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House Committee to Vote on Suspending Internet Gambling Ban

Current law unduly burdens U.S. financial services institutions

(Washington, D.C. – June 20, 2008) – On June 24, 2008, the House Committee on Financial Services will mark up legislation, H.R. 5767, the Payments System Protection Act, 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).

“Congress has studied this issue and heard from the financial services community and federal regulators that the current ban on Internet gambling is burdensome and doomed to fail. Now it is time for Congress to change course and find a way to protect the millions of Americans that are continuing to gamble online,” said Jeffrey Sandman, spokesperson for the Safe and Secure Internet Gambling Initiative.

H.R. 5767 was introduced by Reps. Barney Frank (D-Mass.) and Ron Paul (R-Texas) on April 11, 2008. The introduction followed a hearing titled, “Proposed UIGEA Regulations: Burden without Benefit?” in the House Committee on Financial Service’s Subcommittee on Domestic and International Monetary Policy, Trade, and Technology. Reps. Frank and Paul stated in their press release accompanying the introduction of H.R. 5767, “it was clear at the hearing that the regulations are unworkable for the financial services industry, and this bill would, therefore prohibit their implementation.”

Representatives of the U.S. Department of the Treasury and Federal Reserve System acknowledged at the hearing the challenges U.S. financial institutions will face in attempting to comply with UIGEA. Testimony was also heard from representatives from the Credit Union National Association, Financial Services Roundtable, American Bankers Association and Wells Fargo & Co., who spoke about the unnecessary burden they would face given the ambiguity of UIGEA and the potential confusion with the chance of multiple interpretations of what may or may not be illegal activities.

Last year, Rep. Frank introduced the Internet Gambling Regulation and Enforcement Act (H.R. 2046) that would regulate Internet gambling. The bill requires Internet gambling operators licensed by FinCEN to put in place safeguards to protect against underage and compulsive gambling and ensure the integrity of financial transactions at the same time reinforcing the rights of States to control what, if any, level of Internet gambling is permissible within their borders.

A companion piece of legislation to the Frank bill introduced by Rep. Jim McDermott (D-Wash.), the Internet Gambling Regulation and Tax Enforcement Act of 2008 (H.R. 5523), would ensure the collection of taxes on regulated Internet gambling activities.

According to a tax revenue analysis prepared by PricewaterhouseCoopers, taxation of regulated Internet gambling is expected to generate between \$8.7 billion to \$42.8 billion in federal revenues over its first 10 years.

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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