Internet Gambling Ban on ropes in Congress

Contributed by Thomas Jensen
Wednesday, 23 April 2008
Last Updated Wednesday, 23 April 2008

Momentum to overturn the Unlawful Internet Gambling Enforcement Act is in full steam on Capitol Hill this month. The Chairman of the House Committee on Financial Services, Barney Frank, and other leading committee members are seeking broad support for new legislation that would stop the U.S. government from taking any steps to implement regulations that require U.S. financial institutions to police Internet gambling. Testimony before Congress earlier this month clearly showed that the proposed rules to implement the Unlawful Internet Gambling Enforcement Act of 2006 (UIGEA) are ambiguous and also not likely to stop millions of Americans from gambling online.

“Representatives from the regulatory agencies themselves admitted that there are substantial problems in crafting regulations to implement the UIGEA in a manner that does not have a substantial adverse effect on the efficiency of the nation’s payment system,” wrote House Committee on Financial Services Chairman Barney Frank (D-Mass.), Ranking Member Ron Paul (R-Texas) and committee members Luis V. Gutierrez (D-Ill.) and Peter King (R – N.Y.) in a letter sent to all members of Congress.
H.R. 5767 was introduced by Reps. Frank and Paul on April 10. It would prohibit the Department of the Treasury and Federal Reserve System from proposing, prescribing or implementing any regulations required by UIGEA.

“These bi-partisan congressional leaders understand that the proposed regulations can’t work. Their legislation would relieve U.S. financial services companies from the burden of policing the Internet and implementing a ban on Internet gambling that is doomed to fail,” said Jeffrey Sandman, spokesman for the Safe and Secure Internet Gambling Initiative. “U.S. financial services companies should be focusing their undivided attention on the economy, not trying to stop people from exercising their freedom to use the Internet to play poker, bet on horses, or engage in other types of gambling activities.”

Earlier this week, Reps. Frank, Paul, Gutierrez and King called on the Department of the Treasury and Federal Reserve System to cease implementation of regulations related to UIGEA. In letters addressed to Treasury Secretary Henry M. Paulson, Jr. and Federal Reserve Chairman Ben S. Bernanke, they wrote, “Given the many other priorities that are pending at your agencies…we believe it would be imprudent for you to devote additional agency resources to this Sisyphean task.”

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. They testified that both UIGEA and the proposed regulations were so ambiguous that they made it impossible to determine 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.

A copy of the letter on H.R. 5767 can be found at:
http://www.safeandsecureig.org/media/hr5767.pdf

About Safe and Secure Internet Gambling Initiative
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.