

## PokerStars Faces Fresh FBI Probe In Nevada

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*Political contributions made in Nevada by PokerStars have been referred to the FBI to assess whether they violated federal campaign laws, with a PokerStars- financed trip to England by a state lawmaker also coming under investigation.*

An investigation into the legality of financial contributions made by PokerStars to political candidates in Nevada has been referred to the Nevada Election Integrity Task Force and to the FBI in Las Vegas, according to Scott Gilles, Nevada's deputy secretary of state for elections.

Federal law prohibits foreign contributions to candidates in federal, state and local campaigns, according to Republican State Sen. Greg Brower of Reno.

PokerStars, the world's largest online poker site, is based in the Isle of Man.

Brower, a former U.S. attorney, called for Nevada's secretary of state to launch a probe of political contributions made by PokerStars shortly after the company's founders were indicted on charges including bank fraud and money laundering in New York on Friday.

The company had taken a lead role in efforts to legalize online poker in Nevada this year.

"This was an assault on the electoral process in Nevada and the gaming industry in Nevada," Brower told GamblingCompliance.

Gilles refused to rule out that the secretary of state's office could also investigate PokerStars' donations to Nevada political candidates.

"Right now, there does not appear to be a violation of state law, but there could be a violation of federal law," Gilles told GamblingCompliance.

"We'll see how the federal investigation goes before we make a final decision," he said.

Nevada Secretary of State Ross Miller has recused himself from the probe because he was among several state lawmakers to receive campaign contributions from the PokerStars political action committee, REEL.

Miller received a \$5,000 contribution from REEL. Miller and some other Nevada politicians who received donations from REEL have said they have returned the money.

Also now coming under scrutiny in Nevada is William Horne, a Las Vegas Democrat who is chairman of the Assembly Judiciary Committee and the Assembly's majority whip.

Horne visited London in December to meet with PokerStars officials and their Nevada lobbyist Richard Perkins.

"We are looking into the actions of Mr. Horne as related to his financial disclosure form," Gilles, the Nevada deputy secretary of state, confirmed. Asked if the probe includes Horne's trip to London, Gilles said, "Yes."

Horne introduced an Internet poker bill in Nevada on March 10, the same day that an indictment was returned against PokerStars and other online companies by a grand jury in New York, documents show.

Horne said he was told he did not need to report the trip to London on his financial disclosure form. "I checked with my legislative counsel before the trip, and I was told I did not have to report it because it was a fact-finding trip," Horne said yesterday.

Horne said he does not regret making that trip or [introducing his intrastate Internet poker bill](#) in Nevada.

"I haven't even ruled out this bill passing this year," Horne said. "The policy is still clear, and this bill will create jobs."

But Horne admitted he was "angry" with PokerStars for not telling him the company was the subject of a federal investigation.

"They withheld valuable information," he told GamblingCompliance. "If they had told me they were under investigation by the feds, I could have chosen not to go."

Horne said he was not angry with Perkins. "I think he was just as blindsided as I was," Horne said.

Gilles said [Perkins, a former speaker of the Nevada Assembly](#), is not being investigated by state officials at this time.

Friday's indictment of PokerStars, Full Tilt Poker and Absolute Poker saw the companies' founders and alleged business associates brought up on charges that also include violating the 2006 federal law that made it a crime to accept payments connected to unlawful Internet gambling.

A Las Vegas man on Tuesday pleaded not guilty in a federal court in New York's Southern District to bank fraud and violating the Unlawful Internet Gambling Enforcement Act.

Chad Elie, 31, allegedly acted as a payments intermediary for online poker companies and was one of 11 people charged Friday in the indictment.

Prosecutors allege it was Elie who in September 2009 approached the head of a financially- distressed Utah bank with a multi- million dollar investment on offer if the bank agreed to process payments for PokerStars and Full Tilt Poker.

Elie was arrested in Las Vegas on Friday but was reportedly released on bail so he could marry his Playboy Playmate girlfriend the next day.

Brower, the Nevada state senator, said PokerStars had been operating under "a cloud" long before the company was indicted last week.

"But PokerStars still was loading up on contributions to political candidates in Nevada and these junkets they took members (of the Nevada Assembly) on," Brower said.

Brower said he thought Horne's bill was "a non- starter the first time I saw it."

"The fact that it got a hearing is disturbing," he said. "It would have fundamentally changed Nevada law, and put Nevada at odds with federal law. It was a power play by PokerStars."

Brower said an investigation into PokerStars lobbying activities in Nevada is necessary to maintain the integrity of the state's gaming industry.

"Nevada is a world leader in gaming, and should be above reproach," he said.

Brian Gallini, an associate professor of law at the University of Arkansas, said PokerStars effectively "goaded" the Justice Department into [indicting the company](#) by so openly defying the 2006 UIGEA law.

The Justice Department easily could have indicted PokerStars and the other defendants solely for money laundering and wire fraud, but it wanted to use the newer UIGEA in order to make a point, Gallini said.

"As for the future, I think it's going to be really difficult for online poker to remain viable in the United States," Gallini said.