

THE FINANCIAL SERVICES ROUNDTABLE

Impacting Policy. Impacting People.



1001 PENNSYLVANIA AVE., NW
SUITE 500 SOUTH
WASHINGTON, DC 20004
TEL 202-289-4322
FAX 202-628-2507

E-Mail info@fsround.org
www.fsround.org

July 21, 2010

The Honorable Barney Frank
Chairman
House Committee on Financial Services

Dear Chairman Frank:

We are writing in support of your efforts to bring greater clarity to the role the financial services sector is required to play in policing unlawful internet gaming.

UIGEA has been and continues to be the subject of much controversy. The law was passed by non-traditional procedural means, and the final rule to implement the law was issued on the last night of the previous Administration. Meanwhile, as you have heard from the regulated community, service providers, consumers and the regulators themselves, the law itself is imprecise. While the final rule reflects the best work of regulators who have been given an extremely difficult task, Roundtable member companies remain concerned that the law is both unclear and burdensome given its purported benefit.

Our members have repeatedly expressed reservations that the regulation contains no bright-line definition of an unlawful Internet gambling transaction, and there is still no clear standard by which to judge an employee's "actual knowledge" that a commercial customer engaged in such a transaction.

As of June 1st, Roundtable members are compliant with this flawed rule, but not without cost. In addition, we suspect based on anecdotal evidence that - given the rule and the subject it seeks to address - the law may not have any definitive impact, other than to distract bank risk managers and frustrate legitimate commerce. Indeed, it is highly likely that gamblers are still finding ways to place bets over the Internet with gambling operators, and equally likely that banks will inadvertently block legitimate transactions (for which they have appropriately received protection for over-blocking under the rule).

For these reasons, we strongly support your efforts to create a licensing and regulation regime that establishes "bright lines" for measuring customer activities and compliance with the law. In the past we have testified that the creation of a list of unlawful operators (or a list of legal operators) would instill greater certainty

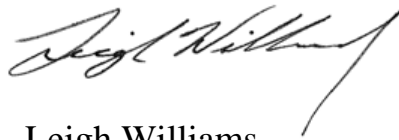
and clarity into the process. We encourage you to fashion legislation that will result in the creation of such a list.

Thank you for your consideration of this matter.

Best regards,

Handwritten signature of Steve Bartlett in black ink.

Steve Bartlett
President and CEO

Handwritten signature of Leigh Williams in black ink.

Leigh Williams
BITS President