**House of Representatives**

* **“Internet gaming: too lucrative not to legalize?”
Reno Gazette-Journal (Nevada)
June 4, 2010 Friday
Ray Hagar**

The debate about Internet gaming is intensifying in Washington D.C., and some lawmakers said it has become too popular and too lucrative to remain an outlaw business in the United States.

"We are sending a multibillion industry offshore and underground," U.S. Rep. Jim McDermott, D-Wash., told colleagues in Congress recently. "As a result, we are making tax criminals of Americans who can't declare their online winnings to the IRS."

Americans spent $5.9 billion on offshore sites in 2008, H2 Gambling Capital of the United Kingdom reported. That despite a federal law that bars offshore sites from accepting money from U.S. bettors.

McDermott said that annual amount has risen to $12 billion. His bill, which would tax online gaming, was recently presented to a Congressional committee.

Some believe it is time that it is taxed, legalized and regulated. Others aren't so sure.

"The industry itself is trying to figure this out," said U.S. Rep. Dean Heller, R-Carson City. "First of all, they know that billions of dollars are being lost overseas. They know that Internet gaming goes on all of the time. They are trying to figure out how do we get into this? How to we take a piece of the action and bring it back into this country?"

Heller recently participated in the debate over McDermott's bill -- one of four currently proposed in Congress to legalize some form of Internet gaming.

Gaming experts said there's not much time to pass any online gaming legislation during this Congressional session. Yet discussions about of the impact legal Internet gaming would have on Nevada's gaming and tourism industry are taking place among major and minor casino property owners, gaming-machine manufacturers and advocates for gambling addicts.

Major gaming properties in Nevada, such as Harrah's Entertainment Click for Enhanced Coverage Linking Searchesand MGM Mirage, are developing strategies for how to monetize its legalization, experts said.

"Obviously, every Nevada casino out there would probably have a site, if they legalize it," said Larry Woolf, CEO and president of the Navegante Group, which manages casinos in Nevada resorts, including the casino at the Grand Sierra Resort in Reno. "I'm sure MGM would have a site, and Harrah's would have a World Series of Poker site. Probably a lot of the smaller casinos would buy into a platform where you could play at the Siena or the Peppermill by just clicking on that icon.

"It is definitely coming. It is just a matter of time. Poker will come first, then Internet gaming. It will be a little bit more expensive for the small guys to compete, but that's the real world."

Internet gaming also is a potential money-maker for gaming-machine manufacturers, which stand to benefit from the development of online gaming software, others said.

"Most of our manufacturers, without quoting companies to you, are extremely supportive of Internet gaming," said Frank Fahrenkopf, who is president and CEO of the American Gaming Association, the industry's lobbyist group in Washington, D.C.

Gaming manufacturer International Game Technology, one of Reno's largest private employers, declined comment on its Internet gaming strategy.

"But we do know everyone in the industry is looking closely at Internet-based gaming, including IGT," spokeswoman Kate Reil said.

Blow back

Not everybody in Nevada's gaming industry is gung ho about the idea.

Smaller operators fear it will have a similar impact California's tribal gaming, which has contributed to Reno-Sparks' market share decline over the past decade.

"We have lost 30 (percent) or 35 percent of our market since there are now casinos in California," said Jeff Siri, president and CEO of the Club Cal Neva in downtown Reno. "So if Internet wagering was to occur, you would have another form of competition out there, which will further decrease gaming in these (Nevada) facilities.

"It might create more gamers. California itself created more gamers. But in the long run, it will hurt the tourist facilities we have built in Reno."

Heller, who has yet to offer support to any Internet gaming legislation, is concerned that it could harm Nevada's tourism industry.

"Certain members of the gaming industry may want this, but what is the impact on Nevada if someone sits home in Los Angeles at their computer and plays 21 at Caesars?" Heller said. "If they are playing in their home, that means that they don't travel to Las Vegas, they don't stay in a hotel, they don't eat at the restaurants and they don't go to the shows. So, I've raised those questions. What impact is that going to have on Nevada's economy if tourists are not there in person?"

Gordon Absher, vice-president of public affairs for MGM Mirage, disagreed: "Our corporate revenue, across the company, averages about 60 percent nongaming. So no, I don't think that (loss of visitation) is a concern."

The key to any legalization during this Congressional session is U.S. Sen. Harry Reid, D-Las Vegas, Fahrenkopf said.

Reid has historically opposed Internet gaming because of his experience as a former Nevada gaming regulator. Fahrenkopf said Reid is concerned about proper regulation, which would be a significant undertaking.

Yet reports in gaming business magazines and websites suggest that Reid is considering a bill to legalize online poker. A Reid spokesman told cardplayer.com that any whispers about Reid pushing an online gaming bill are "greatly exaggerated."

Reid's aides would not answer specific questions pertaining to Internet gaming.

"Sen. Reid's priority is to protect the jobs of Nevadans, protect minors, and to continue to position Nevada as our nation's leader in gaming," Reid spokesman Jon Summers said. "Taking into account these things will serve as the framework for any potential Internet gaming legislation."

Reid appears to be keeping Washington guessing about what he will do.

"No one knows," Fahrenkopf said. "He has not told anybody what he is going to do. But he is the key.

"Even if the House were to pass over the Barney Frank bill (which would legalize online gaming and set up a regulatory agency) to the Senate, Reid, as the majority leader, has the say over what gets heard and what gets voted on. So right now, there is a big unknown as to what is going to happen this legislative session."

Heller said Nevada's delegation must present a cohesive front.

"At the end of the day, our delegation has to work together on this," Heller said.

Problems

Siri sees online gaming promoting gambling addictions and decreasing workplace productivity.

"The bigger thing is, how do you control it?" Siri said. "How do you make sure that the person is of gambling age? How do you deal with a person who is a problem gambler? There are certain things we have to do if someone has been identified as a problem gambler. But I don't see a way to control that if they go online."

Siri also wondered how Internet gaming would be moderated at the workplace, where many employees use computers for activities unrelated to work.

"Instead of sitting at your desk working, you could be making a wager or playing poker, at the risk of losing your job," Siri said.

The Internet can lull participants into an addiction, said Denise Quirk, CEO and clinical director of the Reno Problem Gambling Center.

"People are using it as a form of entertainment and don't understand that the warning signs are happening. If they are spending a longer time than intended playing, spending four or six or eight hours on it and start moving interest away from school work, relationships and toward this great new goal of being the greatest poker player, those are all early warning signs of an (online) gambling problem."

Legalization would exacerbate the problem, Quirk said.

"They are already doing it," she said. "People are just using an offshore account. This is already a problem for some people."

Big profits

Major Nevada companies have the potential to reap big profits via Internet gaming because established brands such as Harrah's Entertainment Click for Enhanced Coverage Linking Searchesor MGM Mirage offer instant credibility to potential customers, Woolf said.

"If you are playing on a legitimate site, like MGM, Grand Sierra or Harrah's, you will have a reasonable comfort level that whoever is running the site is not cheating," Woolf said. "But if you play on Frank Smith's Internet gaming site and he is offering better odds than MGM or Harrah's, you are probably taking your chances with that. MGM is not going to cheat. They are not going to jeopardize their (gaming) license."

Multistate gaming companies also can engage their players' reward programs online.

"Here, Harrah's has the advantage," Woolf said. "Harrah's has all of these casinos around the country. They are not just Nevada-orientated. And if you would play on one of Harrah's sites, you are going to get (player) points. So if you live in Louisiana, you can go to your local casino and cash them in. You don't have to fly to Las Vegas to use them."

Congressman McDermott said legalization of Internet gaming could create an estimated 30,000 U.S. jobs within the first five years of its legalization.

Yet few in Nevada believe that.

"The right political answer is yes, this will create jobs and revenue," Woolf said. "But the reality is that obviously, the Internet is not a labor-intensive thing, so the number of jobs would be minimal but the revenue could be huge."

Opposition to Internet gaming is dwindling, Fahrenkopf said. Internet-based entertainment is only growing as young Americans mature.

"In this world, the young people live in a digital age," Fahrenkopf said. "They do most things on the Internet. They shop on the Internet, so it seems fair to say that sooner or later, legislation will pass that will legalize Internet gaming because it is growing across the world."

OPEN FOR DISCUSSION

There are four Internet gaming bills currently before Congress:

1. U.S. Rep Barney Frank, D-Mass., has sponsored a bill that would legalize online gaming and establish regulatory provisions.

2. U.S. Rep Jim McDermott, D-Washington, has sponsored a bill to tax online gaming and customers' winnings. It is estimated that the bill could net as much as $72 billion in taxes during 10 years, with $42 billion going to the federal government and $30 billion going to state governments.

3. U.S. Sen. Robert Menendez, D-N.J., has proposed the legalization of poker and other games of skill. This bill is commonly called the poker carve-out bill.

4. U.S. Sens. Ron Wyden, D-Oregon, and Judd Gregg, R-N.H., have introduced a bill that would restructure the Internal Revenue Service code. A subset of the bill would legalize Internet gaming as a new source of tax revenue for the federal government.

* **“Online legalization bill hinges on backing from Harry Reid”
Reno Gazette Journal
Sean Collins Walsh
August 8, 2010**

The three Nevadans in the House of Representatives are rallying to support the legalization of Internet gaming.

But without the support of Senate Majority Leader Harry Reid, D-Nev., who has remained silent on the issue, their efforts may be futile.

"He's the linchpin," Rep. Shelley Berkley, D-Nev., said. "He will be the decider when it comes to Internet gaming."

