



Credit Union National Association

cuna.org

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July 27, 2010

The Honorable Barney Frank
Chairman
Committee on Financial Services
United States House of Representatives
Washington, DC 20515

The Honorable Spencer Bachus
Ranking Member
Committee on Financial Services
United States House of Representatives
Washington, DC 20515

Dear Chairman Frank and Ranking Member Bachus,

On behalf of the Credit Union National Association (CUNA), I am writing regarding H.R. 2267, the Internet Gambling Regulation, Consumer Protection and Enforcement Act. CUNA is the largest credit union advocacy organization in the country, representing nearly ninety percent of America's 7,700 state and federally chartered credit unions and their 93 million members.

CUNA, of course, does not condone any illegal activity; further, we are agnostic as to whether on-line gambling should be illegal. However, the Unlawful Internet Gambling Enforcement Act (UIGEA) and its implementing regulations represent an inappropriate and unreasonable compliance burden which causes us great concern. In short, the law makes credit unions and other financial institutions liable if transactions with illegal Internet gambling providers are approved, but does not provide us with a definition of "unlawful internet gambling," much less a list of illegal Internet gambling providers.

We believe that part of the solution to the compliance problem credit unions face could be the enactment of legislation like H.R. 2267, the Internet Gambling Regulation, Consumer Protection and Enforcement Act, which would require Internet gaming businesses to be licensed and pay user fees. By registering these businesses, the legislation provides safe harbor for financial institutions to make payments to these federally registered sites without any risk of violating UIGEA. H.R. 2267 promotes regulatory simplicity while assisting financial institutions compliance with UIGEA.

Under this measure, we expect that a list of licensed gambling enterprises would be developed for use in identifying and blocking transactions for Internet gambling businesses that are not on the approved list. Our hope is that this information would be augmented by information from the Justice Department regarding such businesses or individuals involved in illegal gaming activities. Such an approach would promote compliance for institutions by providing them a much greater level of certainty as to whether a transaction for a particular entity should be prevented. In conjunction with the development of such a list, the exemptions and safe harbor provisions in the proposal would help provide a regulatory framework that assists in policing illegal Internet gambling activities without inflicting unreasonable compliance burdens on financial institutions.



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We believe the legislation should go even further to identify the illegal actors in the on-line gambling industry. Specifically, we ask Congress to direct the Departments of Treasury and Justice to develop and maintain a list of illegal Internet gambling providers and provide safe harbors to financial institutions which use both the lists of legal Internet gambling providers and illegal Internet gambling providers when determining whether a transaction should be blocked. We do not think that UIGEA can be fairly implemented without creating a list similar to what OFAC publishes to tell financial institutions who are the “bad guys.”

Credit unions are already heavily burdened by the policing duties imposed on them. While we would hope that the Financial Services Committee would take the additional step of directing the Departments of Treasury and Justice to create a black list of illegal on-line gambling providers, H.R. 2267 takes a step in the right direction and would add a degree of certainty to credit union compliance with UIGEA.

On behalf of America’s credit unions, thank you very much for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Cheney", with a long, sweeping underline.

Bill Cheney
President & CEO