

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

Contact:

Anti-Money Laundering Specialist Marie Edwards at SASFIL@FDIC.gov or (202) 898-3673

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.

To receive FILs electronically, please visit http://www.fdic.gov/about/subscriptions/fil.html.

Paper copies of FDIC FILs may be obtained through the FDIC's Public Information Center, 3501 N. Fairfax Drive, Room E 1002, Arlington, VA 22226 (1-877-275-3342 or 703-562-2200).

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, moneytransmitting 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.