A legalization bill, introduced by Rep. Barney Frank, D-Mass., and co-sponsored by Berkley, passed the House Financial Services Committee in a 41-22 vote last week.

Internet gaming has been illegal since 2006, when Congress passed the Unlawful Internet Gambling Enforcement Act.

Frank's bill would legalize and regulate online gaming, generating $42 billion in tax revenue over 10 years, according to a 2009 congressional analysis.

How Nevada's casino industry would fit into the world of legal Internet gaming is unclear. For years, Las Vegas casinos opposed legalization, fearing it would decrease gamblers' desire to visit the Silver State.

Provisions in Frank's bill, however, may clear a path for Nevada companies to profit from digital gaming because they did not violate the 2006 ban.

Companies like FullTilt.com, which is based overseas, have been accepting bets from U.S. citizens illegally and would not receive a license under the bill. Nevada casinos like Harrah's Entertainment, Click for Enhanced Coverage Linking Searcheswhich owns the World Series of Poker and backed the bill, could then step in and lead the Internet gambling market.

Although Reid voted for the ban in 2006, Berkley said he may vote for legalization.

"I think his position has softened dramatically, but he's going to need to be convinced," she said. "I don't want to put words in his mouth, but I know he's been moving to a positive position."

Berkley and Rep. Dina Titus, D-Nev., are both cosponsor's of the Frank bill.

"This legislation will not detract from our first-rate casinos and an industry that is vital to the livelihood of so many Nevadans, but will benefit Nevada's casinos, many of which are interested in building an online presence in the United States," Titus spokesman Andrew Stoddard said in a statement.

Rep. Dean Heller, R-Nev., is cautiously supporting legalization.

"Current law banning Internet gaming is unworkable and needs to be addressed," Heller spokesman Stewart Bybee said in a statement last week. "However, a lot of questions remain on how to appropriately legalize Internet gaming. The passage of this bill is a positive first step in moving the debate forward, but more work needs to be done to fully resolve this issue."

One of those questions is how to ensure minors cannot participate.

Nevada laws are already in place to regulate online gaming, said Dennis Neilander, chairman of the Gaming Control Board. If the federal government gives states the green light, the board will have to ensure online casinos can effectively exclude minors.

"We would have to see from a technology point of view that it could be done in such a way that would prevent minors from taking part and that you would have to be able to block people from wagering from jurisdictions that make it illegal."

Another question is how to tax and regulate online gaming.

Nevada lawmakers and gaming officials are adamant about keeping the oversight and taxation of gaming under states' supervision.

"Gaming has always been something the states can decide if they want it at all, and if they want it, how much they will tax it," Neilander said.

He added that the nature of the Internet means Congress will need to be involved in some limited way.

"This is sort of a unique animal," Neilander said. "The Internet is such a mechanism for interstate commerce that I'm sure there will have to be some federal regulation."

* **“Nevada casino executives worry about Harry Reid's support of online poker”
 Reno Gazette-Journal (Nevada)
August 26, 2010
Ray Hagar**

Some gaming executives in Northern Nevada said they are concerned with U.S. Senate Majority Leader Harry Reid's position supporting the legalization of online poker, saying it could harm their businesses and cause layoffs in Nevada's resort industry.

Executives said Reid, D-Nev., told them he would support the legalization of online poker in the United States but drew the line there -- he would not support any other form of online gaming -- during an Aug. 16 meeting at the Atlantis Casino Resort Spa.

Reid's stance troubled some executives because they said they fear that once online poker is legalized, the legalization of other online casino games will follow, draining their businesses of customers.

"It (online poker) is just the tip of the iceberg and could open up this state to more online gaming," said Bill Hughes, the marketing director of the Peppermill. "It will only draw more money out of this state, from our poker rooms and eventually other facilities."

Northern Nevada executives said Reid told them that Nevada could earn added tax revenue with the legalization of online poker. Some predicted the extra money would be spent on unemployment benefits for casino workers, who could lose their jobs if people choose to remain home and gamble online.

"If you want Nevada to survive, you don't open that door," said Eric Dale, general manager of Baldini's Sports Casino in Sparks. "You don't even open it an inch for online poker.

"As a state that is heavily supported by casinos, because of self-preservation for the state of Nevada, we have to not open this door," Dale said. ""¦ They won't need to come out to a physical box (like a restaurant or casino) that employs people and that scares me. This state is built on employing restaurant, hotel and casino employees."

Legislation currently is winding through Congress that would legalize online poker. In late June, the House Financial Services Committee approved a bill that would effectively legalize online poker, overturning a 2006 federal law that bars offshore sites from accepting money from U.S. bettors.

Where is proposal headed politically?

With Congress winding down, any legislation getting out of the House of Representatives or through Congress this session are remote, said U.S. Rep. Dean Heller, R-Carson City.

"We only have two or three weeks and if I were a betting man today, I don't think that this thing will get a House vote (this session)," Heller said. "I could be wrong. But I don't know if there is enough appetite right now to get that down to the House floor."

U.S. Rep. Jim McDermott, D-Wash., a sponsor of legislation that would tax online gaming, told colleagues recently that Americans spent $12 billion with offshore sites in the past year, despite federal laws.

As Senate majority leader, Reid has said little publicly about any Internet gaming proposals but holds the key to passage of any Internet gaming bill, Frank Fahrenkopf, the president and CEO of the American Gaming Association, said earlier this summer.

"Sen. Reid has been clear that he will fight any effort that threatens jobs in Nevada," said his Nevada press secretary, Tom Brede.

Some Northern Nevada executives said it would just be too easy for online companies to offer other forms of casino gambling after they have entered the market with online poker sites.

"Approving online poker now, how is that going to be any different than approving online slot machines or online blackjack?" said Gary Carano, general manager of the Silver Legacy in downtown Reno. "I don't know what it means specifically when you say online poker only. On the poker machines we have today, there are many games, poker games, blackjack games, keno games and slot games."

Major gaming properties in Nevada, such as Harrah's Entertainment and MGM Resorts International, are developing strategies to monetize the legalization of Internet gaming, experts said.

Online poker would grow, not shrink, the market for Nevada gaming, said Jan Jones, Harrah's senior vice president for communications and government relations.

"If you look at the business that are surviving today, they approach their customers in three ways," said Jones, the former mayor of Las Vegas. "One is brick and mortar. One is direct marketing sales, and the other is the Internet.

"The businesses that have not done that have gone out of business. Look at record stores. Look at newspapers. In the gaming industry, we need to realize, where are the X-Y generation customers? They are all on the Internet. That is where they play. That is where they congregate, and if we don't leverage the Internet, then we run the risk of becoming an old person's entertainment."

Some executives said they believed Reid when he told them he would not allow online poker to evolve into online casino gaming. One wondered what would happen once Reid leaves office.

"It would just be a stepping stone," said Jeff Siri, president and CEO of the Club Cal Neva. "It would stop at online poker for now, with Harry being the Senate majority leader. But Harry won't be there forever and that is our concern. If you start there (with online poker), somewhere down the road it won't be just poker. It would be virtual slot machines and table games and every other form of gambling."

At a glance

» In late June, the U.S. House Financial Services Committee approved a bill that would effectively legalize online poker, overturning a 2006 federal law.

» The legislation is going through Congress, but this year's session is winding down.

**Early Campaign**

* **Full House
National Journal
June 30, 2011**

As chief Dem sponsor of an online poker bill, Rep. Shelley Berkley (D-01) "is stumping hard for poker players. And it appears they, though more quietly, are pushing hard for her as she begins" her run for SEN.

Last week, the Poker Players Alliance held a fundraiser for Berkley in Washington just two days before Rep. Joe Barton (R-TX) introduced a bill that aims to legalize the bank transactions necessary to make bets on Internet-based poker games.

Berkley said the fundraiser "was set long before Mr. Barton came to me and said, ‘I'm going to be dropping this bill.'"

Indeed, members of the alliance have been on the guest list for past Berkley events, including when alliance exec. dir. John Pappas attended a breakfast for Berkley thrown last month by Senate Majority Leader Harry Reid (D), where donations ranged from $1,000 to $2,500 a head.

But the group's focus at this stage in the race "is noteworthy." The Poker Players Alliance isn't the chief lobbying arm of the gaming industry, but on the subject of online poker, it leads the pack. It has poured more than $3.7M into lobbying the 111th Congress, mostly on this issue, and making campaign donations to candidates, "including both Berkley" and Sen. Dean Heller (R). Indictments elsewhere in the online gaming world have made the alliance one of the few names in the business that hasn't been tainted in the past few months by allegations of operating illegally.

All of that serves to make its donations significant, and although campaign finance reports for the 2ndQ aren't yet available, "it appears the alliance is favoring Berkley over Heller who at least doesn't appear to have been the recipient of any fundraising ventures yet." Pappas: "We don't comment on our political giving."

But Berkley's confirmation of the event, and its sponsor, "suggests that the alliance is trying to give her an early push: a gesture that raises questions about whether the nonpartisan group plans to back Berkley over Heller."

It isn't that the group is filled with Dems. Pappas worked for ex-Rep. John Shadegg (R-AZ) for six years before joining the alliance. And one of its highest-profile lobbyists on Capitol Hill, especially on the subject of online poker, is ex-Rep. Jon Porter (R), who is close with Heller.

The Poker Players Alliance "appears to have a relationship with Heller's office." Heller spokesperson Stewart Bybee: "Sen. Heller has and continues to work with a number of groups, including the PPA, to find a workable solution to address Internet gaming in a way that benefits Nevada."

