



Press Release

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## **Testimony to Congress Argues Regulated Internet Gambling Can Resolve WTO Issues**

*Regulated Internet gambling would bring U.S. into compliance with WTO*

June 8, 2007 – Craig Pouncey, a partner in the U.K. law firm Herbert Smith and head of the firm's international trade law practice, provided testimony to the House Committee on Financial Services that the U.S. can come back into compliance with the World Trade Organization's (WTO) General Agreement on Trade in Services by regulating Internet gambling. Pouncey worked on the case that found that the U.S. violated its agreement between Antigua and the United States because of a prohibition of Internet gaming services from foreign jurisdictions.

"Appropriate regulation of Internet gambling would put the U.S. on a road to resolving the WTO problem," said Pouncey. "The U.S. would avoid having to offer possibly substantial compensation in the form of opening new markets to foreign competition, and, as a result, affecting possibly numerous other economic players in the US who have absolutely nothing to do with gambling, or the WTO gambling dispute. Further, rather than losing credibility, the U.S. would strengthen the WTO and its legal system, which the U.S. wants other countries, and in particular China, to respect."

Pouncey added, "The same U.S. that requested, obtained, and applied these economic sanctions vis-à-vis the E.U. is now claiming that it can withdraw commitments without compensation because it did not intend to make these commitments. In my view this is wrong as a matter of law. I am convinced, therefore, that a number of WTO member countries will take the same view and seek compensation from the U.S. I also believe that the U.S. will be asked, as a result, to open up other markets. This will be the price that the U.S. has to pay to avoid...regulation of Internet gambling."

"The U.S. should regulate Internet gambling and come into compliance with WTO requirements," said Jeffrey Sandman, spokesman for the Safe and Secure Internet Gambling Initiative. "Traditional forms of gambling exist in almost every state, including horse racing on the Internet. It does not make sense to pick and choose the gambling activities one should be able to enjoy in the comfort of their home. Congress should give people the freedom to decide whether they want to gamble online and regulate Internet gambling to protect consumers and to stay in compliance with the WTO."

In 2007, the WTO ruled that UIGEA unfairly targets offshore casinos and found that the U.S. should not be prohibiting foreign operators from accepting bets and wagers online for horse racing while allowing the same bets and wagers to be placed online with

domestic companies. Under this ruling, the U.S. would either have to prevent any and all Internet gambling, including horse racing, or agree to let foreign Internet gambling operators do in the U.S. what domestic operators can do or face sanctions. The Internet Gambling Regulation and Enforcement Act would bring the U.S. into compliance with the WTO requirements.

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](http://www.safeandsecureig.org). The website provides a means by which individuals can register support for regulated Internet gambling with their elected representatives.

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