

From: "Jonathan Gaither" <jongaither@gmail.com> on 10/16/2007 12:15:04 AM

Subject: Reg. GG -- Internet gambling

The following comment is in response to:

Federal Reserve System 12 CFR Part 233 Regulation GG; Docket No. R-1298

Dept. of the Treasury 31 CFR Part 132 RIN 1505-AB78

Prohibition on Funding of Unlawful Internet Gambling

I am writing to express my disagreement with three aspects of your proposed regulation in connection with the Unlawful Internet Gambling Enforcement Act.

First, I believe it is necessary for you to officially and properly define gambling-related terms, even if the UIGEA itself does not call for you to do so. Your regulation as a whole applies a general regulatory rule to all banks, and gives them a great deal of responsibility in determining legality, yet you are asking them to rely solely on State and Federal gambling laws. Those laws are inherently unclear and inconsistent, and relying on them leaves great confusion over what is and is not legal. (Presumably the reason you deferred to other laws to begin with.) Certainly the nature of the comments already submitted to your agency make clear the controversy surrounding whether poker is or is not 'gambling,' and similar such issues arise with other forms of entertainment. These sorts of questions need to be answered -- and need to be clear to everyone involved -- if you expect the regulations put forward to have any real impact. Given the nature of the regulatory scheme you have chosen to employ, I believe it is incumbent upon you to define what is and is not gambling in very specific terms.

Second, I object to your determination that "an end-user customer of a financial transaction provider is not included in the definition of ``participant," unless the customer is also a financial transaction provider otherwise participating in the designated payment system on its own behalf." I find it hard to understand how you can legitimately state that a financial transaction between two entities can only involve one participant. I see no reason why the customer of an illegal operation should not be considered a participant, and I think by creating this exemption you are concocting a definition whose main purpose is to exempt a huge population of law-breakers. Personally I object to the UIGEA as a general piece of legislation and feel that online gambling should be legal, but I feel if you are going to write a regulation that flows from the UIGEA, you cannot take the easy route of exempting all the individual gamblers. As I see it, your unwillingness to do so reflects on the larger overall problems with the UIGEA, and while I wish that Act could be repealed, as long as it stands I feel it is your duty to be consistent in your regulations regarding it. Anything less simply adds to the confusion and inconsistency that already exists regarding online gambling.

Lastly, I would like to submit my objection to the six-month time span given to financial

institutions for putting these policies and procedures in place. This is a very short amount of time to put drastic changes into effect. It is worth noting that it took your agency nearly a year to write these regulations -- more time than you were allotted by the Act, I might note -- and to expect banks and other institutions to do their part in half that time is more than unfair. I would suggest a period of at least one-year, with a review taking place after six months that could extend that one-year span if progress is behind schedule or other changes need to be made.

While I object to the UIGEA as a whole, I believe your agency did an admirable job in regulating it, and I support most of your conclusions. Still, I believe you should address my complaints listed above in order to better serve the public as a whole, and the relevant participants in particular.

Sincerely,

Jonathan Gaither