



March 11, 2015

The Honorable Reginald Byron Jones-Sawyer, Jr.  
California State Assembly  
State Capitol, Room 4126  
Sacramento, CA 95814

**RE: AB 167 (Jones-Sawyer) – OPPOSE**

Dear Assembly Member Jones-Sawyer:

The Tribal Governments shown on this letter write to advise you of our united opposition to your Assembly Bill 167 and any legislation that would expand the scope of gaming in California to grant internet poker licenses to horse racing associations or which would ease regulatory standards to accommodate actors whose past behavior and tainted brands and assets would erode the integrity of intrastate internet poker under consideration.

Our Tribes have worked over the past three years with a broad coalition of California Tribes, in consultation with card clubs, to craft legislation that does not expand the footprint of authorized gaming entities. While AB 167 is intended to legalize internet poker throughout California, it does so by expanding poker to horseracing facilities at the expense of Tribal Nations which have a demonstrated history of responsible gaming. It must be noted that the voters of California have voted on multiple occasions (1998, 2000, 2008) in support of tribal government gaming and have given overwhelming approval to a Constitutional Amendment granting Indian tribal governments exclusive authority over Las Vegas-style casino gaming. By comparison, the voters have rejected expanded gaming at horseracing facilities by an astounding 84% - 16% vote.

Additionally, California has an important public policy interest in ensuring that gaming licenses are not issued to persons or entities that have engaged in any form of unlawful or unauthorized gaming. It is crucial that any internet poker bill protect this public policy interest in order to instill public trust and confidence in the integrity, fairness, and legitimacy of state-sanctioned

internet poker. This public trust was undermined by unscrupulous entities and brands that, according to a 2011 indictment by the United States Department of Justice, accepted bets in violation of U.S. laws and defrauded poker players of over \$300 million.

Just a few years ago, three major online poker operators – Absolute Poker, Full Tilt Poker, and PokerStars – had their websites seized and shut down by the FBI on allegations that, from at least November 2006 through March 2011, those operators violated the Unlawful Internet Gambling Enforcement Act (UIGEA) and the Illegal Gambling Business Act. Each of those firms continued to grow their companies and their brands by unlawfully accepting bets from U.S. players after December 31, 2006, the effective date of the UIGEA. Criminal indictments were handed down against certain owners and senior officers. In the end, these presumed violators negotiated a settlement with the U.S. Government for \$731 million, rather than risk the looming possibility of criminal convictions – which certainly would have prevented those firms from obtaining gaming licenses in U.S. jurisdictions.

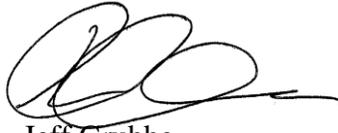
It is instructive that the State of Nevada, which is widely recognized as a leader in the regulation of gambling, also included a bad actor clause in its internet poker statutes. Specifically, Nevada created the classification of “covered assets” meaning, “any tangible or intangible asset specifically designed for use in, and used in connection with, the operation of an interactive gaming facility that, after December 31, 2006, knowingly and intentionally operated interactive gaming involving patrons located in the United States.”

The citizens of California deserve protection from bad actors. The language proposed in AB 167 is not sufficient to protect the integrity of the California market. As proposed, AB 167 provides no such protection, and instead would reward those gaming corporations that acted inconsistent with federal law and the letter of California law by authorizing them to use the fruits of their illegal conduct to obtain a license in California. It bears emphasis that the tribes working with you on AB 167 were ALL formally and publicly in favor of the inclusion of a bad actor clause in internet poker legislation until they entered into a business relationship with one of those presumed violators, and its successor corporation.

Our Tribal Governments have invested many hundreds of millions of dollars in brick-and-mortar operations that create tens of thousands of jobs for Californians. We did so in reliance on the rights granted by the people of California and the compacts we have negotiated with the State in the exercise of those rights. Legislation like AB 167 – which could threaten these rights, these substantial investments, and so bitterly divide California Tribes – should not move forward solely for the sake of supporting a business model that might possibly benefit a few tribes in the short term, to the certain and permanent detriment of all other tribes, not to mention, the citizens of California.

Respectfully, we urge you not to pursue AB 167, or any similar measure, which, for the reasons referenced above, is in our view fatally flawed.

Sincerely,



Jeff Grubbe  
Tribal Chairman  
Agua Caliente Band of  
Cahuilla Indians



Clifford LaChappa  
Tribal Chairman  
Barona Band of  
Mission Indians



Margie Mejia  
Tribal Chairwoman  
Lytton Band of  
Pomo Indians



Mark Macarro  
Tribal Chairman  
Pechanga Band of  
Luiseño Indians



Robert W. Welch, Jr.  
Tribal Chairman  
Viejas Band of  
Kumeyaay Indians



Leland Kinter  
Tribal Chairman  
Yocha Dehe Wintun  
Nation

cc: Assembly Speaker Toni G. Atkins  
Assembly Governmental Organization Committee Members  
Eric Johnson, Chief Consultant  
Peter Renevitz, Assembly Republican Caucus  
George Wiley, Policy Consultant, Speaker's Policy Office  
Senate President Pro Tempore, Kevin de Leon  
Senate Governmental Organization Committee Members  
Art Terzakis, Chief Consultant  
Charles Wright, Policy Consultant, Office of the Pro Tem