



August 18, 2016

## FLOOR ALERT

### RE: AB 2863 (Gray) - Oppose

On behalf of the Morongo Band of Mission Indians, San Manuel Band of Mission Indians, California's three largest card clubs – Commerce Casino, Hawaiian Gardens Casino and Bicycle Casino – and Amaya Inc., owner of PokerStars, we are writing to express our strong opposition to AB 2863 (Gray) as recently amended. **As now drafted, the bill arbitrarily and unfairly bars one operator from competing with the supporters of these amendments in the IPoker market indefinitely.**

AB 2863 also raises constitutional questions that will likely result in litigation and prevent implementation of crucial consumer protections while California forgoes hundreds of millions of dollars in revenues for schools, public safety and other priorities.

As early and strong supporters of AB 2863, who have negotiated all along in good faith and who have championed the right of the State to regulate this industry and protect consumers, we are disappointed at this turn of events. Rather than creating tribal unity, these drastic amendments have driven tribes further apart.

These amendments target a single company, Amaya, with provisions that would prevent the company from ever securing a license. It is our understanding amendments were presented to members as imposing a 'five year penalty box' when, in reality, these provisions would effectively create a lifetime ban for Amaya. The competitors behind these amendments know Amaya is a partner with the undersigned card rooms and tribes opposed to these amendments and have been candid about trying to prevent Amaya from securing licensure in California and otherwise competing with them.

The world's foremost Constitutional Law expert and scholar, Professor Laurence Tribe of Harvard, previously noted when these kinds of amendments were first being proposed that, if adopted, they would constitute "trial by legislature;" in other words, a bill of attainder absolutely prohibited under the Constitution.

California should not be deprived of sound iPoker regulation and healthy competition and the revenues to the State it will bring.

With the constitutional questions raised by this bill, California consumers will continue to play online poker on unregulated off-shore sites that lack consumer protections or age verification, and California will receive no revenue. Consumers will suffer and minors will continue to have access to offshore online gambling because AB 2863 will ultimately perpetuate the status quo, leaving California players vulnerable to fraud and other crimes without recourse while simultaneously denying the state much-needed revenue.

We urge you to oppose. An “aye” vote on this measure will support misinformation and a dangerous anticompetitive precedent and atmosphere. For these reasons we respectfully request a “no” vote.

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