

## The Morongo Tribe's Support of Online Gambling

The Morongo Tribe, one of 564 federally-recognized tribes, based in California, is one of the principal proponents of creating a monopoly for tribes and California card clubs on online poker in California. In the summer and fall of 2009, the Morongo Tribe led the effort to create an online California-only "Internet poker consortium." Its opposition to the federal Internet gambling license is grounded in its local commercial interest of having local tribes and card clubs maintain a monopoly on online gambling in California.

Articles covering the Morongo lobbying effort, described the Morongo as "leading the effort" in favor of Internet gambling in California, and "arguing that millions of gamblers already play online and that legalizing it would generate revenue for the cash-starved state." The *North County Times* quoted a spokesman for the Morongo Tribe as stating that regulation of online poker "...would offer better consumer protections than the unregulated Web sites that exist offshore and largely out of reach of federal law."<sup>1</sup>

According to the *Sacramento Bee*, the tribe has been "...dispatching lobbyists to the capital and privately courting other tribes and poker rooms to build political momentum for a gambling enterprise run by a consortium of tribes and card rooms."<sup>2</sup> The goal of the tribe is to secure passage of an Internet poker bill in California as soon as possible.

As spokespersons for the tribe have acknowledged, the tribe has made "extensive outreach to members and leadership" of the California legislature to create a state-sponsored online poker. Because the tribes and card clubs have the only licensed casino activity in California, they would effectively have a monopoly on online gambling in California if they are able to defeat federal legislation and replace it with a California-only, poker-only approach.<sup>3</sup>

Press accounts state that recently the Morongo Tribe circulated an e-mail inviting dozens of tribes for a conference call in which the Morongo would outline the "Morongo Initiative – Tribal Intrastate Poker Consortium." As a Morongo spokesman said earlier this year "...a legalized system of online poker would bring much needed oversight to an online poker industry run by illegal offshore companies without any meaningful regulation. Our proposal would give players confidence in the integrity of the game and the consumer protection that they do not enjoy at this time."<sup>4</sup>

In light of this history, any opposition to federal licensing of online gambling by the Morongo tribe is not based on concern that online gambling cannot be adequately regulated by the federal government, but commercial and competitive concerns. Other tribes have opposed the Morongo initiative. Notably, under the Frank legislation, California could opt out of the federal license in any case, instead opting for the kind of system that the Morongo tribe has advocated as maximizing its revenues.

[www.safeandsecureig.org](http://www.safeandsecureig.org)

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<sup>1</sup> "REGION: Tribes at odds over legalizing Internet poker," NC Times, August 16, 2009,

[http://www.nctimes.com/news/local/sdcounty/article\\_46129ba1-361a-56a0-a8bc-d0bc62e1d6bf.html](http://www.nctimes.com/news/local/sdcounty/article_46129ba1-361a-56a0-a8bc-d0bc62e1d6bf.html).

<sup>2</sup> Sacramento Bee, August 12, 2009. See <http://www.sacbee.com/capitolandcalifornia/story/2101950.html>

<sup>3</sup> Id.

<sup>4</sup> <http://blogs.pe.com/politics/2009/08/morongo-tribe-issues-response.html>

## REGION: TRIBES AT ODDS OVER LEGALIZING INTERNET POKER

By Edward Sifuentes

August 16, 2009

A Riverside County tribe is pushing for a law that would allow gamblers in California to play poker over the Internet. But some San Diego County tribes oppose the move, saying it will be bad for their businesses.

The Morongo Band of Cahuilla Mission Indians, which owns Morongo Casino Resort and Spa in central Riverside County, is leading the effort, arguing that millions of gamblers already play online and that legalizing it would generate revenue for the cash-starved state.

A spokesman for the Morongo tribe said the proposal also would offer better consumer protections than the unregulated Web sites that exist offshore and largely out of reach of federal law.

Under the proposal, the Morongo tribe and others would run an Internet poker operation jointly with several Los Angeles-area card clubs. The state would get an as-yet-undetermined percentage of the winnings.

Patrick Dorinson, the spokesman for the Morongo tribe, declined to talk specifically about how much the state would get and other details of the proposal because it is still being developed.

"The state would get some revenue," Dorinson said. "But I don't want to give a percentage because there isn't a formal bill."

No lawmaker has signed on to sponsor the bill, Dorinson said.

The Viejas Band of Mission Indians, an influential tribe that owns a casino in eastern San Diego County, is one of several in the region that opposes the plan.

"This proposal represents an unprecedented expansion of gambling and could have serious negative consequences," Viejas spokesman Robert Scheid said. "There are serious constitutional, financial, legal, regulatory and other questions that need to be addressed carefully and deliberately before this scheme goes any further."