Heller said earlier this month that he would like to help move Internet gaming legislation through the Senate before the House, stressing that it "needs to start on this side, because that's where it failed last time." But Heller hasn't had the chance to prove his word on Internet poker: He wasn't in Congress in '06 when the Unlawful Internet Gambling Enforcement Act the measure that outlawed transactions of bets was passed.

Berkley was, and sounded the alarm against it. Berkley: "I'm not a stranger to this issue. I stepped up very early, in the early part of my congressional tenure, and I've been working on this issue for a decade. I was one of the few people who stood up during the port security debate and spoke out against adding this provision in the ban on Internet gaming from the start."

If Berkley proves to have a lock on the Poker Players Alliance though, "it doesn't mean she's got a lock on the whole gaming industry, which has die-hard Heller supporters" (Demirjian, Las Vegas Sun, 6/30).

* **“Poker Players Alliance gets behind Shelley Berkley”
Las Vegas Sun
June 30, 2011 Thursday
Karoun Demirjian**

WASHINGTON -- As chief Democratic sponsor of an online poker bill, Rep. Shelley Berkley is stumping hard for poker players. And it appears they, though more quietly, are pushing hard for her as she begins her run for U.S. Senate.

Last week, the Poker Players Alliance held a fundraiser for Berkley in Washington, D.C. -- just two days before Republican Rep. Joe Barton of Texas introduced House Resolution 2366, the bill that aims to legalize the bank transactions necessary to make bets on Internet-based poker games.

The event "was set long before Mr. Barton came to me and said, 'I'm going to be dropping this bill,' " Berkley said.

Indeed, members of the alliance have been on the guest list for past Berkley events, including when alliance Executive Director John Pappas attended a breakfast for Berkley thrown last month by Senate Majority Leader Harry Reid, where donations ranged from $1,000 to $2,500 a head.

But the group's focus at this stage in the race is noteworthy.

The Poker Players Alliance isn't the chief lobbying arm of the gaming industry, but on the subject of online poker, it leads the pack. It has poured more than $3.7 million into lobbying the 111th Congress, mostly on this issue, and making campaign donations to candidates, including both Berkley and, should she win the Democratic nomination, her Republican opponent, Sen. Dean Heller.

Indictments elsewhere in the online gaming world have made the alliance one of the few names in the business that hasn't been tainted in the past few months by allegations of operating illegally.

All of that serves to make its donations significant, and although campaign finance reports for the second quarter aren't yet available, it appears the alliance is favoring Berkley over Heller -- who at least doesn't appear to have been the recipient of any fundraising ventures yet.

"We don't comment on our political giving," Pappas said.

But Berkley's confirmation of the event, and its sponsor, suggests that the alliance is trying to give her an early push: a gesture that raises questions about whether the nonpartisan group plans to back Berkley over Heller.

It isn't that it is filled with Democrats. Pappas, a native of Arizona, worked for conservative Republican John Shadegg for six years before joining the alliance. And one of its highest-profile lobbyists on Capitol Hill, especially on the subject of online poker, is former Nevada Congressman Jon Porter, a Republican who is close with Heller.

Berkley has always enjoyed broad political support in the gaming industry.

She's from Las Vegas, after all, the one city in the country that stands to gain most, by virtue of the licensing process, from a legalization of online poker.

The Poker Players Alliance appears to have a relationship with Heller's office. According to Heller's communications director, Stewart Bybee: "Sen. Heller has and continues to work with a number of groups, including the PPA, to find a workable solution to address Internet gaming in a way that benefits Nevada."

Heller told the Sun this month that he would like to help move Internet gaming legislation through the Senate before the House, stressing that it "needs to start on this side, because that's where it failed last time."

But Heller won't get to make that call -- ultimately, in the Senate, that seems to be up to Nevada's top-dog Democrat Harry Reid, and Republican Whip Jon Kyl of Arizona.

Heller hasn't had the chance to prove his word on Internet poker: He wasn't in Congress in 2006 when the Unlawful Internet Gambling Enforcement Act -- the measure that outlawed transactions of bets -- was passed.

Berkley was, and sounded the alarm against it.

"I'm not a stranger to this issue. I stepped up very early, in the early part of my congressional tenure, and I've been working on this issue for a decade," she said. "I was one of the few people who stood up during the port security debate and spoke out against adding this provision in -- the ban on Internet gaming -- from the start."

If Berkley proves to have a lock on the Poker Players Alliance though, it doesn't mean she's got a lock on the whole gaming industry, which has die-hard Heller supporters. Berkley was Sheldon Adelson's lawyer at one point, but the two had a falling out and Adelson is now a big Heller backer, financially and otherwise.

**Campaign and the Reid/Heller/Kyl Bill**

* **Heller: Legalizing online poker on front burner
Las Vegas Review-Journal
Steve Tetreault
July 19, 2012**
	+ [www.reviewjournal.com/business/casinos-gaming/heller-legalizing-online-poker-front-burner](http://www.reviewjournal.com/business/casinos-gaming/heller-legalizing-online-poker-front-burner)

Pressured to deliver Republican votes on a bill prized by most Nevada casinos, Sen. Dean Heller said Thursday he's working to win approval for online poker legislation this year.

Heller said he is trying to persuade Republican leaders and GOP senators to clear the way for Internet poker legalization, allowing the casino industry to tap billions of dollars now wagered online.

"I've talked to leadership and a couple of colleagues," Heller said, naming Minority Leader Mitch McConnell of Kentucky and leadership deputies Sen. John Cornyn of Texas and Sen. Roy Blunt of Missouri. He said the aim was to "make sure ... all of them have an idea of what we are trying to push in this effort."

Heller's comments come amid a new wave of speculation about prospects for a federal bill, as a handful of states are moving to legalize online gambling within their jurisdictions. Gambling Compliance, an industry online newsletter, reported last week that key senators Harry Reid, D-Nev., and Jon Kyl, R-Ariz., have agreed on a framework for a bill.

Without confirming where negotiations stand, Reid, the Senate majority leader, said Thursday that he and Kyl are talking, and "we're now waiting again, as I do with a lot of things around here, to get some Republican support." Reid aides say he is looking for Kyl and Heller to deliver GOP votes.

Heller said he's "working with Kyl very closely to try to get something to happen."

While summaries of proposed legislation have circulated among a small group of stakeholders, a bill has not been introduced and would not be expected to surface until right before Congress would act. Strategists are trying to identify safe legislation to which a gambling expansion bill can be attached, ensuring passage. Such a major - and controversial - gaming bill could not pass as a stand-alone measure in light of opposition from interests such as casino competitors and social conservatives.

"There are a lot of discussions going on, not a lot of answers at this point," he said. "We're still talking about the nuts and bolts on this but time is running out."

Sheldon Adelson, chairman of the Las Vegas Sands Corp. and major Republican donor who is close to House Majority Leader Eric Cantor, R-Va., opposes legal Internet gaming. He has expressed concern about possible expose of young people to a potentially addictive practice.

"He has an opinion and obviously that is taken into consideration, and we have to work with it and around it to try to make something happen," Heller said. "I certainly don't discount his position.

"I want everybody to have a voice in this process, including Mr. Adelson," Heller said. "I don't see his voice being any stronger or any less important than anybody else. He is just part of the puzzle."

A Justice Department opinion late last year has been interpreted as giving states a green light to legalize and tax online operations. Advocates of national legislation say Congress must act by year's end if it is to maintain federal regulation of Internet gaming.

"It is critical that something happens this year," Heller said. "If we get beyond this year, I think that states will have gone too far in their efforts to basically legalize everything." He said 16 states are considering legislation to legalize various forms on Internet gambling.

At that point Congress would come under pressure to exempt states already allowing online gaming, he said.

Reid Holds Cards Over Heller in Poker Push National Journal Daily AM July 26, 2012 Thursday

* **“Reid Holds Cards Over Heller in Poker Push”
The National Journal Group, Inc.
July 26, 2012 Thursday
Dan Friedman**

Senate Majority Leader Harry Reid and his Nevada colleague, Republican Sen. Dean Heller, are awkward allies in an attempt to win passage this year of legislation legalizing online poker. But they are also electoral enemies, as Reid works to engineer Heller's defeat in November.

Reid has enlisted Heller's help in selling the online poker bill to other Republicans, even as he tries to make the measure a campaign liability for Heller by suggesting its failure would mark Heller as an ineffective legislator. The bill is important to Nevada because it would allow gaming companies, many of which are based in the state, to host online poker sites.

Reid has repeatedly said he needs more Republican support to advance the bill. In addition to Senate Minority Whip Jon Kyl, R-Ariz., with whom Reid negotiated the measure, Reid aides say they are counting on Heller's help. Staffers have repeatedly described the effort as a test of Heller's ability to win support from other Republicans and effectively represent the state.

That's an unsubtle attempt by Reid to complicate Heller's campaign. Reid is already using his control of the Nevada Democratic Party and an effective voter-turnout machine to support Rep. Shelley Berkley, D-Nev., in her race against Heller, who was appointed last year to finish the term of former Sen. John Ensign, R-Nev.

Asked on Wednesday about Reid's tactics on the gaming measure, Heller smiled and said he was not concerned about "getting put in a box on this."

"I will let Reid do all the talking," Heller said. "He seems to like to do a lot of talking on this issue. And I'll continue to work and see what we can do to get something passed."

Heller said he is sharing draft legislation with Republicans in both chambers without asking for a commitment. The bill would also reassert restrictions on other forms of online gaming called into question by a Justice Department decision last year. Heller said his argument is that failure to pass the bill would open the door to unregulated online gaming.

