

# PRESS RELEASE



## **RGA praises European Commission for opening probe into discriminatory US practices**

### **European Union to take action on behalf of European gambling operators**

**Brussels, 10 March 2008 – The Remote Gambling Association (RGA) has welcomed today’s decision by the European Commission to launch an in-depth investigation into discriminatory practices by the United States (US) against EU gambling operators. The Commission’s decision follows a complaint filed by the RGA in December 2007 which asserts that the US Department of Justice is in violation of international trade law by threatening and pressing criminal prosecutions, forfeitures and other enforcement actions against foreign online gaming operators while allowing domestic US online gaming operators, primarily horse betting, to flourish.**

“It is unfortunate that the industry has been forced to pursue this issue as far as a formal trade complaint,” said Clive Hawkswood, Chief Executive of the RGA, a leading trade association based in London representing dozens of European online gaming operators. According to Hawkswood: “As the industry trade association, we cannot simply sit on the side-lines and watch while our members, who are already badly bruised by unlawful US acts, suffer the double whammy of being prosecuted for activities whilst US industry is not. By any analysis, the US policy is fundamentally unfair, and we are delighted that the Commission shares our concern and alarm,” he said.

Hawkswood added: “The good news is that, although this is a very serious violation of the WTO rules, it is not a difficult issue to resolve. The US simply needs to end its discriminatory prosecution of EU companies, and their shareholders, who have after all been out of the US market for almost two years now. The US should have every interest in sensibly resolving the issue in a constructive way that draws a line in the sand and clarifies the situation. This is especially so in the case of the EU, given its previously negotiated settlement in relation to the US's anticipated withdrawal of its GATS market access commitment for gaming.”

The US Department of Justice has repeatedly stated that all forms of online gambling are illegal, yet continues to enforce this view only in connection with non-US businesses. In October 2006,

the US Congress passed a new law (the *Unlawful Internet Gambling Enforcement Act*, or UIGEA) which effectively criminalised online gaming provided by foreign operators. The UIGEA forced many leading EU online gambling companies out of the lucrative US market, despite a US commitment under the WTO treaties offering access to its domestic gambling market. The stock market-listed EU companies collectively lost billions in market value overnight when the UIGEA took effect, whilst US online gaming companies continued to operate unperturbed.

Over and above the substantial monetary losses suffered by their forced withdrawal from the American market, non-US companies have had to contend with actual or threatened prosecutions, forfeitures and other enforcement actions by US prosecutorial authorities under pre-UIGEA penal laws. As a result, the RGA has asked the EU to investigate the discriminatory enforcement regime as an illegal barrier to trade for EU businesses.

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#### About the Remote Gambling Association

The RGA represents most of the world's largest, licensed, and stock market-listed remote gambling companies and provides the industry with a single voice on all the issues of importance to regulators, legislators, and key decision makers around the world. For more information, please visit [www.rga.eu.com](http://www.rga.eu.com).

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