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November 12, 2007

Ms. Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Ave. NW
Washington, DC 20551

Re: Prohibition on Funding of Unlawful Internet Gambling

Dear Ms. Johnson:

We have reviewed the Federal Reserve Board's ("FRB") and Department of the Treasury's Notice of Joint Proposed Rulemaking and Proposed Rules to enforce applicable provisions of the Unlawful Internet Gambling Enforcement Act of 2006. We appreciate the obvious efforts to make enforcement of the bill apply primarily to those businesses that conduct the types of transactions used by the unlawful Internet gambling businesses.

Our credit union does not knowingly do business with any company that may host such sites and therefore should be exempt from the rule, although we would need to rely on the policies and procedures of our credit card payment systems to be in compliance.

The problem with the rule is it is not clear how we can guarantee companies we are doing business with are not violating the rule, and we may be forced to add language to our disclosures to add some level of protection and to show we are doing our due diligence. It certainly seems that it would be much easier to block transactions if the Treasury were to publish a list of prohibited companies that could be accessed along with our OFAC lists so we could scan current members, new members, and checks and wires not going to recognized payees as we do now with OFAC. Although compliance with OFAC is burdensome, we understand the necessity and have procedures and systems established that could be easily modified.

In response to other questions asked in the proposed rule:

II. B. 6 – We believe that the definitions of designated payment systems cover even emerging payment systems such as PayPal in the "Money Transmitting Business" and no others are necessary at this time.

II. B. 6.C – We believe the approach to exemption is reasonable; however, it should be made clear in the regulation that if an institution is exempt under a payment system (does not do business with a company that offers Internet gambling), there are no compliance requirements



under the regulation for that payment system such as ACH, Check Collection, or Wire Transfer since it is virtually impossible to know if the recipients of these proceeds are Internet gambling businesses or stop the transaction. A simple declaration to our regulator as to whether we knowingly do business with Internet gambling companies should be enough.

II.C. 1 – Although our origination of ACH transactions is limited, we do not believe it “reasonably practical” to implement policies and procedures to prohibit ACH credit transactions being sent to a prohibited business if we do not know which businesses are prohibited. It is doubtful any of the recipients would conveniently title themselves “Internet Gambling, Inc.” or some such moniker that would make them identifiable.

II. C. 3 - We do not believe it is practical or effective for an originator or intermediary bank that is exempt to implement policies and procedures to block wire transactions because of the great difficulty in identifying whether or not the wire recipient is an illegal Internet gambling business. Again, it should be clear that no procedures are needed if the financial institution is exempt.

II. D - We strongly agree with the provisions of section 5 iii of the proposal which allows a participant in a designated payment system (i.e. Credit Cards) to rely on the policies and procedures of the designated payment system.

II. E. 3 – Even for non-exempt payment system providers, we do not believe ongoing monitoring and testing will be practical for ACH, check collection and wire transfer systems until suspect businesses are identified in a central registry.

II. E. 6 – We believe a list of business names for unlawful Internet gambling businesses should be developed and accessed like an OFAC list by non exempt designated payment systems only, and this should constitute their compliance with the Act.

Finally, the proposal should clarify that if a designated payment system unknowingly makes a payment to an unlawful Internet gambling business, that the payment can be collected and not nullified by a customer or member who did knowingly pay the Internet gambling business.

On behalf of our credit union’s 119,000 members in New York and Pennsylvania, we thank you for the opportunity to comment on this important proposal.

Sincerely,



Frank E. Berrish
President/CEO

cc: Mr. Dan Mica, President
Credit Union National Association

Mr. Fred Becker, President
National Association of Federal Credit Unions