

# United States Senate

WASHINGTON, DC 20510

February 11, 2008

The Honorable Henry M. Paulson  
Secretary  
U.S. Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, D.C. 20220

The Honorable Ben S. Bernanke  
Chairman  
Board of Governors  
Federal Reserve System  
20<sup>th</sup> Street and Constitution Ave, N.W.  
Washington, D.C. 20551

Dear Secretary Paulson and Chairman Bernanke,

The effectiveness of any law is reliant on sound implementation. Federal regulations are intended to provide clarity and guidance for those subjected to their reach. The value of such regulations is to prevent non-compliance while minimizing wasted effort, time, and cost by those being regulated. Clear rules also promote interstate commerce by facilitating uniform enforcement.

In this spirit, your agencies have an opportunity to provide additional guidance in the implementation of the Unlawful Internet Gambling Enforcement Act of 2006 (UIGEA). While the October Notice of Proposed Rulemaking contains certain guidance for the regulated community, it leaves sufficient ambiguity as to what sort of transactions are to be blocked. In failing to provide more detail, the proposed rules would inordinately burden every bank, credit union, credit card company, money transmitting business and payment system in the country, leading to non-uniform compliance and confusion. This issue is particularly important, as most federal and state gambling laws predate the Internet, and are less than specific as to their application to particular practices or circumstances.

The extensive public comments received on this issue highlight the likelihood that risk-averse financial institutions will simply choose to block every transaction that may be interpreted or could resemble gambling, whether legal or not. Knowing that this is not your intention, we write to urge that any final rules contain a list of restricted transactions and instances that are covered by the law and the corresponding rules.

As an alternative, we suggest you consider separating the rules into those forms of activities for which there is settled federal law (i.e., defined by the Professional and Amateur Sports Protection Act (PASPA)) and those that are not. This would allow immediate implementation for known activities, while providing greater time to determine what other transactions are to be captured.

We thank you in advance for your consideration.

Sincerely,