But Heller said responsibility for success or failure rests with Reid. "If there's any dynamic to it, we've got a majority leader who needs to pass this thing and couldn't pass it last year," Heller said. "So he's asking for my help this year."

Heller, who has said he discussed the bill with Minority Leader Mitch McConnell and other GOP leaders, said that supporters are looking for a legislative vehicle to which they can attach the bill. "At this point, I don't think anybody has come up with any concrete ideas," Heller said. "We're a long ways away from something happening. But I do think it's happening this year."

* **“Tribes want in on Internet gambling”
Las Vegas Review-Journal (Nevada)
July 27, 2013
Steve Tetreault**

WASHINGTON - With a nearly finished bill in hand, Sen. Harry Reid is hunting for a path to move Internet gambling legislation through the Senate. But on Thursday, Indian tribes dealt in for a piece of the action.

The chairman of the Senate Indian Affairs Committee unveiled a draft bill that would allow Native American tribes to operate online poker games alone or with non-Indian partners.

Online gaming licenses would be issued by the Department of Commerce and not subject to taxation or to state compacts for brick and mortar casinos. Once licensed, tribes would be able to accept wagers from players anywhere in the United States. When it comes to online gambling, Congress "must enable tribes to participate fully should any legislation be considered so tribes are on equal footing with their counterparts in the commercial gaming industry," Sen. Daniel Akaka, D-Hawaii, said.

The tribes' push could be late in the game. Reid, the Senate majority leader from Nevada, reportedly has reached an agreement with Sen. Jon Kyl, R-Ariz., on a gaming bill framework and is looking for speedy passage. Capitol Hill and lobbying sources said Reid found little support for attaching the bill to pending legislation regarding computer security standards and ditched the idea.

"I'll put it on something," Reid said. "If we get some Republicans, we can do it a lot of different ways."

To date, only Kyl and Sen. Dean Heller, R-Nev., have been publicly linked to the measure, which would need at least 10 Republican votes to reach the 60-vote threshold needed to pass the Senate.

A Reid-Kyl online gambling bill remains to be fleshed out and has not been made public. One provision would alter the federal Wire Act because of December's Justice Department opinion that it doesn't ban all online gambling.

The opinion has triggered a rush by cash-starved states to consider legalizing Internet poker and lotteries, to the chagrin of casino operators and Indian tribes that prefer federal regulation.

At least 17 states, including Nevada, are pondering some form of online gaming.

While it would allow for online poker under a federal system, the Reid-Kyl bill is expected to toughen the law on other forms of Internet gambling even as states look to cash in on them. That could complicate efforts to build a coalition.

"If we do nothing on this, it is an absolute free-for-all on the Internet for any type of gambling at any time," Heller told reporters last week. "What we want to do is tighten those rules."

At the same time, he said, there would be a carve-out to legalize online poker, a multibillion dollar revenue stream coveted by most Las Vegas casinos.

According to published reports, a Reid aide at a conference in Washington this week told members of the National Indian Gaming Association that Reid's bill would ensure Native Americans have access to the online poker market.

* **Creating favorable online gaming legislation will require teamwork from Reid, Heller
Las Vegas Sun
August 1, 2012
Anjeanette Damon, Karoun Demirjian**

Each time Congress promises to consider online poker, the subject ends up getting pushed back into yet another overcrowded, end-of-the-year, lame-duck session. And each time that happens, Nevada's gaming industry becomes increasingly nervous.

"There has to be some action," said Tom Breitling, chairman of Ultimate Gaming, an online gaming company launched by the owners of Station Casinos. "The debate is not about the legalizing of Internet poker. It's about the survival of the industry that is the foundation of our economy."

There are still months to go on the congressional calendar, but the gaming industry is starting to make the sort of last-ditch pitches usually reserved for the waning weeks of December in the hopes of drumming up some attention before the 2012 elections.

Their latest concerted effort is to press Nevada Sens. Harry Reid and Dean Heller to persuade their colleagues to stick online poker into a piece of legislation to enhance the nation's cybersecurity. That bill is set to go to a vote this week, but its fate is uncertain.

Moreover, the chances of marrying it with a gaming measure appear nil. While Reid supported cybersecurity as a potential vehicle for the gaming change, Heller always thought the bill was too "flawed" and "contentious" to be appropriate.

That has only highlighted an awkward interplay between the two senators, who are bitterly divided over Nevada's 2012 Senate race but forced to work together to bring home the ultimate bacon: An Internet poker bill to help Nevada's struggling gaming sector.

Their strange partnership is riddled with political darts.

"The only way we can get (an online poker bill) done is we need Republican votes, and we haven't gotten them yet," Reid said Tuesday.

"I'm limited in what I can do with Republicans. I'd like a little help from my Republican colleague," he added in a thinly veiled reference to Heller.

That climate is only proving frustrating for Nevada's gaming moguls, who are also watching the clock.

"Quite frankly, we don't care whose job it is to get the votes. We have a majority leader and a senator, and we need leadership from both," said one gaming operative. "They need to quit pointing fingers and figure out how to get it done. Not getting it done puts Nevada in real danger."

The problem isn't with online poker, per se. Nevada companies -- with strong brand recognition and giant customer bases -- are well-positioned to compete in both a national online poker market and individual state markets.

The risk is to Nevada's brick-and-mortar casinos, if Congress doesn't halt a recent Department of Justice interpretation that all forms of online gambling, save for sports betting, are permitted under the Wire Act. That DOJ letter, released late last year, changed the debate from simply legalizing online poker to outlawing all forms of online gambling except online poker.

Some senators embrace virtually unlimited online gaming short of sports gambling because of the revenue that would be generated for their states, and some oppose gambling altogether. Nevada's senators want a law that allows only online poker, which Las Vegas casinos are poised to offer, while not allowing other forms of gambling that, if offered, could dilute the desire of gamblers to visit Nevada.

If the federal government does nothing, states could move on their own, and some are anxious to enter the Internet gambling arena. Illinois now sells lottery tickets online, and lawmakers are anxious to pass legislation turning the state into an "Internet gambling hub," according to the Chicago Tribune.

Iowa, California, New Jersey and Washington, D.C., are also considering online gambling legislation beyond just poker.

And they're aimed directly at Las Vegas' customers.

"If you're a Nevadan, you should be terrified that a massive expansion is going to, over time, completely erode the Nevada gaming market, the brick-and-mortar businesses," said Jan Jones, vice president of government affairs for Caesars Entertainment, which is lobbying hard for legislation that would outlaw all forms of online gambling except online poker.

"Really, the failure to limit house-backed gaming online is a disaster for the tourist-based Nevada economy," she said. "If nothing is done, our state's core industry runs a risk of experiencing a similar fate as Borders Books."

Borders Books, a chain megabookstore with outlets all over the world, was forced to declare bankruptcy in 2011 because of lost market share to online retailers like Amazon.com.

Breitling described the proliferation of traditional, house-backed gambling games online as the biggest threat to Nevada's economy since the proposed nuclear waste dump at Yucca Mountain.

And the political strategy to address it is complicated.

Online poker, like Yucca Mountain or immigration, is a policy issue that does not cleave neatly along party lines. As of last week, Reid only has 40-something Democrats on board with the idea of legalizing poker, according to a Senate Democratic source, which means it will take anywhere from 10 to 20 Republicans to carry it across the finish line.

If that's the case, they've got a long way to go.

Various gaming sources count only two Republican senators -- Heller and Arizona's Jon Kyl, who has been working closely with Reid for the past two years -- as definite "yes" votes for an Internet poker bill.

An undated list recently published on a poker forum cites eight more as definite "no" votes.

The Las Vegas Sun conducted an unscientific poll of about 20 of the remaining Republicans, sampling from both moderates and conservatives, that revealed most have not made up their minds about poker and that one -- Rand Paul of Kentucky -- is likely to support an online poker bill. But many Republican undecideds were clearly leaning toward "no."

"I generally have opposed gambling across the board in all forms. So though I have not seen the bill, I probably would oppose it," said Sen. Mike Crapo of Idaho, listed as undecided in the poker community's survey.

"I'm not a big fan of expanding gaming on the Internet, especially for revenue purposes," said Sen. Marco Rubio of Florida.

"Online poker? No, I wouldn't vote for it," said Sen. James Inhofe of Oklahoma. "I'd vote against it. I don't like gambling."

Only three senators the Sun approached outside of leadership circles had already been approached by Heller or Kyl to discuss the topic.

"They just broached the subject with me so I know something about it," said Sen. Saxby Chambliss of Georgia. "Other than that one conversation, I don't have much information at all."

"I have not talked with them," said Sen. Richard Burr of North Carolina, who added that he's "not necessarily for or against" online poker.

Senate Republican Leader Mitch McConnell would not answer questions Tuesday about whether he plans to use his influence to help push for poker legislation before the election -- or whether he believes doing so would help Heller in his race against Reid's protege, Shelley Berkley, in 2012.

A spokesman for Heller said Tuesday evening that he and Kyl "have been working very hard on this ... [and] the feedback to date has been positive." Heller has said he considers the end of the year to be the ultimate deadline for getting a poker bill through Congress.

But it appears turning positive feedback into votes may take that much time, which is problematic for an industry visibly wringing its hands over the potential fallout for Las Vegas.

"We literally don't know what's going to happen," said I. Nelson Rose, a gaming professor at Whittier Law School in Southern California.

No one has conducted a detailed analysis of what the proliferation of online gambling would do to the Las Vegas Strip. On one hand, creating new gamblers online could feed the Las Vegas market with new players who want to jump to the real casino experience.

