

On May 6, 2009, Financial Services Committee Chairman Barney Frank (D-MA) introduced two pieces of legislation that would affect the UIGEA regulation due to go into effect on December 1, 2009.

The first bill, titled the Reasonable Prudence in Regulation Act (H.R. 2266), would delay the effective date of the rules for one year until December 1, 2010. Frank intends to use that time to consult with Congress and set a national policy on Internet gambling.

The second bill would grant the U.S. Department of the Treasury the authority to establish regulations and grant licenses to Internet gambling businesses. These businesses would be subject to reviews of their financial condition as well as criminal background checks of employees. License holders would also need to demonstrate that they have safeguards in place to protect consumers, such as preventing minors from gambling and ensuring that state and tribal laws on gambling are not violated. Gambling on sports is clearly prohibited by the Internet Gambling Regulation, Consumer Protection, and Enforcement Act of 2009 (H.R. 2267).

At this time, these bills are not scheduled to be considered by the Financial Services Committee and no companion pieces of legislation have been introduced in the Senate. If passed, these bills would change compliance expectations with the December 1, 2009 date, but that is a long shot that banks shouldn't risk.

The only sure bet is to work towards compliance with the UIGEA final rule that is mandatory in December.

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