GIGSE). Point-Spreads.com will continue to monitor the ongoing news pertaining to the retraining order and lawsuit.