



Federal Deposit Insurance Corporation
550 17th Street NW, Washington, D.C. 20429-9990

Financial Institution Letter
FIL-35-2010
June 30, 2010

UNLAWFUL INTERNET GAMBLING ENFORCEMENT ACT

Examination Guidance and Procedures

Summary: The FDIC and the other federal banking, thrift and credit union regulatory agencies are issuing the attached guidance and examination procedures related to the Unlawful Internet Gambling Enforcement Act of 2006 (UIGEA).

Distribution:

FDIC-Supervised Banks (Commercial and Savings)

Suggested Routing:

Chief Executive Officer
BSA Compliance Office

Related Topics:

Bank Secrecy Act/Anti-Money Laundering
(BSA/AML) Programs

Attachment:

Unlawful Internet Gambling Enforcement Act
Overview and Examination Procedures

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Note:

FDIC Financial Institution Letters (FILs) may be accessed from the FDIC's Web site at <http://www.fdic.gov/news/news/financial/2010/index.html>

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Highlights:

- UIGEA was enacted to prohibit institutions from accepting payments from any person engaged in the business of betting or wagering with a business in unlawful Internet gambling.
- Provisions of UIGEA prohibit the acceptance of payments relating to bets or wagers involving use of the Internet if those activities are unlawful under applicable law.
- UIGEA defines a "participant" as "an operator of a designated payment system, a financial transaction provider that is a member of or, has contracted for financial transaction services with, or is otherwise participating in, a designated payment system, or a third-party processor." The term "participant" does not include a participant's customer unless the customer is also a financial transaction provider participating on its own behalf in the designated payment system.
- A joint rule issued by the U.S. Department of the Treasury (31CFR 132) and the Federal Reserve Board (12 CFR Part 233 – Regulation GG) states that the following five payment systems are covered by UIGEA: automated clearing house systems, card systems, check collection systems, money-transmitting businesses, and wire transfer systems.
- Financial institutions should develop and implement policies and procedures, as appropriate, to ensure that transactions of this nature are not accepted.
- Attached are an overview of UIGEA, a chart identifying the designated payment systems and requirements of participants, and examination procedures related to this rule.
- Compliance with the rule was required as of June 1, 2010.