

August 8, 2022

VIA Electronic Mail

The Honorable Nellie Liang  
Under Secretary of Domestic Finance  
U.S. Department of the Treasury  
1500 Pennsylvania Ave, NW  
Washington, DC 20005

The Honorable Brian Nelson  
Under Secretary of Terrorism and Financial Intelligence  
U.S. Department of the Treasury  
1500 Pennsylvania Ave, NW  
Washington, DC 20005

Dr. Alondra Nelson  
Head of the Office of Science and Technology Policy and Deputy Assistant to the President  
White House

Re: The U.S. Government's Digital Assets Strategy and the Gaming Industry

Dear Under Secretary Liang, Under Secretary Nelson, and Dr. Nelson,

I write on behalf of the members of the American Gaming Association (“AGA”) regarding the U.S. government’s ongoing efforts to develop and implement a digital assets strategy.

AGA members commend the Administration on the Digital Assets Executive Order that was published in March 2022. As the U.S. government works to translate the policy goals in the Digital Assets Executive Order to actionable legislative and regulatory requirements, AGA respectfully requests that the U.S. government evaluate how any new frameworks or requirements would map onto the gaming industry. A number of companies in the gaming industry are considering incorporating digital asset products and/or blockchain technologies into their operations. Complying with requirements such as anti-money laundering regulations for fiat currency has illustrated over time that the operations of the gaming industry raise unique questions that can necessitate tailored requirements and guidance for the industry. As they have with fiat currency, AGA’s members remain a willing partner to assist the U.S. government to fashion predictable and workable guidelines to govern the use of digital assets in the gaming industry.

### **AGA Background**

The AGA is the premier national trade group representing the \$261 billion U.S. casino industry, which supports 1.8 million jobs across the country. Our membership spans across the country and consists of 73 commercial and tribal casino operators, U.S.-licensed gaming suppliers, financial institutions, destination marketing organizations, and other key stakeholders in the gaming industry.

The AGA supports the U.S. government’s overall anti-money laundering efforts, including promoting compliance with the Bank Secrecy Act (“BSA”). For instance, on September 17, 2020, FinCEN released an advance notice of proposed rulemaking requesting public comment on potential regulatory amendments in order to “modernize the regulatory regime” and “provide financial institutions with greater flexibility in the allocation of resources, resulting in the enhanced effectiveness and efficiency of anti-money laundering programs.” 85 Fed. Reg. 58023. In response to that request, AGA submitted a letter on November 16, 2020 outlining a number of proposed recommendations to enhance the effectiveness of anti-money laundering (“AML”) programs, particularly within the gaming industry. AGA also serves on the Department of the Treasury’s Bank Secrecy Act Advisory Group.

### The Digital Assets Executive Order

On March 9, 2022, President Biden released an Executive Order on Ensuring Responsible Development of Digital Assets.<sup>1</sup> The Executive Order acknowledges the potential benefits of digital assets, declaring that “[w]e must reinforce United States leadership in the global financial system and in technological and economic competitiveness, including through the responsible development of payment innovations and digital assets.”<sup>2</sup> Similarly, it provides that the United States has an interest in remaining at the “forefront” of the “responsible development and design of digital assets,” where its leadership can “sustain United States financial power and promote United States economic interests.”<sup>3</sup> But the Executive Order also acknowledges that digital assets pose risks, including data protection, privacy, investment risk, cybersecurity, illicit finance, and sanctions evasion.<sup>4</sup>

To address these opportunities and challenges, the Executive Order recognizes that government approaches to date have been “inconsistent,” thereby “necessitating an evolution and alignment of the United States Government approach to digital assets.”<sup>5</sup> Specifically, it calls for a “whole-of-government effort” to promote the appropriate principles, standards, and best practices for governing digital assets. To that end, the Digital Assets Executive Order calls for a number of interagency reports to be published on topics ranging from an action plan to increase AML/CFT compliance to a report on the role of law enforcement agencies in detecting, investigating, and prosecuting criminal activity related to digital assets.<sup>6</sup>

### The Gaming Industry and Digital Assets

AGA’s members strongly support the Administration’s Digital Assets Executive Order. They believe that it takes a clear-eyed approach in recognizing both the opportunities and challenges that digital assets and blockchain technology present. Further, they believe that the “whole-of-government” strategy espoused by the Digital Assets Executive Order will encourage a comprehensive policy response that accounts for the host of unique questions posed by digital assets and blockchain technology.

<sup>1</sup> Executive Order on Ensuring Responsible Development of Digital Assets, Mar. 9, 2022, <https://www.whitehouse.gov/briefing-room/presidential-actions/2022/03/09/executive-order-on-ensuring-responsible-development-of-digital-assets/>.

<sup>2</sup> *Id.*, § 2(d).

<sup>3</sup> *Id.*

<sup>4</sup> *Id.*, §§ 2(a)-(c).

<sup>5</sup> *Id.*, § 1.

<sup>6</sup> *Id.*, §§ 5(b)(iii), 7(c).

Although companies within the gaming industry do not have a uniform view about the role that digital assets should play in the industry, some have taken initial steps to incorporate digital assets, including cryptocurrencies, into their operations in compliance with current state and federal regulations. Also as result of pandemic precautions and demand signals from our customers, many of our members have accelerated their integration of digital payments from the hotels and restaurants, to the casino floor. AGA members are firmly committed to complying with their legal obligations, including those related to detecting and reporting financial crime. Indeed, AGA has been a leading partner in working with agencies such as FinCEN to ensure that that the gaming industry has clear and predictable guidance on how to satisfy its BSA obligations. By contrast, illegal gambling websites have increasingly been promoting the use of cryptocurrencies to avoid AML, geolocation, and identity controls required by legal regulated operators.

Accordingly, as the government continues to evaluate how to safely integrate digital assets into the financial system and broader economy AGA's members maintain that it would be prudent to evaluate how concrete legislative and regulatory recommendations will map onto the gaming industry. In the context of the Bank Secrecy Act, for instance, there are often separate regulations or guidance for entities in the gaming industry to account for the unique nature of its operations. AGA members would also ask that the strategy address illegal cryptocurrency operations and provide law enforcement the tools they need to prosecute the offenders.

Further, to the extent that the government seeks input from private industry in crafting the implementation of its digital assets strategy, the Administration would benefit from the participation and perspectives of AGA's members.

The AGA is ready to partner with the government in fashioning clear and workable guidance that the gaming industry can implement in order to assist the government in achieving its goal to prevent digital assets from promoting unlawful or fraudulent activity.

The AGA appreciates the opportunity to provide input on these important issues.

Thank you again for your continued attention to these matters and willingness to engage with the gaming industry.

Sincerely,



William C. Miller, Jr.

CC:  
Jake Sullivan - National Security Advisor and Assistant to the President  
US Senate Banking Committee  
US House of Representatives Financial Services Committee