

# Feds say Internet gambling law ambiguous

Washington – Congress' ban on Internet gambling is so vague that figuring out how to enforce it is a struggle, say federal officials charged with the task.

„I think it is very difficult without having more of a bright line about what is intended to be unlawful Internet gambling,“ Louise Roseman, head of the Federal Reserve's bank operations division, told a House hearing Wednesday.

„The challenge we have is interpreting something, particularly federal laws, that Congress itself isn't sure what they mean,“ she said.

Congress passed the ban with little notice in 2006 when Senate Republicans, pushed by then-Majority Leader Bill Frist, attached it to an unrelated port security bill in a rush of year-end legislation.

Internet gambling already was considered mostly illegal in the U.S., but the games are played by many U.S. residents on sites hosted overseas in a business worth more than USD 15.5 billion a year. U.S. bettors have been estimated to provide at least half that revenue.

The congressional ban sought to explicitly outlaw Internet gambling but didn't offer a clear definition everyone could agree on, instead referring to existing federal and state laws which themselves provoke differing interpretations. It put the burden on financial institutions by prohibiting them from accepting payments from credit cards, checks or electronic fund transfers to settle online wagers.

That's led to complaints from the financial services industry about the difficulty of determining where payments are going,

especially because online betting businesses can disguise themselves with relative ease.

It „makes financial institutions the police, prosecutors, and judges in place of real law enforcement officers,“ Wayne Abernathy of the American Bankers Association told a House Financial Services subcommittee Wednesday.

Regulations proposed by the U.S. Treasury and the Federal Reserve last fall would apply to the gambling business' bank – generally not to the gambler's bank – and require it to use due diligence to ascertain the nature of its customer's business and ensure it is not processing illegal Internet gambling payments. The regulation doesn't attempt a definition of illegal online gambling, since Congress didn't give one.

The regulations have drawn numerous comments from agitated bankers, poker players, and others. Officials from Treasury and the Fed both testified Wednesday to challenges in finalizing the regulations.

Poker players contend they're not covered. Horse-racing was exempted by Congress, yet without settling definitively whether online wagering on races breaks the law.

„A rather bizarre piece of legislation,“ said House Financial Services Committee Chairman Barney Frank, D-Mass., who has introduced a bill to overturn it.

The law has caused international disputes, including an investigation launched earlier this month by the European Union after European betting companies complained that Washington's actions against them were infringing world trade rules. In the United Kingdom and some other countries, Internet gambling is largely legal.

Nevada's casino industry is neutral on the regulations, supporting a bill written by Rep. Shelley Berkley, D-Nev., that would require a study of online gambling.