Date: Nov 26, 2007

Proposal: Prohibition on Funding of Unlawful Internet Gambling
Document ID: R-1298
Document Version: 1
Release Date: 10/01/2007
Name: Sebastian LaRocca
Affiliation:
Category of Affiliation:
Address:

City: Brooklyn
State: NY
Country: UNITED STATES
Zip: 11209
PostalCode: 11209

Comments:
1. The proposed regulations should be modified to clarify that they don't cover games predominantly determined by skill, such as poker, bridge, mahjong and backgammon. Section 5362(1)(a) of UIGEA defines a bet or wager as "the staking or risking by any person of something of value upon the outcome of a contest of others, a sporting event, or a game subject to chance,…" "Subject to chance" can be interpreted in a variety of ways, but in a gambling context it should reasonably be taken to mean games like roulette or slots where players bet against "the house" and success is determined by chance. Poker players compete, not against the house, but against each other, and the success of a player over any significant time interval is determined by that players' skill. 2. The regulators must define what is and isn't "unlawful Internet gambling." The federal and state laws governing Internet gambling are very ambiguous -- nearly all of them were written before the advent of the Internet, and it is not clear how they apply to Internet gaming. In the proposed rule, the regulators emphasize that it is not their intention to clarify this question, because to do so would require them to examine the laws of every state with respect to every gaming modality. Yet that is exactly what they are requiring every bank and payment system to do individually. 3. The regulators should refrain from implementing the regulations until the U.S. resolves its international trade disputes. The World Trade Organization has found the U.S. to be out of compliance with its obligations under the General Agreement on Trade in Services because of its attempts at prohibiting Internet gambling. This is likely to cost the U.S. economy billions of dollars in lost market share and export opportunities. The U.S. government is in negotiations with its trading partners over this matter. Inasmuch as these regulations arguably make that situation worse, the regulators should hold off on finalizing the regulations until the U.S. can resolve its international trade obligations. 4. The proposed regulations should not infringe on personal privacy. UIGEA deputizes banks and payment systems and turns them into the

Internet morality police. These regulations should not compel banks to scrutinize the private transactions of individual poker players and others. To do so is hostile to the personal and financial privacy of every American with a credit card or checking account. 5. The UIGEA and the enforcing regulations should not apply to Internet poker nationwide. Federal case law has consistently held that the Wire Act applies only to sports betting and very few states have any laws against Internet poker. These regulations should be clear to only block those transactions which are in fact against the law. Games of skill which are not outlawed under current federal law – such as poker, chess, bridge and majong -- should be exempt from the UIGEA and the regulation. The amount of money that the US is losing out on by not regulating poker is ridiculous.