



Press Release
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Rep. Bachus Offers Misinformation in His Support of Ban on Internet Gambling

(Washington, D.C. – June 25, 2008) – The *American Banker* published an editorial yesterday, “Viewpoint: Blocking Web Gambling Rules Would Be Mistake,” by Rep. Spencer Bachus (R-Ala.) that uses incorrect information to argue for the continued prohibition of Internet gambling. Rep. Bachus’ opinion piece comes as the House Committee on Financial Services is scheduled to vote today on a bill, the Payments System Protection Act (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).

“It is unfortunate that Rep. Bachus is using scare tactics to argue for the continued prohibition of Internet gambling,” said Jeffrey Sandman, spokesman for the Safe and Secure Internet Gambling Initiative. “The reality is that regulated Internet gambling, which is clearly working in the U.K. and other parts of the world, can utilize technology to offer strong consumer protections to combat underage and compulsive gambling in the U.S. Currently, prohibition leaves millions of Americans susceptible as they continue to gamble in an underground, uncontrolled marketplace without such guaranteed protections.”

UIGEA Has Not Lead to a Decrease in Internet Gambling

Statement: “Since the law was passed, gamblers and businesses engaged in Internet gambling have been deterred by the fear it would be enforced.”

Fact: Publicly traded foreign online operators left the U.S. market – privately held companies did not. The Global Betting and Gaming Consultants, a U.K. based organization that provides economic research on worldwide gambling activities, found that there was a short-term dip in Internet gambling in North America right after the law was passed due to the consequences of the regulated companies pulling out, leaving the market to unregulated ones. Over the past year, online gambling has increased by 10 percent. Millions of Americans continue to gamble online, despite the attempt to prohibit Internet gambling.

Leading Financial Institutions Do Not Support UIGEA

Statement: “The law (UIGEA) passed with the support of a broad coalition that included...the American Bankers Association...”

Fact: Representatives from the American Bankers Association, Financial Services Roundtable, Wells Fargo & Co. and Credit Union National Association unanimously opposed regulations proposed to implement UIGEA in testimony to the House Committee on Financial Service's Subcommittee on Domestic and International Monetary Policy, Trade, and Technology on April 2, 2008. They all questioned the fundamental approach taken by Congress in enacting legislation to force financial institutions to police online gambling.

"The UIGEA and the Proposed Rule do not provide a rational path towards halting unlawful Internet gambling," said Wayne Abernathy, American Bankers Association's executive vice president of financial institutions policy and regulatory affairs. "The path leads to an increased cost and administrative burden to the banks and an erosion in the performance of the payments system, but it will not result in stopping illegal Internet gambling transactions. Imposing this enormous unfunded law enforcement mandate on banks in place of the government's law enforcement agencies is not likely to be a successful public policy."

Regulation Does Not Lead to Increase in Problem Gambling

Statement: Internet gambling lure young people who "by the tens of thousands are becoming compulsive, addicted gamblers."

Fact: A report released in September 2007 by the U.K. Gambling Commission, which regulates Internet gambling in Britain, reveals that the prevalence of problem gambling has not increased over the last eight years despite the advent of Internet gambling. The British Gambling Prevalence Survey 2007 found that the rates of problem gambling were 0.6 percent and 0.5 percent of the gambling population, the same percentage of problem gamblers as reported in the last gambling participation survey conducted in 1999.

Internet Gambling Can be Effectively Regulated to Protect Consumers

Statement: "The UIGEA was necessary because enforcement tools were so inadequate."

Fact: Top experts have testified before Congress that a regulatory framework for Internet gambling would protect consumers and ensure the integrity of Internet gambling financial transactions. Leaders in the fields of internet payment processing, identity identification and online safety described how existing systems and technology have proven successful in combating underage and compulsive gambling and protecting against money laundering, fraud and identity theft.

Rep. Barney Frank (D-Mass.) introduced the Internet Gambling Regulation and Enforcement Act (H.R. 2046) last year, which establishes a regulatory and enforcement framework for licensed gambling operators to accept bets and wagers from individuals in the U.S. It would include a number of built-in consumer protections, including safeguards against compulsive and underage gambling, money laundering, fraud and identity theft. States would also have the right to control what, if any, level of Internet gambling is permissible within their borders and could apply additional taxes and restrictions.

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.

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