

ROLL CALL

Internet Gambling Ban Back on Table

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Online gambling companies and the financial institutions that support them will get a chance this week to make their case that the recent ban on Internet gambling is unworkable.

The gambling industry shelled out millions of dollars last year to try to convince lawmakers to roll back anti-gambling regulations they enacted at the end of 2006.

They've had little luck so far but have a powerful champion in their corner. House Financial Services Chairman Barney Frank (D-Mass.), who has called the ban "one of the stupidest things I ever saw," last year introduced a bill to repeal portions of it.

On Wednesday, a subcommittee of Frank's panel — on Domestic and International Monetary Policy, Trade and Technology — will hold a hearing that seeks to answer whether the 2006 law offers "burden without benefit."

The measure added to an online gambling prohibition already on the books by requiring banks and credit card companies to block payments by Americans to Internet gambling operators based overseas.

The Treasury Department is still trying to come up with rules to implement the law, a task made more difficult by the deluge of more than 200 comments it has received from gamblers, banks, sports leagues, church groups and lawmakers on how to proceed.

Subcommittee Chairman Luis Gutierrez (D-Ill.), a co-sponsor of Frank's bill, said he hopes the hearing can help sort out the confusion.

"It is important that we clarify these regulations before they take effect so that our financial institutions are not burdened with a confusing regulatory scheme during this period of financial turmoil," he said in a statement.

Supporters of the legislation have acknowledged it faces an uphill climb to passage this year. Former Sen. Alfonse D'Amato (R-N.Y.), chief lobbyist for the Poker Players Alliance, recently said it would take a "couple years."

Frank, who was unavailable for comment Friday, last year signaled he would wait for private-sector backers of the bill to gin up a public clamor for the legislation before attempting to move it.

Boosters of the measure got the message, shelling out eye-popping sums for K Street's top talent. The Poker Players Alliance, a grass-roots group, spent \$900,000 on lobbying last year, according to Senate records. The Interactive Gaming Council anted up \$1.28 million for help from eight different firms. And PartyGaming, the largest publicly traded online gambling company, raised them both, shelling out \$1.69 million.

Whether those expenditures proved a good bet is not yet clear. But gambling interests scored a coup last month when Rep. George Miller (D-Calif.), a close ally of Speaker Nancy Pelosi (D-Calif.), signed on to the legislation. And last month, Frank and Rep. Peter King (R-N.Y.), a senior member of the Financial Services Committee, penned a letter to colleagues asking for support.

As a potential sweetener for Democrats laboring under pay-as-you-go budget rules, Rep. Jim McDermott (D-Wash.) has introduced a bill, meant as a companion to Frank's, that would legalize and tax some forms of Internet gambling. McDermott has pointed to a preliminary revenue estimate by PricewaterhouseCoopers that found the measure could generate \$3.1 billion to \$15.2 billion during its first five years.

"As Members of Congress learn about this issue, and as they learn about the potential revenue, this will be something they pay more attention to," said Michael Waxman, a spokesman for the Safe and Secure Internet Gambling Initiative. His group is funded in part by the UC Group, a British payment processing company, and Baker Tilly, a British accounting firm.