



RESCINDED

Office of Thrift Supervision
 Department of the Treasury
 Deputy Director, Examinations, Supervision, and Consumer Protection
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MEMORANDUM FOR: CHIEF EXECUTIVE OFFICERS

FROM: Thomas A. Barnes *Thomas A. Barnes*
 Deputy Director
 Examinations, Supervision, and Consumer Protection

SUBJECT: Unlawful Internet Gambling Enforcement Act of 2006
 Examination Procedures

The Federal Reserve Board and the Department of the Treasury jointly issued final rules implementing the Unlawful Internet Gambling Enforcement Act of 2006 (UIGEA) in November 2008¹. Compliance with UIGEA is required June 1, 2010. Consequently, the Office of Thrift Supervision, together with the other federal financial institution regulatory agencies, developed interagency examination procedures for reviewing compliance by financial institutions with UIGEA.

The new rules require participants in five designated payment systems to establish policies and procedures that are reasonably designed to identify and block or otherwise prevent or prohibit transactions related to unlawful Internet gambling. The designated payment systems are: (i) automated clearing house (ACH) systems; (ii) card systems²; (iii) check collection systems; (iv) money transmitting businesses; and (v) wire transfer systems.

Examination Process and Procedures

Savings associations may build on existing systems and internal controls to design and implement compliance with UIGEA requirements. For example, associations may implement UIGEA requirements by incorporating them into existing account-opening due diligence procedures or as part of their policies and procedures for each payment system.

To complement this strategy, OTS will implement a risk-focused examination approach that draws on examiners with expertise in safety and soundness, information technology, and compliance. Examiners will use the attached examination procedures in examinations that

¹ An identical joint rule is published in two parts of the Code of Federal Regulations -- 12 CFR Part 233 (Federal Reserve Board) and 31 CFR Part 132 (Department of the Treasury).

² Card systems are the only designated payment systems that have a transaction coding framework that permits them to identify and block transactions that appear restricted. Accordingly, card systems are the only payment systems for which the joint rule suggests that transactions could be blocked during processing.

commence after June 1, 2010. These procedures are consistent with those expected to be implemented by the other federal financial institution regulatory agencies.

If you have any questions, please contact your Regional Office, or Louise Batdorf, BSA & Compliance Examination Analyst, at (202) 906-7087.

Attachments:

Examination Handbook Section 771 [Unlawful Internet Gambling Enforcement Act](#)

Final rule "Prohibition on Funding of Unlawful Internet Gambling," Federal Register (73 FR 69382, November 18, 2009).

<http://edocket.access.gpo.gov/2008/pdf/E8-27161.pdf>

Final rule and extension of compliance date "Prohibition on Funding of Unlawful Internet Gambling," Federal Register (74 FR 62687, December 1, 2009)

<http://edocket.access.gpo.gov/2009/pdf/E9-28746.pdf>