Opponents and supporters met last week with representatives for Gov. Arnold Schwarzenegger, said Camille Anderson, a spokeswoman for the governor.

She said Schwarzenegger has not taken a position on the matter.

Cheryl Schmit, director of the gambling watchdog group Stand Up for California, said the Legislature has no authority to enact such a law. She said it would have to be approved by voters in a statewide ballot similar to the one that legalized gambling on tribal lands in 2000.

"It's ugly," Schmit said, referring to the proposal. "It just seems like Morongo is willing to sacrifice the monopoly it has, so that they can be the operating entity of Internet gambling in the state to the detriment of all the other tribes."

In 2006, Congress passed the Unlawful Internet Gambling Enforcement Act, which prohibited banks and credit card companies from transferring money for Internet gambling, in effect banning online gambling.

However, the law left open the door for states to allow Internet gambling within the state's boundaries, according to a Legislative Analyst opinion related to a bill last year.

Last year, Assembly Bill 2026, by Assemblyman Lloyd Levine, D-Los Angeles, asked state gambling regulators to study what regulations would be necessary to legalize Internet poker games. The bill was gutted in late August and the subject of the legislation was changed to outdoor advertising.

David Quintana, the legislative director for the California Tribal Business Alliance, an industry group that represents several gambling tribes, said allowing Internet poker in the state would violate the promise tribes made to state voters to keep gambling within Indian reservations.

The alliance is made up of seven California gambling tribes, including the Pala Band of Mission Indians and the Pauma Band of Mission Indians in North County.

Pala Chairman Robert Smith signed a letter on behalf of the alliance urging lawmakers to oppose legalizing Internet poker in part because "other casino-style games will follow."

Quintana said he believes that a draft of the bill being circulated among Indian tribes would allow poker machines to be set up anywhere in the state.

"This opens up gambling anywhere," Quintana said. "There's no tie to Indian land, and that's not what we promised voters in the state of California."

Dorinson disagreed.

"It's important to note that this is not brick and mortar," he said. "This is not building new casinos."

# THE SACRAMENTO BEE

## CARD CLUBS, TRIBAL CASINOS PUSHING TO LEGALIZE INTERNET POKER

By Peter Hecht

August 12, 2009

California card clubs and tribal casinos, long bitter political rivals, are working together in a concerted, behind-the-scenes drive to legalize Internet poker in the Golden State.

The effort to create an online California "Internet poker consortium" is being led by a wealthy Riverside County tribe, the Morongo Band of Mission Indians, and by card clubs including the Commerce Casino in Los Angeles County.

They are dispatching lobbyists to the capital and privately courting other tribes and poker rooms to build political momentum for a gambling enterprise run by a consortium of tribes and card rooms. The state's 60 card clubs and more than 100 federally recognized Indian tribes would be eligible to participate.

Though it still lacks an author to carry the bill, the Morongo tribe is pitching a plan to get an Internet poker bill passed after lawmakers return from their summer recess next Monday. Representatives from dozens of tribal groups are invited to hear the proposal Thursday at a closed-door meeting at the Hyatt Regency Sacramento.

Morongo is billing its effort as a means to generate new tax revenue for California and allow tribes and card clubs to tap into a vast offshore Internet poker industry that draws an estimated \$4 billion in what are now illegal bets from U.S. residents.

In 2006, Congress passed the Unlawful Internet Gambling Enforcement Act. It sought to stem the reach of overseas gambling sites by blocking U.S. bank and credit card payments for Internet betting. Some legal scholars say the federal law has loopholes that could allow states to permit Internet gambling.

The California effort may get a boost – and legal clarification – from federal legislation introduced Aug. 6 by Sen. Robert Menendez. The New Jersey Democrat's bill would legalize online poker and "games of skill."

The bill, following similar legislation by Rep. Barney Frank, D-Mass., would give states and Indian tribes the authority to permit – or disallow – Internet poker for their residents.

"You've got a huge amount of gambling going on on the Internet right now that is a large measure unregulated," George Forman, an attorney for the Morongo tribe, said in an interview. "Huge amounts of money are being wagered. The state is not getting any of that. Money is going offshore.

"I think it is fair to say there is an interest on some people's part that this activity can and should be regulated to protect consumers and produce a revenue source for the states," Forman added.

The online poker push is stirring friction with some other California tribal groups, which claim a poker cooperative with card clubs could upset California tribes' exclusive rights to casino gambling and violate federal standards against off-reservation gambling.

"They're trying to convince people that this is a good idea and we should move forward when the Legislature comes back," said Alison Harvey, executive director of the California Tribal Business Alliance, which recently heard the pitch from Morongo tribal representatives. "I just think there's serious potential consequences of this that haven't been thought through."

