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TESTIMONY OF ANNIE DUKE

on behalf of

THE POKER PLAYERS ALLIANCE

HOUSE COMMITTEE ON FINANCIAL SERVICES

**“H.R. 2267, Internet Gambling Regulation, Consumer Protection,
and Enforcement Act”**

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Chairman Frank, Ranking Member Bachus, and Members of the Committee, I would like to thank you for this opportunity to testify regarding H.R. 2267, the Internet Gambling Regulation, Consumer Protection and Enforcement Act. My name is Annie Duke, and I am a professional poker player. In fact, I have just returned from the World Series of Poker in Las Vegas, which is now the third most watched sporting event in the world. This year's World Series of Poker experienced a 20 percent increase in participants from 2009 – much of this growth is driven by the popularity of Internet poker here in the U.S. and across the globe.

I am here today to testify on behalf of the Poker Players Alliance, a grassroots organization of 1.2 million people who play poker in their homes, in card rooms and casinos, at bars, and charitable events, and on the Internet. To be sure, the organization was founded in response to efforts to prohibit poker playing on the Internet, but, our organization believes that the medium is irrelevant; our focus is the game.

As a professional poker player, I am aware of the rich tradition this great American game has in Washington politics. Ulysses S. Grant was the first president known to have played poker, a game he learned in the army, and he was by no means the last. Warren Harding played twice a week. Teddy and Franklin Roosevelt, Dwight Eisenhower and LBJ were skilled players. Richard Nixon used his poker winnings from his navy days to finance his first campaign for Congress. Harry Truman's signature phrase, "the buck stops here" is a poker expression he learned playing the game. Today, such Washington leaders as President Obama and Justice Scalia continue that tradition. These leaders and millions of everyday Americans play for recreation and relaxation, for intellectual challenge and stimulation, for fun and profit.

But at stake in this debate is a far more important tradition for our country and its government. At its most basic level, the issue before this committee is personal freedom -- the right of individual Americans to do what they want in the privacy of their homes without the intrusion of the government. From the writings of John Locke and John Stuart Mill, through their application by Jefferson and Madison, this country was among the first to embrace the idea that there should be distinct limits on the ability of the government to control or direct the private affairs of its citizens. More than any other value, America is supposed to be about freedom. Except where one's actions directly and necessarily harm other people's life, liberty or property, government is supposed to leave the citizenry alone in this country. In fact it was Ronald Reagan who once said "I believe in a government that protects us from each other... I do not believe in a government that protects us from ourselves."

To be sure, there are many who believe that gaming is immoral or unproductive. I don't share these beliefs, but I do respect their right to hold those beliefs. What is harder to respect is the idea that, because someone disapproves of a particular activity, they would seek to have the government prevent others from engaging in it.

I believe that many of those who seek to prohibit Internet gaming and Internet poker are motivated by good intentions; to protect the roughly 1% of people who are subject to pathological gambling, and to prevent minor children from gambling online. I, for one, do not agree that it is appropriate to circumscribe the activities of all adults to protect against the

weaknesses of a few; this was governing principle behind alcohol prohibition and it failed miserably.

But the good news is that public policy need not decide between respecting individual freedoms and protecting vulnerable populations in the context of Internet Poker. Both of these goals are best served by appropriate licensing and regulation, and this is exactly what H.R. 2267 proposes. To be clear, H.R. 2267 is not a bill that expands Internet gambling in America. It simply provides the appropriate government safeguards to an industry that currently exists and continues to grow.

As you are probably aware, on June 1st the regulations issued pursuant to the Unlawful Internet Gambling Enforcement Act took effect. You may also know that they have had very little effect on the Internet gaming market. Today, any American with a broadband connection and a checking account can engage in any form of Internet gambling from any state. As others will testify, the UIGEA regulations have forced U.S. financial institutions to implement costly and burdensome compliance programs to almost no effect.

American poker players are not content with a system where they are limited to play on offshore sites regulated by foreign governments. They want to play on sites licensed in the United States, which will provide even greater consumer protections for the player and yield badly-needed tax revenue for state and federal governments.

Under a U.S.-regulated system, an authorized licensee would be required to have technologies in place to prevent minors from playing; identify and restrict problem gamblers, and keep people from opt-out states from playing online. Further, regulation would eliminate any concerns about money laundering. Through regulation, a licensed site would be required to adopt the same stringent and effective anti-money laundering measures as banks have in place today.

As a mother of four, I am acutely aware of the need to protect children on the Internet. Those of you who attended the last Committee hearing on this topic heard Parry Aftab from “Wired Safety” -- the foremost advocacy group for child safety online -- testify that the surest way to protect children in the context of Internet gambling is to bring the industry on-shore and regulate it. It is plainly clear, if you want to protect children, then regulation is the best solution; if you oppose gambling and want to treat adults like children, then you will resort to a misguided prohibition.

For me, the most critical component of regulation is player protections. As some of you know, I play at a site called Ultimate Bet. Under previous management, an associate of the website developed a breach in the software that allowed for players to be cheated out of a great deal of money. I agreed to continue to endorse the site only after I was sure that new management had addressed the problems, took voluntary steps to refund the cheated players and ensured tighter control over their site security. Nonetheless, an important benefit of regulation would be to ensure, through source code-based testing and outcome-based testing, that the games are fair and those players cannot be defrauded by the sites and that players cannot cheat others at the table. Further, under a U.S. regulated system players would have legal recourse should they feel they are harmed and regulators would be able to penalize licensed companies that breach the

regulatory standards. Today, the best non-U.S. licensing regimes already do this, but, U.S. players deserve the protections and assurances of their own government.

Interestingly, the current law provides no consumer protection whatsoever. The UIGEA does not keep a single child off an internet gaming site, nor does it provide any protections for problem gamblers or mechanisms to prevent fraud and abuse – it only regulates the banks, not those who operate the games. It is quite candidly a law that appears to be more about burying government’s head in the sand than it is about government providing its citizenry with sensible public policy. H.R. 2267 corrects this untenable posture and puts us in the greatest position to protect consumers and vulnerable populations.

Mr. Chairman, I would like to close with the point I started with: this issue is about personal liberty and personal responsibility -- the freedom to do what you want in the privacy of your own home. I suspect that some on this committee support freedom, except where individuals would use that freedom to make what they believe to be bad choices. “Freedom to make good choices” is an Orwellian term for tyranny-- the governments of China, Cuba and Iran all support the freedom of their citizens to make choices that their governments perceive as good. For those whose religious or moral beliefs hold gaming as abhorrent, I fully support their right to live by those beliefs. I support their right to choose to not gamble. What I do not support, and what this Committee and this Congress should not tolerate, are laws that seek to prevent responsible adults from playing a game we find stimulating, challenging and entertaining. H.R. 2267 provides this freedom in a safe and regulated environment and I urge everyone on this Committee to support this common sense policy. However you might feel about gambling on the Internet, I would suggest that gambling with freedom is far more risky.

Again, Mr. Chairman and members of the Committee, I thank you for the opportunity to address you today. I look forward to the testimony of my fellow panelists and the opportunity to engage with you during the question and answer period.