



Credit Union National Association

# ***CUNA Issue Summary***

## **INTERNET GAMBLING**

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**ISSUE:** On October 13, 2006, President Bush signed into law the *Unlawful Internet Gambling Enforcement Act* (UIGEA). The legislation prevented financial institutions from processing funds transfers, including those involving credit cards, to settle unlawful Internet gambling debts. However, Congress failed to realize the negative and unintended consequences that this legislation would have on banks and credit unions. The law places a costly and vague unfunded mandate on financial depository institutions.

On April 2, 2008, the House Subcommittee on Domestic and International Monetary Policy, Trade, and Technology held a hearing entitled "Proposed UIGEA Regulations: Burden without Benefit". Ms. Harriet May, President and Chief Executive Officer of GECU of El Paso, Texas, testified on behalf of CUNA. She expressed concerns that aspects of proposed implementing rules would be difficult, if not impossible, to implement. She also testified that financial institutions would be swamped by the compliance burdens associated with UIGEA.

**CUNA POSITION:** CUNA supports enforcement of reasonable laws to prohibit unlawful Internet gambling. However, UIGEA inflicts unreasonable policing requirements which have proven difficult for financial institutions to meet. One of CUNA's most fundamental concerns with implementing this law is that credit unions and other financial institutions are in business to provide financial services to their communities. Financial institutions should not be tasked with additional duties that are, by nature, the responsibility of law enforcement agencies. Credit unions and other financial institutions are already burdened with heavy policing responsibilities. Their compliance responsibilities under the *Bank Secrecy Act* and Office of Foreign Assets Control (OFAC) rules are extraordinary.

**STATUS / OUTLOOK:** House Financial Services Committee Chairman Barney Frank (D-MA) has introduced two bills on this issue. Chairman Frank's first bill, the *Reasonable Prudence in Regulation Act* (H.R. 2266), would delay implementation of UIGEA for one year. The rules are currently due to take effect on Dec. 1, 2009. CUNA supports this bill.

Chairman Frank's second bill, the *Internet Gambling Regulation Consumer Protection and Enforcement Act* (H.R. 2267), would allow Internet gambling companies to accept bets from persons in the United States if they are licensed by Treasury and maintain effective protections against underage and compulsive gambling and money laundering and fraud. CUNA does not have a position on this legislation.

Neither bill has been scheduled for committee consideration.

**RELATED DOCUMENTS:**

[May 12, 2009: Letter CUNA President and CEO from Dan Mica to House Financial Services Committee Chairman Barney Frank \(D-MA\) regarding H.R. 2266, which would impose a one year moratorium on the implementation of the Unlawful Internet Gambling Enforcement Act regulations proposed by the Department of Treasury](#)

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**LAST UPDATED:** June 19, 2009

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