



June 19, 2008

Dear Members of the House Financial Services Committee:

We are greatly concerned over reports that the House Financial Services Committee will mark-up legislation interdicting regulations that implement the Unlawful Internet Gambling Enforcement Act (UIGEA).

The 109th Congress enacted UIGEA with overwhelming bipartisan support. It did so after an extraordinary, decade-long examination of Internet gambling, which included nine hearings and consideration of nineteen separate bills, four of which were passed by either the House or Senate. Indeed, in 2006, an even more comprehensive, free-standing bill passed the House 317 to 93, with support from majorities of both conferences and both party Leaders. Forty-eight State Attorneys General had called for federal Internet gambling legislation to enforce State and federal gambling laws. And the National Gambling Impact Study Commission had recommended federal legislation to address the problem of Internet gambling in its 1998 report. Congress passed UIGEA based on this extensive record, as well as against a long history of legislative activity directed against illegal gambling.

UIGEA would enforce existing, longstanding federal and state law prohibiting Internet gambling. The need for more effective enforcement is clear: Prior to UIGEA's passage, foreign operators were using the Internet to violate State and federal gambling laws, including laws against sports gambling. Because these gambling operations are located overseas, law enforcement lacked mechanisms to stop them. Accordingly, foreign operators de facto repealed the gambling laws of all fifty states and the federal government. *In passing UIGEA, Congress did not make anything illegal that was not already illegal at the time the law was passed.* UIGEA simply added an enforcement tool to halt transactions already prohibited under State and federal laws. Congress was not content to see American laws eroded, so it passed UIGEA to defend them.

Less than two years later, a multi-million dollar lobbying effort to disable UIGEA is well underway. The lobby's latest effort has been to ask Members to reverse de facto support for UIGEA by preventing the law from being implemented. The lobby argues that UIGEA is somehow unworkable or ineffective. This assertion is grossly premature and unfounded.

- *Final UIGEA regulations have not been promulgated.* There is no credible basis for the assertion that UIGEA regulations will not work; at a minimum, no one can conclude whether the regulations are workable before they are issued and implemented.
- *In anticipation of regulations implementing the law, UIGEA has already been effective.* Within 48 hours after UIGEA's enactment, the value of foreign publicly-traded Internet gambling companies plummeted \$7 billion. Numerous overseas operators announced their intention to abandon the U.S. market. Clearly, foreign gambling interests believed UIGEA would be effective. The National Annenberg Survey of Youth found that in the year following UIGEA's enactment, weekly Internet gambling by college-aged youth dropped 75%.

If the Committee passes a bill interdicting UIGEA regulations, it will be taking a giant step toward bringing rampant illegal Internet gambling back to America. Sending a message that the law will not be implemented, no matter how that message is dressed-up, encourages foreign Internet gambling operators to re-establish business in the U.S. This may promote the interests of foreign operators, who by their previous activity showed their contempt for federal and State law, and their lobby, but it does serve the best interests of the United States.

We respectfully urge you not to reverse the gains UIGEA has already achieved. Instead, we believe that the Executive Branch should be encouraged to implement UIGEA promptly and then report to Congress on such implementation. If problems are exposed in either the regulatory or statutory foundation, Congress or federal regulators can then make adjustments based on real evidence, not on self-serving speculation by the Internet gambling lobby.

Sincerely,

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