

**Statement of Congressman Ron Paul**  
**House Committee on Financial Services**  
**Hearing on HR 2267: the Internet Gambling Regulation, Consumer Protection, and Enforcement Act**

Thank you Mr. Chairman for holding this hearing on HR 2267, the Internet Gambling Regulation, Consumer Protection, and Enforcement Act. While it is out of character for me, to say the least, to support a bill that regulates private transactions, I support HR 2267 because it repeals the ban on Internet gambling. The bill does not create any new federal laws; it merely establishes a process to ensure that gambling sites can comply with existing laws, and thus offer their services to adults who wish to gamble online.

The ban on Internet gambling infringes upon two freedoms that are important to many Americans: the ability to do with their money as they see fit, and the freedom from government interference with the Internet.

The proper role of the federal government is not that of a nanny, protecting citizens from any and every potential negative consequence of their actions. Although I personally believe gambling to be a dumb waste of money, American citizens should be just as free to spend their money playing online poker as they should be able to buy a used car, enter into a mortgage, or invest in a hedge fund. Risk is inherent in any economic activity, and it is not for the government to determine which risky behaviors Americans may or may not engage in.

The Internet is a powerful tool, and any censorship of Internet activity sets a dangerous precedent. Many Americans rely on the Internet for activities as varied as watching basketball games, keeping up on international news broadcasts, or buying food and clothing. In the last few years we have seen ominous signs of the federal government's desire to control the Internet. The ostensible reasons are to protect Americans from sex offenders, terrorists, and the evils of gambling, but once the door is open to government intrusion, there is no telling what legitimate activity, especially political activity, might fall afoul of government authorities.

The ban on Internet gambling also forces financial institutions to act as law enforcement officers. This is another pernicious trend that has accelerated in the aftermath of the Patriot Act, the deputization of private businesses to perform intrusive enforcement and surveillance functions that the federal government is unwilling to perform on its own.

Mr. Chairman, while I am willing to support HR 2267 as a means to repeal the total ban on internet gambling, I urge my colleagues to oppose any attempt to tax internet gambling. Taxing any commercial transaction, including gambling, is an unwarranted expansion of the taxing power and will cripple the development of internet commerce. Furthermore, since the power to tax is the power to destroy, imposing taxes on internet gambling could simply morph into a backdoor way of banning gambling on the internet. If opponents of the internet gambling ban are serious about expanding individual liberty, they will oppose restricting the freedom of internet users to do what they want with their time and property by imposing taxes on the bill.

In conclusion, I urge my colleagues to support Chairman Frank's HR 2267. While not perfect these bills will take a step toward liberty by restoring the right of Americans to decide for them whether or not to gamble online.