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Office of the Governor

April 11, 2011

The Honorable William Horne
Nevada State Assembly
401 South Carson Street
Carson City, NV 89701

Dear Assemblyman Horne:

On March 10, 2011, your Assembly Bill ("AB") 258 was introduced in the Assembly. AB 258 formally broaches the subject of the licensure and regulation of online poker play, and I commend you for your innovation in this area. Because of the State's tradition of leadership in the gaming industry, and because of the importance of the industry to the economic success of our state, I feel it is incumbent upon me to address myself to this subject.

Nevada has long set the worldwide standard for gaming regulation and enforcement. We should continue to strive to be a leader in the emerging online poker industry by creating an operating framework that ensures both that our gaming industry is competitive and that our regulatory structure serves as a model of integrity and innovation. For these reasons, I support the efforts of the Legislature in taking the first steps in creating Nevada's online poker regulatory framework.

That said, while I support these efforts as a general matter, I am hopeful the Legislature will keep in mind, as it progresses forward on this issue, several important policy points. As a former chairman of the Gaming Commission, I understand how important it is that any bill that reaches my desk not create disharmony between state and federal law on this issue. Thus, I would hope that any bill passed will not facilitate the legalization of online poker before the federal ban is lifted, or encourage any action that would hinder the United States Congress's efforts towards the lifting of the ban.

While there may be some disagreement about the scope of the ban, it is important that we not unintentionally expose the citizens of our state to civil and criminal liability. And, perhaps just as importantly, it is vital that we not undermine the State's credibility as a thoughtful and conscientious regulator of gaming. Along these lines, it is important that the State's effort to maintain this harmony is matched by our federal partner on this

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issue. Therefore, I would ask that any bill on this subject encourage Congress to enact legislation providing for the licensure of online poker as soon as practicable.

Maintaining the State's credibility as a regulatory leader is not accomplished simply by ensuring that we remain consonant with the federal government's actions in this area. It is important, too, that we apply the same substantive regulatory standards to online poker companies that we do traditional gaming institutions. I would ask, then, that online poker companies be licensed in accordance with the same standards we apply for traditional non-restrictive gaming companies. No separate or lesser form of licensure should be enacted.

The preservation of our regulatory integrity is not my only concern. It is essential to the growth of our economy that we maintain a competitive gaming market. I would therefore ask that any bill passed not afford a competitive advantage (or disadvantage) to any gaming company or existing online poker company. Legislation on the subject of online poker represents the first steps on new ground. It is important that we begin from equal footing.

I appreciate your consideration of my thoughts on this subject and look forward to working with you on this issue.

Sincere regards,

A handwritten signature in black ink, appearing to read "B. Sandoval", written over a light blue horizontal line.

BRIAN SANDOVAL
Governor

*cc: Speaker John Oceguera, Speaker of the Nevada State Assembly
Senator Steven Horsford, Majority Leader of the Nevada State Senate*