

Push to Block New Rules on Web Gambling Stymied

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WASHINGTON -- Any chance of Congress rolling back an Internet gambling ban this year died Wednesday when a House committee deadlocked on an amendment to prevent federal agencies from drafting regulations to enforce the ban.

The House Financial Services Committee voted 32-32 on an amendment by Rep. Peter King, R-N.Y., to block the Federal Reserve and Department of Treasury from completing the new rules until the agencies defined "unlawful Internet gambling."

The vote came as a surprise since support for the Internet gambling ban largely was muted in the committee's previous hearings.

When the committee clerk announced the 32-32 tie, the audience oohed and aahed.

Committee members split along party lines, and the tie vote defeated the amendment.

Twenty-nine Democrats and three Republicans voted for the King amendment. Twenty-eight Republicans and four Democrats voted against it.

Rep. Barney Frank, D-Mass., the committee chairman who supported King's amendment, then called for a voice vote on the underlying bill to prohibit new regulations on Internet gambling.

Although there were a number of yea and nay votes heard, Frank said the bill was defeated.

Lobbyists for Internet gambling companies appeared stunned.

"I'm very saddened," said Jay Lakin, vice president of Poker Source Online.

"We're right back where we were before, and we're going to have to wait at least until 2009 until there is a light at the end of the tunnel," Lakin said.

Before the ban, which President Bush signed into law in October 2006, Internet gambling was a \$15 billion industry with about 8 million Americans wagering on about 2,500 Web sites.

Lakin and other Internet gambling supporters had hoped the committee would produce a convincing vote in favor of the King amendment to add momentum to legislative efforts to repeal the ban.

Those thoughts grew in April when officials from the Federal Reserve and the Treasury Department told the committee at a hearing that they were struggling to draft regulations to enforce the ban.

Louise Roseman, director of bank operations and payment systems for the Federal Reserve, and Valerie Abend, a deputy assistant secretary of the Treasury Department, said the 2006 law did not define unlawful Internet gambling.

The ban requires financial institutions to stop processing payments for online betting sites. But banking industry officials complained the regulations would be onerous and might force them to reject otherwise lawful transactions.

On Wednesday, Rep. Spencer Bachus, R-Ala., who led the effort to defeat King's amendment, downplayed those complaints.

"The banks have decided that this is a financial burden. We have decided, on the other hand, that our children are worth protecting, and the cost of protecting them is worthy and worthwhile," Bachus said.

Rep. Ron Paul, R-Texas, who sought the nomination for president this year, said individuals should be allowed to spend money any way they want.

"Over many years, I've come to the conclusion that when we depend on our government to make ... decisions on how we act morally and economically, the government messes up," Paul said.

Rep. Dean Heller, R-Nev., joined Paul and King as the three Republicans who voted for the amendment.

"(The King amendment) would have struck a compromise between an all-out repeal and allowing deficiencies in current law to hold up its implementation," Heller said.