Online Gambling: Congress Moves to Suspend Internet Gambling Ban

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The Safe and Secure Internet Gambling Initiative (SSIGI) announced its support for new legislation, H.R.5767, that would prohibit the Department of the Treasury and Federal Reserve System from proposing, prescribing or implementing any regulations related to the current ban on Internet gambling, as required by the Unlawful Internet Gambling Enforcement Act of 2006 (UIGEA). The bill was introduced yesterday by Reps. Barney Frank (D-Mass.) and Ron Paul (R-Texas).

”The Frank-Paul bill would stop the U.S. government from taking any further steps on regulations that would require all of the country’s financial institutions to block Internet Gambling payments” said SSIGI spokesman Jeff Sandman. “It’s a bold move, but a necessary one, in light of the warnings from the Treasury and Federal Reserve that they did not know how to write regulations to solve the problems created by UIGEA. Further, witnesses representing a broad spectrum of the financial services community unanimously stated that the current ban on Internet gambling is dangerous to the payments system and ineffective in stopping people from using the Internet to play poker, make bets on horses, or engage in other types of wagering.”

The current Internet gambling ban creates significant additional burdens for U.S. financial institutions, which say that it is unfair to turn them into the Internet gambling police at a time when their undivided attention ought to be on the economy.

Testimony before Congress last week offered proof that financial services institutions would face serious regulatory burdens in attempting to enforce UIGEA and related regulations, which is unlikely to stop millions of Americans from gambling online.

Representatives from the Credit Union National Association, Financial Services Roundtable, American Bankers Association and Wells Fargo & Co. testified about the burden they would unnecessarily face before the House Committee on Financial Service’s Subcommittee on Domestic and International Monetary Policy, Trade, and Technology on April 2. The current UIGEA law is ambiguous and allows for multiple interpretations of what may or may not be illegal activities.

Their comments reflect the concerns echoed in the more than 200 comments submitted to the Department of the Treasury and Federal Reserve System.

Frank introduced legislation last year, the Internet Gambling Regulation and Enforcement Act (H.R. 2046), that would regulate Internet gambling. The bill would require licensed Internet gambling operators to put in place safeguards to protect against underage and compulsive gambling and ensure the integrity of financial transactions.

A companion piece of legislation to the Frank bill introduced by Rep. Jim McDermott (D-WA), the Internet Gambling Regulation and Tax Enforcement Act of 2008 (H.R. 5523), would ensure the collection of taxes on regulated Internet gambling activities. According to a tax revenue analysis prepared by PricewaterhouseCoopers, taxation of regulated Internet gambling is expected to generate between $8.7 billion to $42.8 billion in federal revenues over its first 10 years.

The Safe and Secure Internet Gambling Initiative promotes the freedom of individuals to gamble online with the proper safeguards to protect consumers and ensure the integrity of financial transactions. For more information on the Initiative, please visit www.safeandsecureig.org. The Web site provides a means by which individuals can register support for regulated Internet gambling with their elected representatives.