"But some forms of gambling and some land-based operators, they're going to find themselves in the difficult position of trying to compete against a much more easily available form of gambling [on the Internet]," Rose said.

In that case, online gaming will erode several important feeder markets in a manner similar to what Indian gaming did to the casino industry in Reno in the past decade.

Legalization of Indian gaming in California strangled Reno's base of gamblers. The last major hotel-casino opened in 1995 and is currently undergoing bankruptcy reorganization.

"Reno's not dead," Reno-based gaming analyst Ken Adams said, dismissing the idea that the Las Vegas Strip would simply collapse. "But the growth is gone."

Halting growth on the Strip would have serious implications for Nevada's overall economy. Gaming analysts and academics generally agree that if online gambling is widespread, it will force brick-and-mortar companies to find different ways to compete. That could result in a virtual shutdown of large casino construction -- a major driver of Nevada's once-booming economy.

"Suddenly, we could have an industry that makes the casino industry almost non-existent," Adams said, pointing to a virtual dry-up in new licenses going to new brick-and-mortar casinos. "I think we've crossed a tipping point where the momentum that represented construction like CityCenter, where you had casinos go up one right after the other, is done."

"People who do online gambling don't want to sit in front of metal boxes with simulated video slot machine reels in giant warehouses," Rose said.

Instead of brick-and mortar-casinos being licensed for online poker, slot machine manufacturers and online game-makers are building enough of a presence to capture the initial opportunities of the new market of online gamblers.

For example, Facebook game-maker Zynga Poker, with a user base of 33.3 million people, appears to be positioning itself for real-money play. Slot machine manufacturer WMS Industries this month opened a subsidiary to run a Facebook-based virtual casino that could potentially transition to real-money games.

That's not to say Nevada companies aren't poised for action.

Station Casinos this month launched Ultimate Poker, a free-play site, on Facebook. Caesars, MGM Resorts and Boyd also are positioning themselves for the online poker market. The Nevada Gaming Commission has issued online betting licenses to Bally Technologies, International Game Technology and Shuffle Master.

Gaming Control Board Chairman Mark Lipparelli last week told reporters that casino operators will likely be before the board for online poker licenses within two months.

Despite the real threat posed by online gambling to brick-and-mortar casinos, Adams cautioned against the-sky-is-falling scenarios, pointing out that Las Vegas' casino industry will be insulated to some extent by the fact that Vegas is Vegas.

"The Las Vegas Strip has too much energy and too much stuff for it to dry up and blow away," he said. "With 125,000 hotel rooms, you have the potential of 250,000 people walking around Vegas drooling and staring and lusting after all of the glitz.

"You can't buy that online."

* **“GOP calls to block Web gaming”**
**Las Vegas Review-Journal (Nevada)
August 31, 2012 Friday
Howard Stutz**

A plank in the Republican platform, approved earlier this week at the party's national convention in Tampa, Fla., calls for a "prohibition" on Internet gaming and reversing December's re-evaluation of the Federal Wire Act.

The language - listed under the heading "Making the Internet Family-Friendly" - goes against the position taken by most of the gaming industry and of the state's Republican elected leaders.

Gov. Brian Sandoval, who addressed the Republican Convention on Tuesday, said he doesn't support the platform language.

"We're not going to agree on everything," Sandoval said. "Nevada has always set the gold standard in gaming, and online gaming is the next frontier for the industry. Our state supports online poker and will continue to work to ensure a secure online gaming environment."

Republican Sen. Dean Heller was campaigning in rural Nevada and unavailable for comment. Campaign spokeswoman Chandler Smith said, "Regardless of any language contained in a document voted on back in Florida, Dean Heller will always do what is in the best interest of Nevada."

Many of Nevada's major casino companies are asking Congress to pass a bill that legalizes and regulates Internet poker nationally. Gaming experts believe Nevada could be the center of a regulated Internet gaming market.

Las Vegas Sands Corp. Click for Enhanced Coverage Linking SearchesChairman Sheldon Adelson, who has donated more than $30 million to Republicans during the current election cycle, is the most prominent gaming executive to oppose legalizing Internet poker.

But this is not the first time the national GOP platform has included a plank against Internet gaming, although the wording was changed this year to mention the Federal Wire Act of 1961.

The U.S. Department of Justice on Dec. 23 reversed a 50-year-old interpretation of the Wire Act, saying the law covers only sports wagering. Legal experts said the decision frees individual states to let online operators offer poker and other casino games if the play doesn't cross state lines.

"We support the prohibition of gambling over the Internet and call for reversal of the Justice Department's decision distorting the formerly accepted meaning of the Wire Act that could open the door to Internet betting," the platform stated.

Authors of the platform plank linked Internet gaming with gambling addiction.

Internet poker proponents worry the official GOP stance could halt current legalization efforts in Congress, including a resolution authored by Rep. Joe Barton, R-Texas.

"The 2012 GOP platform on Internet gambling is grossly out of touch with the opinions of the party's own elected officials," said John Pappas, executive director of the Washington D.C.-based Poker Players Alliance. "Instead of broad political statements, now more than ever, Americans expect Congress to finally put the political posturing aside."

American Gaming Association President Frank Fahrenkopf Jr., who has overseen the industry's lobbying on Capitol Hill, declined to comment on the platform. Fahrenkopf was chairman of the Republican Party from 1983 to 1989.

Several observers said the platform is often ignored by candidates.

"We think the party's manifesto is largely irrelevant," Union Gaming Group Managing Director Bill Lerner said. "Online gaming generally hasn't been a partisan issue, although the dynamic has proved challenging in recent months."

Marco Valerio, an online poker advocate who hosts poker-related programming on QuadJacks.com, cautioned listeners not to read too much into the platform language.

"The online gaming climate has changed so much in the last six years," Valerio said. "For one thing, online poker was largely friendless back then at virtually every level. Today you have much stronger support from big gaming and key legislators."

In Washington, D.C., Senate Majority Leader Harry Reid, D-Nev., and Sen. Jon Kyl, R-Ariz., agreed in July on a framework for legislation to regulate online poker. The bill would also strengthen laws prohibiting sports wagering and other traditional casino games on the Internet.

Reid said Republican votes were needed to push online legislation through Congress. He asked Heller to round up GOP support.

"Dean Heller is busy working with Senate Republican Whip Jon Kyl and has had numerous conversations with other senators to communicate this concern, and figure out how to make regulated Internet poker, a game of skill, a reality," spokeswoman Smith said.

Reid could not be reached for comment.

A Democratic aide, speaking on condition of anonymity, said GOP support for the Reid-Kyl bill is lacking, regardless of the platform. At least 15 Republican senators are needed to support the bill. So far, the only two firm yes votes are Kyl and Heller.

* **“Dean Heller tells Harry Reid that House, not Senate, should lead on poker legislation”**Las Vegas Sun
Karoun Demirjian
September 11, 2012
	+ <http://www.lasvegassun.com/news/2012/sep/11/dean-heller-tells-harry-reid-house-not-senate-shou/#axzz2Z7TiqAgV>

Ever since online poker legislation faltered and failed in late 2010, the prevailing wisdom has been that the road to successful passage leads though the Senate, via the collective efforts of Majority Leader Harry Reid and Republican Sens. Dean Heller and Jon Kyl.

But on Monday evening, Heller broke rank, informing Reid in a letter that "as discussed, it would be beneficial for the House of Representatives to first address this issue."

His direction might sound like a simple scheduling switcheroo. But for the controversial poker bill, it is a potentially devastating change with ramifications that could undermine the Nevada economy — and, top Democrats charge, a clear indication that Heller dropped the ball.

"Several months ago Sen. Reid asked Sen. Heller to secure Republican votes to help pass an Internet poker bill and to date, Sen. Heller has not been able to secure any support," said Reid spokeswoman Kristen Orthman. "Rather than standing to fight for this important issue for Nevada, Sen. Heller has decided to run for cover and attempt to lay blame on others."

Reid leaned on Heller and Kyl, of Arizona, to come up with 15 Republican senators, according to Democrats, to complement the approximately 45 Democrats Reid has lined up to vote in favor of legislation to legalize playing poker online. It takes 60 votes in the Senate to supersede the threat of a filibuster.

Heller indicated in his letter that he and Kyl had spoken with about half the Republicans in the Senate about supporting an Internet poker bill; he did not say how many, if any, had pledged their support.

But Heller did charge Reid with artificially pushing up the schedule to deliver votes for the bill — conceivably, to make him look bad before the November election, when Heller will face off against Reid's protégé, Rep. Shelley Berkley, to represent Nevada in the Senate.

"With over a dozen states already taking steps to legalize and expand Internet gambling, I recognize that we must act quickly," Heller wrote. "I am concerned with attempts to impose a deadline on a Friday afternoon during recess, providing little if any time to reconfirm the necessary support among my conference."

Democrats confirmed that Reid had given Heller until Monday evening to pony up the votes, though they argued he had had prior notice. The Senate has been out of session since early August until this week.

"It does seem like there's a little bit of political posturing going on," said one poker lobbyist with knowledge of the negotiations.

"At one point, there was collaboration between Reid and Heller, with Heller responsible for delivering at least three or four key votes on the Senate side," the lobbyist said. "That was the task that was laid out. This is an unexpected back-and-forth, and things seem to have gone a bit awry."

The lobbyist described Heller's idea of moving the epicenter of Internet poker legislation back to the House as "pretty nonsensical."

