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Frank Catania, Jr.

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*of Counsel*

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Honorable Barney Frank, Chairman  
House Committee on Financial Services  
2129 Rayburn House Office Building  
Washington, D.C.

Dear Mr. Chairman:

As a former New Jersey gaming regulator, a private consultant to numerous gaming companies, and a person who has testified before various Congressional Committees in connection with proposed Internet gambling legislation, I write to this Committee to express my support for H.R. 2046, the Internet Gambling Regulation and Enforcement Act of 2007.

As recognized in the Bill's findings, Internet gambling is a multi-billion dollar business, which continues to grow worldwide. Despite the official hostility of the United States Government and its enforcement agencies, Americans continue to engage in Internet gambling, wagering billions of dollars on casino games, including poker. Online gambling businesses operate from outside the United States, under regulatory frameworks that vary in effectiveness from jurisdiction to jurisdiction.

This state of affairs invites inevitable comparison to this nation's experience under Prohibition, which should have taught us that where public demand for a product is great and public acceptance widespread, supply of the product is ample and the financial rewards for delivery of the product are substantial, enforcement of a legal ban will be ineffective if not counterproductive. This lesson notwithstanding, United States public policy with regard to Internet gambling suffers from many of the identical flaws, including the following:

- Despite the purported illegality of Internet gambling, millions of Americans continue to gamble online, but without uniform regulatory structures that protect against fraud, underage gambling, problem gambling and money laundering or other financial crimes;
- The disconnect between the purported illegality of Internet gambling and its widespread availability and acceptance breed public disrespect for other laws;
- Money paid by Americans to offshore Internet gambling operators creates no jobs in the United States and generates no tax revenues;
- The illegality of Internet gambling in the United States effectively disables legitimate American gaming companies from engaging in a profitable activity which has found widespread acceptance in the rest of the world.

By establishing a system for the licensing and regulation of Internet gambling in the United States, H.R. 2046 would reverse the public policy deficiencies of the existing Internet gambling prohibition. As a result of my familiarity with online gambling companies, I am confident that the technology exists to regulate a United States Internet gambling industry at least as effectively as we now regulate our land-based casinos. Inasmuch as almost every State already has some form of legalized gambling, the immorality of gambling can no longer be considered a serious objection. To the extent any State or Tribe disagrees, the opt-out provisions of Section 5385 provide sufficient protection.

If I can be of any further assistance to this Committee in its consideration of this Bill, please feel free to have Staff contact me.

Very Truly Yours

Frank Catania