



Press Release

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Regulated Internet Gambling Would Better Protect American Consumers and Integrity of Financial Transactions

Congressional hearing highlights how Internet gambling is being successfully regulated abroad and can be effectively regulated in the U.S.

June 8, 2007 – Top experts testified today before the House Committee on Financial Services and offered further evidence to Members of 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.

“It was made clear at today’s hearing that online gambling can be effectively regulated,” said Jeffrey Sandman, spokesman for the Safe and Secure Internet Gambling Initiative. “Instead of prohibiting Internet gambling, which is futile, the government should regulate and tax Internet gambling to ensure proven and effective security controls are implemented to protect consumers and capture billions in revenue that is needed for critical government programs.”

Today’s hearing provided additional momentum by clearly demonstrating how regulated Internet gambling could protect against underage and compulsive gambling and ensure the integrity of financial transactions.

Combating Underage Gambling

Andrew Poole, Head of Online Services for GamCare, a charitable organization committed to addressing the social impact of gambling, provided testimony that a robust regulatory policy can combat underage gambling and manage the potential for harm through gambling online.

“We are satisfied that if the move towards more responsible operation continues to gather pace, as is increasingly observed across Europe and the rest of the world, that the continued legitimate development of the industry need not be off-set against significant increases in problematic gambling,” said Poole. “Robust, formal regulatory frameworks undoubtedly represent the best opportunity for achieving this.”

Addressing Compulsive Gambling

Keith Whyte, Executive Director of the National Council on Problem Gambling, the U.S. advocate for programs and services to assist problem gamblers and their families, discussed in his testimony the opportunity to use the technology and controls available on the Internet to combat compulsive gambling.

“Problem gambling is a serious and even life-threatening mental health disorder,” said Whyte. “However, the graphical and interactive structure of the internet provides a revolutionary opportunity to create informed consumers with access to a variety of information designed to encourage safe choices and discourage unsafe behaviour... The technology also exists, unlike for other forms of gambling, to allow players and operators to set limits on limits on time, wagers, deposits, etc...as well as to exclude themselves.... Clearly gambling on the internet raises some difficult issues, but it provides theoretical opportunities for operators to deliver responsible gaming programs that meet or exceed current standards in the “bricks & mortar” gaming industry.”

Gerald Kitchen, Chief Executive of SecureTrading, a payment service provider specializing in the secure processing and settlement of Internet payments, offered in his testimony that concerns raised about Internet gambling are already being addressed by other countries through the implementation of specific systems and technology.

“The issue of compulsive gambling remains a significant challenge and the approach required to effectively combat this requires transparency and involvement from various stakeholders,” said Kitchen. “Payment card holders can be offered the possibility to restrict their ability to gamble on the Internet by way of applying to be excluded via a self-exclusion program. When self-exclusion from Internet gambling is put into effect via the payments system, it becomes impossible for the person concerned to participate in any gambling on the Internet that uses traditional card payments through the payment processor.”

Protecting Against Money Laundering, Fraud and Identity Theft

Jon Prideaux, Chief Executive of Asterion Payments and a former senior executive at Visa tasked with establishing rules, compliance programs and enforcement rules for the operation of Visa online payment systems, provided testimony that it is feasible to protect consumers in a regulated environment.

“On the basis of my experience I can unequivocally state that Internet gambling can be regulated, and that abuses can be effectively regulated and controlled,” said Prideaux. “Regulation ensures that players get a fair deal and are not cheated.... We owe it to people who have experienced problems with Internet gambling in the past to introduce a regulated environment where the proper protection can be provided to the vulnerable.”

Clive Hawkswood, Chief Executive of the Remote Gambling Association, a trade association which represents the largest remote gambling operators and encourages social responsibility within the gambling industry, provided testimony that internet gambling can be regulated to protect the payment system.

“As with all other industries and sectors it (Internet gambling) is capable of control in order to prevent it being used as a source of crime,” said Hawkswood. “Within the

United States vast amounts of credit card transactions take place on a daily basis. The system is well established and well policed in order to counteract fraudulent and criminal transactions. The only circumstance in which crime can flourish is if the activity is unregulated.”

Additional testimony

Expert testimony was also provided to the Committee by Radley Balko, Senior Editor of Reason Magazine and Michael Colopy, Senior Vice President, Communications, Aristotle, Inc.

Transcripts can be found at

http://www.house.gov/apps/list/hearing/financialsvcs_dem/ht060807.shtml.

Legislation recently introduced to regulate and tax Internet gambling has helped build support in Congress to allow Americans to gamble online. Congressman Barney Frank (D-MA) introduced H.R. 2046 to establish a licensing and enforcement framework for regulated Internet gambling and Congressman Jim McDermott (D-WA) introduced legislation that would tax online gambling companies and could generate between \$6 billion and \$25 billion in revenues in the first five years of enactment. These revenues could be used to fund important government programs.

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. Endorsers of the Initiative include the UC Group and Baker Tilly. Additional endorsers are highlighted on the Safe and Secure Internet Gambling Initiative Web site.

For more information on the Initiative, please visit 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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