

Congress of the United States
Washington, DC 20515

November 3, 2009

The Honorable Timothy Geithner
Secretary of the Treasury
1500 Pennsylvania Avenue, Northwest
Washington, D.C. 20220

The Honorable Ben S. Bernanke
Chairman, The Federal Reserve Board
20th Street and Constitution Avenue, Northwest
Washington, D.C. 20551

Dear Secretary Geithner and Chairman Bernanke:

It has come to our attention that three associations representing the gambling industry recently submitted a request that the Treasury Department and Federal Reserve delay the compliance date of the Final Rule implementing the Unlawful Internet Gambling Enforcement Act of 2006 (UIGEA) by an additional 12 months. We are also aware that 19 out of 71 Members of the House Financial Services Committee sent a letter to you in support of this request. We strongly oppose this request and believe there is no justification for delaying the compliance deadline of the UIGEA regulations.

After a decade of deliberation, UIGEA was enacted on October 13, 2006, with a mandate that the Treasury Department and Federal Reserve prescribe implementing regulations by July 10, 2007. Proposed regulations were not published until October 2007. The public was afforded 60 days to submit comments, and numerous financial institutions, gambling associations, and other affected parties submitted comments at that time. The Final Rule was not published until November 18, 2008 (see 73 Fed. Reg. 69382)—16 months after the statutory deadline—and it contained a number of key changes that were responsive to concerns raised by the financial services community during the notice-and-comment process. The Final Rule set December 1, 2009 as the compliance deadline, giving the financial services industry over one year to prepare to comply.

If the Final Rule represented an "unreasonable burden on regulators and the financial services industry," as certain other Members have claimed, then the Treasury Department and the Federal Reserve could have reconsidered the regulations early in the new Administration and before the regulated industry began taking steps to comply. This did not happen, and members of the financial services industry did not petition to have the Final Rule amended. To the contrary, when the Federal Reserve issued proposed regulations this August regarding the Truth in Lending Act, the Board specifically crafted its proposal to accommodate the UIGEA regulations (see 74 Fed. Reg. 43494-5).

There is no justification for delaying the compliance date for the long-overdue regulations implementing UIGEA. The letter from certain Members of the Financial Services Committee cites outdated testimony that was mooted when the Treasury Department and the Federal Reserve issued a Final Rule, and purports to allow the gambling industry to speak for the

financial services industry. Moreover, the letter suggests that the Treasury Department and the Federal Reserve should take action because Congress is "likely to move" legislation to the same effect. This is a blatant attempt to circumvent the democratic process by influencing the Treasury Department and the Federal Reserve to take action that cannot possibly be enacted by Congress.

The Final Rule was adopted after a lengthy and open rulemaking process. The "problems" raised by certain interest groups are speculative. We do believe that the Treasury Department and the Federal Reserve should carefully monitor the effectiveness of the UIGEA regulations after they go into effect, and consider modifications should they prove necessary. But simply delaying the compliance date serves no interest except that of the Internet gambling enterprises that have long evaded American gambling laws and will continue to do so until effective enforcement is in place.

Sincerely,



JON KYL
United States Senator



SPENCER BACHUS
Member of Congress