An Internet poker bill would not necessarily be dead on arrival in the House. There are many supporters of legalizing poker in the House, some of whom have even drafted bills on the subject.

But there are also several House members who strongly oppose online poker — many of whom hold leadership positions on the committees that would be concerned with legalizing the game. In fact, last summer, a group of online poker advocates — including Berkley — banded together around a bill redesigned to steer poker legislation through the House's Energy and Commerce Committee specifically [so it could be handled by pro-poker Republican Rep. Joe Barton](http://www.lasvegassun.com/news/2011/jun/10/key-conservative-joins-harry-reid-effort-legalize-/), instead of the anti-poker Republican representatives in charge of the Financial Services, Ways and Means and Judiciary committees.

If anything, Republicans in charge of the House seem more strongly committed now to oppose a poker bill. Late last month, the GOP [approved a platform](http://www.gop.com/wp-content/uploads/2012/08/2012GOPPlatform.pdf) that included a pledge of support for "the prohibition of gambling over the Internet" and called for "a reversal of the Justice Department's decision distorting the formerly accepted meaning of the Wire Act that could open the door to Internet betting."

Heller's letter to Reid echoed the GOP's platform in part. He wrote that the Department of Justice's Dec. 23 reading of the Wire Act, making only sports betting illegal, was "the root" of the Internet gambling problem — and accused Reid of not doing enough in the Senate process to address it.

"If you think for some strategic reasoning that something should originate in the Senate," Heller wrote to Reid, "then it should address the root of the issue that is plaguing our gaming industry in Nevada, namely the Wire Act."

Since the Justice Department reversed its position on the Wire Act last year, states have rushed to legalize their own online gaming enterprises. Illinois has already adopted an Internet-based state lottery, and Nevada has already legalized intrastate online poker; 16 other states are considering legalizing online gaming in various forms.

In a void of congressional action, states adopting online gaming, most notably California, could give reason for tourists to stay home, decimating Nevada's gaming-based economy.

Reid's bill, which currently exists as legislative text but has not been finalized, has been updated since the Justice Department decision to make it clear, according to Democratic sources, that under the Wire Act, Internet gambling, save for poker, is not legal. It otherwise sticks to the same basic framework as the online poker bill that was up for offer two years ago: incorporating a focus on safety and curbing criminal activity, giving states a chance to opt-in to the system, and returning almost all the revenue collected by the federal government to the states.

"Kyl and Reid were talking about online poker before DOJ came out with anything," a Democratic aide pointed out.

Indeed, when online poker discussions between Reid and Kyl began two years ago, the antagonistic bit of law they were contending with was the Unlawful Internet Gambling Enforcement Act, a measure Kyl had helped shepherd through a Republican-led Congress in 2006 that outlawed financial transactions for all forms of gambling.

But today, Heller is absolving the Unlawful Internet Gambling Enforcement Act of any significance in the process, and singularly focusing all his blame on the current, Democratic administration and its 2011 Wire Act interpretation.

"UIGEA neither legalized nor made unlawful Internet gambling," Heller wrote.

"The core of the problem is the Department of Justice's interpretation of the Wire Act," added Heller's spokesman, Stewart Bybee. "Sen. Heller's focus is to pass a piece of legislation that fixes the Wire Act and also brings a component for regulating online poker."

While a political face-off over poker isn't surprising, it does compromise the chances of getting any legislation passed in the near future.

"I don't know if this is turning political because of the closeness of the Berkley race, but the ability to get something done prior to the election, I frankly don't see that happening," said a poker lobbyist. "There are very few legislative days in the calendar before the lame duck (session). I always thought, if something was going to happen, it was going to happen in the lame duck."

That raises the stakes for the final two months of the post-election calendar year. Both Reid and Heller have stated that it is critical that legislation legalizing online poker, and prohibiting all other forms of Internet gambling, pass by the end of the year in order to stem the random, state-by-state proliferation of online gambling laws and protect Nevada's interests in the gaming economy.

With that in mind, Reid is broadcasting a message to Heller: If he won't do his part, Reid is happy to press on without him.

"Sen. Reid is not going to abandon the fight," said Orthman, "and will continue to seek bipartisan support to legalize online poker that is important to Nevada."

# “Reid, Heller clash over online gaming bill”Las Vegas Review-JournalSteve TetreaultSeptember 11, 2013

# <http://www.reviewjournal.com/news/government/reid-heller-clash-over-online-gaming-bill>

Nevada's senators remained in turmoil Tuesday over online gaming as time grows shorter for Congress to consider a bill sought by the casino industry and millions of card players to legalize poker on the Internet.

Republican Sen. Dean Heller insisted that industry players and Democratic Sen. Harry Reid had agreed on a strategy that would have the U.S. House act first on a gaming bill, until Reid "decided to change gears midstream."

Reid said Heller's statement was fiction, and accused him of "failure of leadership."

Reid said he has never strayed from pushing the legislation through the Senate first, where as majority leader he has control over the voting process and schedule. Behind the scenes, Reid aides continued to charge Heller was masking an inability to attract Republicans after being asked to produce at least 15 GOP votes for the bill.

Finger-pointing between the two Nevada leaders surfaced as crunch time nears on the bill, which seeks to legalize and regulate online poker on the federal level while toughening restrictions against other forms of Internet gambling.

A legalized market for Internet poker in which most states would be expected to participate would mean millions of dollars in business for casinos that are positioning themselves for what they see as the next big thing.

But the bill faces opposition from states that were given the green light by the Justice Department in a reinterpretation of the 1961 Wire Act last December to pursue their own legalized gambling. More than 15 are moving to do so. In addition to states rights advocates, some Indian tribes and lottery interests remain skeptical of a gaming initiative they perceive as tilted in favor of Nevada.

Also, strained relations between Democrats and Republicans in advance of the November presidential election has closed the floor to all but the most noncontroversial measures.

Nevada senators are feeling the pressure to deliver to the casino industry, which represents their biggest financial backers, some lobbyists speculated. There are only days remaining before Congress recesses for the elections. Lawmakers will reconvene in November for a lame-duck session that will represent a last-ditch opportunity to pass a bill this year.

Reid on Tuesday lamented that six months of work on a Senate gaming bill was lost after Heller sent him a letter Monday that said, "as discussed, it would be beneficial for the House of Representatives to first address this issue."

"It's really unfair to Nevada, and I'm just terribly disappointed," Reid said. "It's too bad because we have all been ready to move on this for a long time.

"But it's really failure of leadership of my friend.

Heller said the poker bill has not been completed or introduced, and until then, it is unrealistic to expect senators to commit to a vote. He bristled that Reid's office called on Friday and gave him a Monday deadline to round up 15 votes.

"This was never going to happen before the lame-duck session, so why all of a sudden all the noise today doesn't make sense to me," he said. He maintained it made little sense to pass a Senate poker bill that could be ignored by the House.

Under Heller's scenario, the Republican House would pass a bill to undo the Wire Act ruling and toughen laws against gambling on the Internet. Under that reasoning, when that bill reaches the Senate, an exemption for poker could be added.

Heller told reporters that Rep. Lamar Smith, R-Texas, the chairman of the House Judiciary Committee, was preparing a Wire Act bill. An aide called reporters later to walk back Heller's remark, saying there have been discussions with Smith but no commitment for such a bill.

Smith's office did not respond to a call on the issue.

Some lobbyists and gaming executives were scratching their heads about the "House first" strategy. House Republican leaders have shown little appetite for gaming, and casino magnate Sheldon Adelson, an online gaming opponent, reportedly has the ear of House Majority Leader Eric Cantor, R-Va.

"The House doesn't want anything to do with this," said a lobbyist involved in the issue who was not authorized by his client to speak on the record.

A Las Vegas casino executive close to the issue said the House strategy had come up only peripherally in talks on the bill, and so it was a surprise to see it suddenly put front and center.

As recently as two weeks ago, strategists for both senators appeared focused on identifying potential Senate votes and procedural challenges of getting a bill through the Senate, said the executive who asked not to be named so as not to come between Reid and Heller.

"I was surprised that things fell apart, and surprised that there was an expectation that somehow this was going to start in the House," the executive said.

But a Republican lobbyist said the House strategy was the only alternative to a Senate that has been polarized, particularly on a bill that would be submitted at the last minute, had not been vetted by a committee and was being forced to a vote.

"I have no idea what number of votes you would get on the Democratic side, but on the Republican side. it wouldn't matter if this was a bill to cure cancer. ... The instinctual reaction was going to be, 'No, thank you,' " the lobbyist said.

# “All bets off in Hill poker push” Politico Steve Friess September 12, 2012

Nevada’s senators exchanged harsh words this week as each blamed the other for the doom suddenly looming over efforts to pass a Web poker bill before the lame-duck session — if ever.

For months, Senate Majority Leader Harry Reid and Sen. Dean Heller, a Republican, appeared to be working cooperatively alongside Sen. Jon Kyl (R-Ariz.) towards a Senate bill that would ban all Internet gambling except poker.

Yet on Monday, Heller sent Reid a letter saying he wouldn’t be able to guarantee the necessary GOP votes until a bill passes the House “as discussed.” Kyl and Heller doubled down on that on Tuesday, with Kyl saying, “This is the approach that we all discussed, for the House to deal with it first.”

“That is a bald-faced lie,” responded Reid spokeswoman Kristen Orthman to POLITICO.

The Democrat himself also denied the claims of Heller and Kyl, quipping, “I guess [Heller’s] looking at Paul Ryan’s marathon time.” (The GOP vice presidential candidate misstated the speed by which he once ran a marathon.)