In 2008, then-Assemblyman Lloyd Levine, D-Van Nuys, introduced legislation asking the California Gambling Control Commission to study Internet gambling and how to regulate it if it became legal. The bill died.

But I. Nelson Rose, a professor at Whittier Law School and a consultant on gambling issues, said an economic downturn that has cut into tribal casino earnings and state fiscal coffers could soften the political resistance.

"Any time Internet gambling would get through the Legislature is right now because the state is desperate for money," Rose said.

Morongo officials declined to discuss specifics of their plan publicly. But in private talks with other gambling interests, they have said a California poker consortium could net \$450 million a year.

Harvey of the Tribal Business Alliance said Morongo is suggesting a 10 percent licensing fee to be paid to the state. Proposed bill language being circulated leaves the state's share blank.

The Tribal Business Alliance represents tribes including the United Auburn Indian Community, operator of the Thunder Valley Casino in Placer County. Last year, United Auburn and the Pala tribe of San Diego County waged an unsuccessful ballot fight to defeat initiatives granting Morongo and three other tribes permission to add up to 17,000 slot machines.

In another ballot war five years ago, poker clubs and horse-racing interests sought to require casino tribes to turn over one-quarter of slot machine earnings to state and local programs – or allow five tracks and 11 card rooms to add slot machines.

The 2004 measure, facing tribal opposition, lost overwhelmingly. But the lure of online poker profits now has past antagonists on the same side.

Patrick Dorinson, spokesman for the Morongo tribe, said tribes and card clubs have made "extensive outreach to members and leadership" of the Legislature to advocate for online poker.

Meanwhile, Morongo privately has pledged to advance one-half of an estimated \$10 million that tribes and card clubs would raise to set up the poker network as a limited liability corporation.

A proposal being circulated among gambling interests calls for a management structure with two representatives from card clubs and two from tribes, including a permanent representative from the Morongo band.

The plan was discussed at a recent gathering of the Tribal Alliance of Sovereign Indian Nations. The group includes Morongo and powerful casino tribes including the Agua Caliente Band of Cahuilla Indians in Palm Springs and the Pechanga Band of Luiseño Indians in Temecula.

Morongo also circulated an e-mail inviting dozens of tribes for a conference call in which Forman and tribal councilman Damon Sandoval were to outline the "Morongo Initiative – Tribal Intrastate Poker Consortium."

Those invited included the Lone Band of Miwok Indians and the Enterprise Rancheria, which have been frustrated in efforts to win state gambling agreements to open casinos in Amador and Yuba counties.

In pushing to legalize online games on the federal level, Menendez – the New Jersey senator – said he wanted to bring "Internet poker out of the shadows and into the light of law."

But legal counsel Fred Jones said the California Coalition Against Gambling Expansion would fight efforts to create a "wild, wild West" of online poker playing in California households.

"The idea that the state may sanction this is making our state dependent on gambling revenues," Jones said. "You're not going to be able to gamble yourself to prosperity."



## MORONGO TRIBE RESPONDS TO CRITICS

By Jim Miller

August 20, 2009

The Morongo Band of Mission Indians near Banning has released a statement responding to some tribes' criticism of its effort to push legislation legalizing online poker and other card games.

On Wednesday, the Pechanga Band of Luiseno Indians near Temecula announced its opposition to the proposal and released a poll showing low voter support for the idea.

Here is the statement from the Morongo tribe:

"For almost a year the Morongo Band of Mission Indians has been working with some of the major California card clubs to explore the feasibility of bringing internet poker out of the shadows and into a regulated environment that would do three things.

"First, a legalized system of online poker would bring much needed oversight to an online poker industry run by illegal offshore companies without any meaningful regulation. Our proposal would give players confidence in the integrity of the game and the consumer protection that they do not enjoy at this time.

"Second, a legalized system of online poker would generate much needed revenue to California's general fund - money that is currently flowing from California citizens straight into the pockets of illegal offshore companies - at a time when the Legislature is continuing to struggle to find money to pay for vital programs.

"And third, under our plan a legalized system of online poker would be open to all tribes in California both gaming and non-gaming. This will grant the non-gaming tribes a new source of income and investment to provide for the needs of their people. We have been open and transparent in our discussions with the card clubs and California's 110 federally recognized tribes, both gaming and non-gaming.

"Some of our brothers and sisters in other tribes have chosen to use the information we have voluntarily provided to them in open forums to defeat our proposal. While we understand their concerns and we have tried to address them, we are disappointed that they have followed that path.

"And while they currently are in opposition, if our proposal is approved by the Legislature and signed into law by Governor Schwarzenegger, we would welcome them as full members of our potential consortium just as we have all other California tribes."