

# THE FINANCIAL SERVICES ROUNDTABLE

*Financing America's Economy*



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The Honorable Barney Frank  
Chairman  
House Committee on Financial Services

Dear Chairman Frank:

The Financial Services Roundtable supports efforts to bring greater clarity to the role the financial services sector is required to play in policing unlawful internet gaming. We urge the Committee to approve H.R. 2267, the Internet Gambling Regulation, Consumer Protection, and Enforcement Act.

UIGEA has been and continues to be the subject of much controversy. The law was passed by non-traditional procedural means, and the final rule to implement the law was issued on the last night of the previous Administration. Meanwhile, as you have heard from the regulated community, service providers, consumers and the regulators themselves, the law itself is imprecise. While the final rule reflects the best work of regulators who have been given an extremely difficult task, Roundtable member companies remain concerned that the law is both unclear and burdensome given its purported benefit.

Our members have repeatedly expressed reservations that the regulation contains no bright-line definition of an unlawful Internet gambling transaction, and there is still no clear standard by which to judge an employee's "actual knowledge" that a commercial customer engaged in such a transaction.

As of June 1st, Roundtable members are compliant with this flawed rule, but not without cost. In addition, we suspect based on anecdotal evidence that - given the rule and the subject it seeks to address - the law may not have any definitive impact, other than to distract bank risk managers and frustrate legitimate commerce. Indeed, it is highly likely that gamblers are still finding ways to place bets over the Internet with gambling operators, and equally likely that banks will inadvertently block legitimate transactions (for which they have appropriately received protection for over-blocking under the rule).

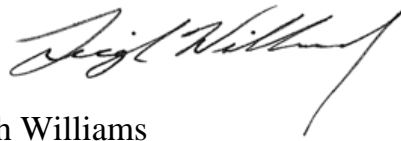
For these reasons, we strongly support H.R. 2267, and other efforts to create a licensing and regulation regime that establishes "bright lines" for measuring customer activities and compliance with the law. In the past we have testified that the creation of a list of unlawful operators (or a list of legal operators) would instill greater certainty and clarity

into the process. We will continue to support legislation that will result in the creation of such a list.

Best regards,

Handwritten signature of Steve Bartlett in black ink.

Steve Bartlett  
President and CEO

Handwritten signature of Leigh Williams in black ink.

Leigh Williams  
BITS President