The unusual intrastate, internecine dispute first erupted on Monday when Heller responded to a request from Reid’s office as to whether he had secured 15 Republican votes in favor of a measure.

Heller answered in a letter that he expected the House to take the lead, spurring a furious reaction from Reid that his fellow Silver State senator was deflecting his own failure to garner the votes. The Democrat said he promised he could bring 45 votes if Heller and Kyl could provide the rest to guarantee cloture.

“I’m just terribly disappointed. It’s too bad, because we have all been ready to move on this for a long time,” Reid said Tuesday. “It’s really failure of leadership of my friend.”

Heller and Kyl said they were confident they could amass the needed votes but that they couldn’t get commitments because the Senate version has not been finalized. Instead, they said, they want to see the House pass a bill proposed by Rep. Lamar Smith (R-Texas) that would bar all online gambling. Then, the GOP senators said, a carve-out for poker could be added when it came to the Senate.

It was unclear when or if the House is likely to take up Smith’s measure.

“Even the [casino] industry says maybe it makes more sense to move something out of the House and bring it over here because I think we could pass something on the Senate side, but the key is to get the House buy-in with the House makeup and being controlled by Republicans,” Heller said. “I thought Reid’s office and everybody else, that was the agreement we had.”

Reid, Heller and Kyl all agree on one thing: that some form of Web gambling legislation needs to be passed before the end of the year.

Last December, the DOJ revised its interpretation of the Wire Act to permit all gambling on the Internet except sports betting. Since then, several state legislatures have approved Internet gambling legalization bills that begin going into effect in 2013, making federal lawmakers fearful that the laws would vary wildly and confusingly from state to state.

The casino industry, which drives the Nevada economy, worries that full-fledged online gambling will damage brick-and-mortar casinos.

Still, Heller suggested that the turmoil between him and Reid could harm any prospects of passing a bill.

“I don’t know what kind of damage has been done now,” Heller said. “I had no doubt that the votes would have been there at some point, but now after going through this exercise and with [Reid] changing the rules mid-stream, I think everyone’s wondering if the damage is done.”

The American Gaming Association, an industry trade group, steered clear of taking sides in the feud.

“The AGA has no comment on negotiations between individual members of Congress,” said Holly Wetzel, spokeswoman for the lobby.

Heller suggested Reid is trying to embarrass him and make him appear ineffectual in advance of the November election when Heller faces Rep. Shelley Berkley (D-Nev.) for a full term. Heller was appointed to finish the term of Sen. John Ensign following Ensign’s resignation amid a sex scandal.

“Obviously, that’s the underlying issue that people are talking about, but I would hope that’s not the case,” Heller said. “I would certainly hope that Sen. Reid would agree that on this issue that’s this critical to Nevada, the substance and quality of the bill is more important than politics. Maybe I’m wrong.”

* **“Sharply worded letter from Reid draws Heller's ire”
Las Vegas Review-Journal
September 13, 2011
Steve Tetreault**

WASHINGTON - The sudden flare-up between Nevada's senators, who are at loggerheads on Internet gaming, intensified and grew more personal Wednesday, threatening chances to legalize online poker.

After they parted ways on strategy, Democratic Sen. Harry Reid in a strongly worded letter suggested Republican counterpart Dean Heller was failing to do his job on what "may be the most important issue facing Nevada since Yucca Mountain."

"As a result, we are at a standstill" on a matter crucial to the state's casino-based economy, Reid said.

Reid, the Senate majority leader, charged Heller has failed to produce Republican votes for a gaming bill he is trying to bring before the Senate.

Heller's spokesman said it was "complete fiction" to assert that Heller has not held up his end as the Nevadans scramble for some way to pass controversial legislation through Congress before the end of the year.

Heller "will continue to work with Senator (Jon) Kyl and the rest of the Republican conference to pass this legislation which is critically important to the state of Nevada," spokesman Stewart Bybee said.

The split between the Nevada leaders broke into public view Monday, when it became evident that Reid and Republicans had different ideas on how to move forward on an Internet gaming bill. Months of negotiations produced a draft over the summer that has not yet been introduced as finished legislation.

The bill would seek to legalize online poker and establish a framework for it to be regulated on the federal level. It would open a vast market for casino companies that have been positioning themselves to cash in.

At the same time, the bill effectively would declare most other forms of Internet gambling to be illegal, reversing a Justice Department interpretation of the anti-gambling federal Wire Act last December that has encouraged states to explore online lotteries and other forms of Web gaming.

Reid had given Heller a Monday deadline to produce 15 Republican votes that could be banked if Reid found an opening in the Senate schedule this month before lawmakers recess for the November elections.

Heller in response said he believed it had been agreed that the House of Representatives would move first. Reid said that had never been the plan in his view, and the two remain at loggerheads.

Kyl, R-Ariz., who had worked both with Reid and Heller on the issue, said Wednesday he, as does Heller, believed the best path to passage first was through the House, a conclusion he reached after discussions with House GOP leaders.

"I am afraid that if the Senate acts first, the House will feel itself jammed, and it wouldn't go anywhere," Kyl said. "The object here should be to pass a bill, not make Senator Heller look bad."

Kyl said Reid's sharp letter to Heller has further complicated the bill's chances because it has injected overt politics into the matter.

"Now the thing has blown up," Kyl said. "Again, I want to work with Harry Reid to get this done. I regret to say what he has done here is going to make it a lot harder now. Instead of an approach by which we might have been able to bring people along, I think it looks to be what it is, and that is very political.

"It looks like some political hack wrote that letter for Harry," Kyl said. "I think he wants to get this done, but he must appreciate that letter was going to make it very, very hard.

"I am distressed it has taken the turn that it has," Kyl said. "I am very concerned about that now."

Looming in the background has been this year's Senate race pitting Heller against Democratic challenger Rep. Shelley Berkley. Reid's criticism served to bring it to the fore.

"I did not want this issue to become political in nature but I cannot stand by while you abdicate your responsibility as a U.S. Senator representing Nevada," Reid said in the letter that was released by his office. "Nevadans deserve someone who will fight for them."

Berkley also jumped in, charging Heller "has failed to deliver" on a gaming bill that could create jobs in the state.

Reid, who controls the Senate process, told Heller that waiting for the House to act is a waste of time, and "we cannot afford delay. Yet you advocate delay at the expense of vital Nevada interests."

Heller and his staff have been trying to persuade Rep. Lamar Smith, R-Texas, the chairman of the House Judiciary Committee, to initiate legislation that would reverse the Justice Department's ruling on the Wire Act, thus closing the door on most forms of online gaming and satisfying House conservatives who oppose gambling expansion.

Under that scenario, if the House passed that bill, the Senate would tack on an exemption for poker, thus legalizing an online game that advocates contend is a contest of skill and not so much gambling.

But Smith has no plans for such a bill, according to a Judiciary Committee aide. Smith, and incoming committee Chairman Bob Goodlatte, R-Va., oppose gambling but also understand the motives behind that strategy.

"We are not naive," a committee aide said. "They were going to try to get us to pass a bill, and then they would add the poker change to it and then send it back to us."

* **“Heller says Reid put politics ahead of online poker”**

**Las Vegas Review-Journal
September 16, 2012
Laura Myers**

U.S. Sen. Dean Heller on Saturday accused U.S. Sen. Harry Reid of being more interested in helping U.S. Rep. Shelley Berkley defeat him in their Senate race than in passing a bill to legalize online poker.

Heller, R-Nev., said Reid, D-Nev., purposely waited until closer to the Nov. 6 election to try and force a quick vote on Internet gaming and then blame Heller for not wrangling the needed 15 Republican votes for Senate passage.

"Nothing was going to pass before the election. Everybody knew that," Heller said in an interview, adding that Reid's stunt set back efforts to get the bill passed. "We just make it more difficult by adding politics to it."

Heller said he, Reid and Sen. Jon Kyl, R-Ariz., could have pressed for passage of the gaming legislation three months ago, but Reid waited so that he could inject the issue into the close Senate race.

"We have a major problem and that is that Harry Reid would rather have Shelley Berkley win this race than have this bill pass," Heller said, speaking after he was endorsed by a Filipino-American group in Las Vegas. "I told the industry that three months ago. And if someone would have told me this was going to happen right before the election I wouldn't have been surprised. And I'm not surprised. This is all politics."

Heller said he's still speaking with GOP colleagues in an effort to gather enough votes for passage of online poker legislation, which he said may still be possible in the lame duck congressional session after the election.

"I'm still going to work for this," Heller said. "And I'm going to get this bill passed."

Reid's office fired back at Heller.

"Instead of fighting for Nevada and trying to secure his colleague's support, Senator Heller has now chosen to question Senator Reid's intentions and lay blame on everyone but himself," said Kristen Orthman, a Reid spokeswoman. "That's unfortunate. Since May, Senator Heller has been tasked to secure Republican support, and Senator Reid has been willing to move on a bill as soon as he was told the support was there. To date, Senator Heller has been unable to secure any support for the most important issue facing Nevada since Yucca Mountain. Senator Reid will continue to fight to seek bipartisan support to legalize online poker that is important to Nevada."

Last week, Reid went on the warpath against Heller.

The Senate majority leader accused Heller of failing to produce 15 Republican votes for the gaming bill by a Monday deadline. Heller said he thought the House was going to move first on any measure.

"I did not want this issue to become political in nature but I cannot stand by while you abdicate your responsibility as a U.S. Senator representing Nevada," Reid said in the letter to Heller that was released by his office. "Nevadans deserve someone who will fight for them."

