



AGUA CALIENTE BAND OF CAHUILLA INDIANS
TRIBAL COUNCIL

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VIA EMAIL AND U.S. MAIL

Senator William Dodd
State Capitol, Room 4032
Sacramento, CA 95814-4900

Assemblyman Adam Gray
California State Assembly
P.O. Box 942849
Sacramento, CA 94249-0021

Re: Agua Caliente Band of Cahuilla Indians OPPOSES SCA-6 (Dodd)

Dear Senator Dodd and Assemblyman Gray:

On behalf of the Agua Caliente Band of Cahuilla Indians, I write to oppose SCA-6. This measure is a blatant repeal of tribal gaming rights hastily being pushed through the legislative process without any consultation with federally recognized Indian tribes. The measure is being touted as a budget fix, a solution to address the concerns surrounding ongoing illegal sports wagering, and a means to protect consumers from unscrupulous illegal sports wagering operators. In reality the measure will not solve a budget crisis and is in fact a transparent effort to provide a gift to California cardrooms. In plain sight and every day of the year cardrooms reap the financial benefits of operating illegal banked games in direct contravention of the California Constitution, at the expense of tribal governments, and against the will of California voters expressed by the passage of Proposition 1A.

California lawmakers cannot discuss responsible and legal sports wagering with a straight-face until enforcement occurs against illegal card room activity. Attorney General Becerra has since December 2019 taken actions against several card rooms for a host of serious issues including, violations of the Bank Secrecy Act, unwillingness to comply with California law, misleading gambling regulators, failure to respond to requests for information, improper use of third-party funds, and ignoring notifications to correct non-compliance issues. This is the cardroom industry behavior that will be rewarded if SCA-6 becomes law.

Among numerous problematic provisions, SCA-6 in the proposed subdivision 19(h) legalizes currently illegal banked game activity in cardrooms, by providing that "... a banking or percentage game does not include a game played in a licensed gambling establishment in which a participant known as the player-dealer wagers against the other participants, provided each participant is offered the opportunity to be the player-dealer." (emphasis added). This banked game issue is currently being litigated by several tribes, however SCA-6 resolves the issue in favor of card rooms.



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Recognizing that card rooms are operating illegal banked games, the California Bureau of Gambling Control (BGC) released on December 3, 2019 concept language addressing the player-dealer position. Consistent with current California law, the BGC's concept language requires actual rotation of the player-dealer position, and not merely an offer to rotate as SCA-6 allows. The language in SCA-6 would specifically cure this looming problem for card rooms. The language would also raise to a constitutional level a 2007 letter from Robert Lytle, then BGC Bureau Chief, to card room associations incorrectly asserting that an offer of the player-dealer position is sufficient. Mr. Lytle has since been stripped of his gaming licenses and thoroughly discredited by his actions in violation of the Gambling Control Act both during his time as BGC, Bureau Chief and afterwards during his time as a card room employee and owner. SCA-6 would make Lytle's life work of circumventing California gaming law for his own benefit and at the expense of tribal governments part of the California Constitution. It is shameful, and a legacy that I am sure you do not want.

SCA-6 purports to recognize the proven regulatory capacity of tribal governments by stating "[t]he best entities to safely operate sports wagering are Indian casinos and racetrack operators." This is true, and polling shows that Californians strongly favor the enforcement of the State's gaming laws. As you are acutely aware, there is currently a ballot initiative in play that would authorize brick-and-mortar sports wagering in California by the two entities that you recognize can best regulate and operate sports wagering in California. That ballot initiative has secured signatures of one million Californians to qualify the measure for the November 2020 ballot.

The concerns expressed in SCA-6 about the economic crisis in California are disingenuous. Unlike the ballot measure noted above, SCA-6 authorizes online sports wagering. Online sports wagering does not protect investment in brick-and-mortar California businesses and does not create California jobs. Online sports wagering does not ensure the responsible regulation and oversight of sports wagering generally. SCA-6 would instead allow out-of-state online sports wagering platforms and out-of-state sports leagues to siphon revenues and jobs away from California for the sake of securing severely over estimated tax revenues. The tax revenue and gaming activity estimates in the SCA-6 "Fact Sheet" seem speculative at best in this ongoing COVID-19 economic climate.

SCA-6 also fails to address the serious public policy issues that arise with online sports wagering, namely preventing under age gambling, adequately addressing problem gambling, and the lack of regulatory certainty that can be achieved only by a face-to-face sports wagering transaction conducted by trained staff.

Times of economic hardship for all California businesses, like we are going to endure until the impacts of COVID-19 dissipate, should not be viewed as opportunities to quickly promulgate



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flawed law without proper consultation. In this COVID-19 economic climate, Californians deserve policy and law that incentivizes growth of law-abiding California business. SCA-6 is not a thoroughly examined grand compromise for all California interested parties in order to authorize sports wagering. SCA-6 takes away the Constitutionally guaranteed right to offer banked and percentage games from the very tribes that SCA-6 recognizes as the most competent gaming operators and regulators in California, and inexplicably gives that right to card rooms who operate illegal games due to lack of state enforcement. SCA-6 is a gift to out-of-state sports leagues and online sports wagering platforms, and a slap in the face to California companies seeking to protect brick-and-mortar businesses and create jobs for Californians.

On behalf of the Agua Caliente Band of Cahuilla Indians, I ask you to withdraw SCA-6.

Sincerely,

A handwritten signature in purple ink, appearing to read "Jeff L. Grubbe", with a long horizontal line extending to the right.

Jeff L. Grubbe
Chairman, Tribal Council
**AGUA CALIENTE BAND OF
CAHUILLA INDIANS**