

**Congress of the United States**  
**Washington, DC 20515**

July 25, 2008

The Honorable Henry M. Paulson  
Secretary of the Treasury  
U.S. Department of the Treasury  
1500 Pennsylvania Ave. NW  
Washington, DC 20220

The Honorable Ben S. Bernanke  
Chairman  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Ave. NW  
Washington, DC 20551

Dear Secretary Paulson and Chairman Bernanke:

We are writing to request that you bring clarity to the Federal Reserve Board's (Board) and U.S. Department of the Treasury's (Treasury) proposed regulations to implement the Unlawful Internet Gambling Enforcement Act (UIGEA).

As proposed, these regulations do not provide clear guidance to the public, in particular those that engage in online skill games, or regulated industries regarding what constitutes "unlawful internet gambling." We believe that implementing such vague law and regulations, while holding the public and regulated industries liable for noncompliance, is an abdication of the federal government's responsibility to both the public and regulated industries. In addition, vague UIGEA law and regulations could be unnecessarily burdensome and costly to the public and particularly small businesses.

Therefore, we urge the Board and Treasury to, before finalizing UIGEA regulations, clarify the specific activity that constitutes "unlawful internet gambling," providing guidance to both the public and the regulated industries that are tasked with blocking financial transactions related to "unlawful internet gambling." It is our understanding that UIGEA intended to uphold state and federal laws regarding "unlawful internet gambling" that existed prior to UIGEA's date of enactment. Nevertheless, we encourage the Board and Treasury to confirm our understanding in its UIGEA regulations. To accomplish this, we request that you take the following actions.

First, transition the current rulemaking process to a formal rulemaking process involving an Administrative Law Judge (ALJ) or a similar official who can provide legal advice. This official should evaluate the various federal and state laws and determine precisely what constitutes "unlawful internet gambling" as well as which financial transactions a regulated industry is required to block under UIGEA law and regulations.


Second, we request that you undertake Regulatory Flexibility Analysis to clearly evaluate the regulatory burden that would be imposed on businesses of all sizes but especially small businesses.

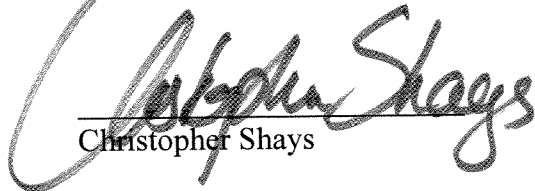
Simply put, we believe that it is possible that if UIGEA law and regulations are implemented with the vague language we described above, a judge may eventually be required to answer the question of "what is unlawful internet gambling." It makes fiscal sense to resolve this question before saddling the public, regulated industries, small businesses, and courts with uncertain UIGEA law and regulation.

We voted for UIGEA and support it now. As such, we have resisted legislative efforts which may have the effect of delaying interminably the implementation of UIGEA and its regulations. However, we are concerned about the legal and operational viability of a rule that leaves so much to interpretation and, accordingly, urge the Board and Treasury to take a more deliberative path to a workable rule as we have outlined in this letter.

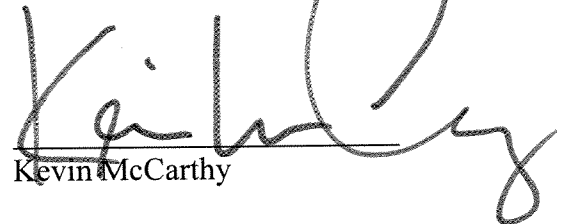
Thank you for your consideration of our request. We look forward to your response.

Sincerely,

  
Judy Biggert

  
Christopher Shays

  
Jim Gerlach

  
Kevin McCarthy