

UNLAWFUL INTERNET GAMBLING POLICY

Purpose: *Set forth guidelines for complying with the Unlawful Internet Gambling Enforcement Act of 2006 (Reg GG), which becomes effective December 1, 2009.*

1. Prior to opening a commercial account, there must be an assessment of the activities of the commercial member to determine if they are involved in unlawful internet gambling.
 - a. If a determination is made that the commercial member is not involved in unlawful internet gambling or there is minimal risk that the commercial member will become involved in unlawful internet gambling, then a notation must be made on the risk assessment prepared at the time of account opening.
 - b. If it cannot be determined that a commercial account is not involved in unlawful internet gambling, then the following documentation must be obtained prior to opening the account:
 - i. Written certification from the commercial member that it does not engage in internet gambling or
 - ii. Evidence of legal authority to engage in internet gambling business and a third-party certification that the commercial member's systems for engaging in the internet gambling business are reasonably designed to ensure that the commercial member's internet gambling business will remain within the licensed or otherwise lawful limits.
 1. If the commercial member has a legitimate reason to engage in internet gambling, then the member must be notified these are considered restricted transactions and they cannot be processed through credit union accounts.
2. The credit union's ACH, credit card, debit card, member check processing system, and wire operators must have written policies and procedures to block unlawful internet gambling transactions.
 - a. The system operators must either satisfy Reg GG's due diligence requirements or use a code system that enables them to identify and block a restricted internet gambling transaction.
 - b. The system must also include on-going monitoring and testing and have procedures in place for the credit union to follow when a restricted transaction has made its way into the one of the systems.
 - c. Annually, these operators must provide a written statement or notice that the system's policies and procedures comply with Reg GG.
3. If the credit union has knowledge that an existing member engages in unlawful internet gambling, then any transaction should be denied and a Suspicious Activity Report ("SAR") must be filed. If knowledge occurs after the funds have

entered into the credit union's system, then a hold must be placed on those funds and a SAR filed.

4. If a member has a transaction deemed to be related to unlawful internet gambling, then the account will be closed.
5. If the credit union receives notification from a government entity, such as law enforcement or a regulatory agency, that a foreign banking office has sent funds to the credit union that are restricted transactions, then the transaction must be denied or a hold placed on the funds if the transaction has already occurred. A notice must be sent to the foreign banking office that the credit union has received information that the foreign banking office has processed payments for internet gambling restricted by Reg GG.

Definitions:

<i>Unlawful Internet Gambling -</i>	<i>To place, receive, or otherwise knowingly transmit a bet or wager by any means which involves the use, at least in part, of the Internet where such bet or wager is unlawful under any applicable Federal or State law in the State or Tribal lands in which the bet or wager is initiated, received, or otherwise made. The intermediate routing of electronic data shall not determine the location or locations in which a bet or wager is initiated, received, or otherwise made.</i>
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