

BARNEY FRANK, MA,
CHAIRMAN

United States House of
Representatives
Committee on
Financial Services
Washington, D.C. 20515

SPENCER BACHUS,
AL, RANKING
MEMBER

May 14, 2009

Dear Colleague:

In 2006, the Unlawful Internet Gambling Enforcement Act (UIGEA) was enacted, which restricted the use of the payments system for Americans who sought to gamble online. We believe that it is an inappropriate interference on the personal freedom of Americans, and should be undone. Last week, we introduced H.R. 2267, the Internet Gambling Regulation Consumer Protection and Enforcement Act, because we believe we can protect consumers without restricting their freedom. Our legislation would allow Americans to bet online by creating an exemption to the UIGEA for operators that are licensed and regulated. One argument raised against internet gambling is that it acts as a cover for other illegal activities. Our legislation contains strict regulatory measures to prevent this. A summary of this legislation is below.

On the same day, we introduced H.R. 2266, the “Reasonable Prudence in Regulation Act,” which would push back the compliance date for the flawed UIGEA regulations one year – from December 1, 2009 to December 1, 2010. Last October, the Financial Services Committee reported out legislation that would have prohibited the implementation of these regulations without substantial revision. These midnight regulations were issued in final form on January 19, 2009.

To cosponsor either or both of these bills, please contact us or Kellie Larkin of the Financial Services Committee staff at 5-6052.

/s/

BARNEY FRANK
Chairman

/s/

RON PAUL
Ranking Member
Subcommittee on Domestic Monetary
Policy and Technology

/s/

SHELLEY BERKLEY
Member of Congress

/s/

PETER T. KING
Member of Congress

SUMMARY

The Internet Gambling Regulation Consumer Protection & Enforcement Act would establish a federal regulatory and enforcement framework under which Internet gambling operators could obtain licenses authorizing them to accept bets and wagers from individuals in the U.S., on the condition that they maintain effective protections against underage gambling, compulsive gambling, money laundering and fraud, and enforce prohibitions or restrictions on types of gambling prohibited by states, and Indian Tribes.

LICENSING

This bill would provide the Department of the Treasury with the exclusive authority to establish regulations and license Internet gambling operators. License applicants would be:

Subject to review of their financial condition and corporate structure, business experience, suitability, and criminal background checks, and agree to be subject to U.S. jurisdiction

Prohibited from accepting any type of bet or wager that is initiated or terminated in a state or tribal land that prohibits that type of Internet gambling, or any sports gambling or wager prohibited under the Professional and Amateur Sports Protection Act.

ENFORCEMENT

This bill would provide Treasury the authority to revoke or terminate the license of any operator who fails to comply with the bill's provisions. Violators could be fined or imprisoned for up to five years, or both.

SAFEGUARDS AND PROTECTIONS

Any Internet gambling operator receiving a license would be required to have the appropriate safeguards in place to:

Ensure an individual placing a bet or wager is of legal age as defined by the law of the State or tribal area in which the individual is located at the time the bet or wager is placed

Ensure an individual placing a bet or wager is physically located in a jurisdiction that permits Internet gambling at the time a bet or wager is placed.

Protect the privacy and security of individuals engaged in internet gambling

Combat fraud and money laundering as prescribed by regulations issued by the Secretary of the Treasury or designee

Combat compulsive internet gambling