

The following column by Congressman Bachus was printed in the American Banker on June 24, 2008

After a decade of taking billions of dollars illegally from American consumers, offshore internet gambling interests have spent millions over the last two years on lobbying to overturn the law that would shut them down.

Unfortunately, their efforts to recapture illicit profits might work. This week the House Financial Services Committee will consider a bill to block federal regulators from proposing, prescribing, or implementing final Unlawful Internet Gambling Enforcement Act rules.

Passage of the act, which was designed to stem the growth of gambling on the Internet, capped a bipartisan, multiyear effort to protect American families. The law was passed with the support of a broad coalition that included college and university presidents, the American Bankers Association, the American Psychiatric Association, and major sports organizations.

Some claim that Internet gambling is a victimless crime. In fact, its very real victims are the young people who by the tens of thousands are becoming compulsive, addictive gamblers. It turns the computers in our children's bedrooms into slot machines.

The characteristics of Internet gambling are unique. Online players can gamble 24 hours a day from home; children may play without sufficient age verification; and betting with a credit card can undercut a player's perception of the value of cash, leading to gambling addiction, bankruptcy, and crime.

Before the UIGEA, Americans were sending nearly \$6 billion to unregulated, offshore online casinos each year, or nearly half of the \$12 billion bet worldwide on the Internet. These sites evade rigorous U.S. regulations that control gambling by minors and problem gamblers and ensure the integrity of the games.

Since the law was passed, gamblers and businesses engaged in Internet gambling have been deterred by the fear it would be enforced. Big players in the industry such as PartyGaming pulled out of the U.S. market.

According to the Annenberg Public Policy Center, weekly use of the Internet for gambling among college-age youth declined precipitously last year, from 5.8% to 1.5%. "The strong drop in use of Internet sites also suggests that federal legislation restricting the transfer of funds to Internet gambling sites has had its intended effect," the director of the Annenberg survey said.

Still, the law's opponents dismiss these significant achievements and are trying to block

implementation of the regulations that will really stop online gambling in the United States. The UIGEA was necessary because enforcement tools were so inadequate.

It is true that the law imposes new obligations on financial institutions to identify and block Internet bets; however, this is necessary, because Internet gambling regulation cannot work like traditional casino-based regulation.

Without the UIGEA, illegal casinos will sweep billions of dollars out of the United States into largely unknown, often criminal hands. For individual bettors, the threat of identity theft and fraud is high; for our national security, the risk posed from terror and criminal organizations that control such sites and use them to launder money is real.

The proposed regulations are not perfect. And the Treasury and the Federal Reserve Board are almost a year late in finalizing them. But if the proponents of HR 5767 have their way, illegal, offshore Internet gambling sites will again thrive. The sooner gambling interests know the government is serious, the less likely people will try to circumvent the statute, and thus the less difficult it will be to enforce.

The House must oppose HR 5767, and the federal regulators must fulfill their statutory obligations and finalize regulations to implement the UIGEA. There is no excuse for delay.