Berkley, D-Nev., jumped in, saying Heller "has failed to deliver" on a bill that could create jobs in the state.

The bill would seek to legalize online poker and establish a framework for it to be regulated on the federal level. It would open a vast market for casino companies that have been positioning themselves to cash in.

At the same time, the bill effectively would declare most other forms of Internet gambling to be illegal, reversing a Justice Department interpretation of the anti-gambling federal Wire Act last December that has encouraged states to explore online lotteries and other forms of Web gaming.

* **“Reid aide defends senator's dealing on Internet poker”
Las Vegas Review-Journal
September 22, 2013
Steve Tetreault**

WASHINGTON - A top aide on Friday defended Sen. Harry Reid's handling of legislation to legalize Internet poker, an effort near collapse with Nevada's two senators at odds.

David Krone, Reid's chief of staff, took the unusual step of showing internal emails and documents to Nevada reporters as he gave the Senate majority leader's version of events that led to a blowup between Reid and Sen. Dean Heller earlier this month.

Aides to the senators acknowledge the feud has crippled chances to pass an online gaming bill in a postelection lame-duck session in November and December.

But in the meantime, the senators through their staffs have attempted to shape the narrative of their poker efforts. The emails provided a glimpse at the discussions that took place behind the scenes while the main players maintained a near-silence in public until recently.

The legislation itself has not been made public. Krone acknowledged the strategy was to keep it under wraps to prevent it from attracting opposition.

In an hourlong interview, Krone sought to portray Reid as an honest broker and to show the Nevada staffs working together, at least for a time. Emails show top staffers in regular contact during May on strategy to find a way to pass an online poker bill.

The emails show Krone and Mac Abrams, Heller's chief of staff, sharing frustration over an inability to engage Sen. Jon Kyl, R-Ariz., who helped write the bill with Reid, more heavily in moving the bill forward.

"I think Jon Kyl has talked a lot but hasn't delivered," Krone said Friday. "We kept trying to come up with vehicles, but every time we came up with something, it was never good enough."

According to the email messages, the Nevada aides also puzzled over a seeming lack of interest from Senate Republican leader Mitch McConnell, even as the legislation contained provisions favored by Kentucky horse racing interests.

A summit meeting involving Reid, Heller, Kyl and McConnell was set up for May 23. But Reid canceled it that morning after speaking to McConnell and concluding the Republican leader was not willing to deal, according to Krone.

McConnell spokesman Don Stewart said Friday night that Krone was engaged in writing "revisionist history," and that it was no secret why the Kentucky senator was not on board.

"Sen. McConnell made very clear from the beginning that Sen. Reid's efforts to write this bill behind closed doors, with no input from the committees or his constituents, was not an approach he could support," Stewart said.

Kyl faulted Reid for putting his political goals ahead of serious efforts to pass the online gaming proposal.

"It's not too late to get this done in the lame duck, but Harry Reid will have to stop playing partisan politics lest he poison the well all together," Kyl said Friday in a statement.

Krone disputed reports that Reid had agreed to a strategy that called for the House first to pass an Internet gaming bill, saying Nevada would have been shortchanged in any such bill.

Krone said Barry Jackson, former chief of staff to House Speaker John Boehner, advised him the Senate should go first.

But efforts to place the poker bill on a Senate homeland security spending bill failed to win support from Sen. Dan Coats, R-Ind. Krone said a plan to place it on a cyber-security bill was rejected by Kyl.

By August, Krone said, the gaming industry was "panicking," and Reid proposed to try to bring it up in September. According to Krone, after giving up on McConnell, Reid on May 24 asked Heller to get 15 other Republicans, and Heller said he would try.

With a Senate leadership meeting set for Sept. 10, a Monday, to set the month's schedule for bills, Krone said he spoke with Heller's legislative director the Friday before and asked her to get back to him as to whether Heller had the votes.

Instead of a call, Krone said Heller responded with a letter questioning the strategy. The poker bill was shelved, the letter found its way into the media, and the Nevadans have bickered ever since.

Krone said he was speaking up in response to Heller's charge last weekend that Reid was playing politics with the bill and "would rather have Shelley Berkley win ... than have this bill pass." Heller and Democratic Rep. Berkley are in a close race for Senate.

The second reason, he said, is to rebut a narrative that blames Reid for failure to pass a bill critical to Nevada's casino industry. Online poker represents the next big thing for gaming companies whose brick-and-mortar outlets have struggled.

"I am not going to let Dean Heller go out there and call Harry Reid a liar, which is essentially what he is doing," Krone said.

"Whether you believe this or not, I am going to say this: I believe that Harry Reid put this before getting Shelley Berkley elected. I firmly believe that because he knew how important it is to the state."

Heller's spokesman said Friday that Heller and Reid have worked together on the issue for several years.

"It is unfortunate that this issue which is so important to the state of Nevada has come down to false accusations and finger pointing," Stewart Bybee said.

* **“Months of emails between Harry Reid, Dean Heller reveal how poker efforts deteriorated”
Las Vegas Sun
Karoun Demirjian
September 22, 2013**

WASHINGTON — The online poker bill-making process has never been pretty. But a collection of emails released by Senate Majority Leader Harry Reid’s chief of staff Friday reveals an especially brambled picture of what has kept legislation crucial for Nevada’s biggest industry on ice for so long.

The story framed by the emails is one of missed opportunities and broken promises. At its heart, it’s also a story of a tenuous partnership between the Senate’s top dog and its freshest pup, Reid and Republican Sen. Dean Heller.

The pair also are at each other’s throats over a Nevada election that could determine who controls the Senate next year.

Reid’s adversaries contend the account Reid's staff has put forward is at best incomplete and designed to be politically misleading.

The emails were released Friday when Reid’s chief of staff, David Krone, summoned Las Vegas media to his office in the Capitol to, as he put it, show them what is really going on with the long-stalled legislation that would both legalize online poker and halt a proliferation of other kinds of Internet gambling being considered by other states.

Krone's decision to share the emails comes during an increasingly bitter finger-pointing feud in which Reid has accused Heller of failing to deliver Republican votes he had promised and Heller has accused Reid of contorting facts and irresponsibly politicizing an issue of vital importance to Nevada.

“I am not going to let Dean Heller go out there and call Harry Reid a liar,” said Krone, who has never spoken about poker publicly. “I want to tell my side of the story.”

To make his case, Krone shared a raft of emails detailing exchanges between him and Mac Abrams, Heller’s former chief of staff, who has been running Heller’s Senate campaign since May 1. The emails were sent between May and September.

The correspondence details the arc of Heller’s involvement in the process — starting from when Abrams first privately asked Krone if he should start pressuring Republican Senate leaders for support of a bill to legalize online poker playing for money, and ending in an exchange of letters that have been publicly displayed in newspapers. It’s a role Heller took on at the urging of the gaming industry, which saw him as the most likely asset in corralling enough uneasy Republicans to support the measure.

“They don’t know how to remain calm,” Krone wrote of the gaming lobbyists to Abrams, jokingly, on May 9th, the day their online poker alliance on Senate strategy appears to have been born.

Heller’s chance to play an integral role in the winning over enough Republican votes was sparked when Krone confided in Abrams that a deal he had struck with Republican Sen. Jon Kyl of Arizona was going south because Kyl wasn’t holding up his end of the bargain.

Kyl had been an opponent of online gambling, but apparently had been won over by the argument that a recent Department of Justice opinion that the Wire Act prohibited only online sports betting would open the floodgates to individual states entering the online gambling market.

According to Krone, Kyl and an adviser, Marty Gold, had agreed to forward draft legislation to Senate Minority Leader Mitch McConnell and broker a meeting between the two Senate leaders.

“Marty hasn’t delivered and Kyl hasn’t spoken to McConnell,” Krone wrote to Abrams.

It took Heller’s top aide but a moment to volunteer.

“Do you want Dean to make a call to McConnell?” Abrams wrote to Krone.

They would continue to ping each other back and forth throughout that day on details, with Abrams at one point adding: “The last thing I want to do is to screw this up.”

“Since Kyl doesn’t seem to be asking McConnell, then Dean is the best person,” Krone would write to Abrams.

So began the correspondence in which Heller and Reid’s top aides traded thoughts on process — discussing various bills that could be used as a vehicle for the legislation — as well as politics.

Reid’s request to Heller to come up with approximately 10 to 20 Republican votes is recorded in the exchange shared by Krone. Heller’s response is not.

The fate of a poker bill is heavily dependent on getting cooperation from Republicans, as Reid’s best estimate has been that 45 Senate Democrats will vote for the bill. Winning over 15 Republicans, however, is often dependent on winning the endorsement of GOP leaders.

“The focus is on leadership,” said Jan Jones, a lobbyist for Caesars Entertainment. “A bill of this consequence is never going to happen, standalone or otherwise, without leadership’s support.”

But the emails show Krone and Abrams both depicting Republican leadership — namely, Kyl and McConnell — as being neither supportive nor focused.

“My fears were confirmed,” Abrams wrote to Krone on May 15. “This is a McConnell staff issue.”

“Fahrenkopf blew up yesterday to me about how Kyl has handled this,” Krone wrote the same day, referencing the director of the American Gaming Association, Frank Fahrenkopf. “He said he could not believe Kyl never went to McConnell.”

“McConnell’s staff is pissed that Kyl and Reid’s staffs did not include them in writing the bills,” Abrams wrote to Krone.

Krone described the exchanges as a stepwise building of trust that carried them to a do-or-die point in August, when Reid’s office polled the gaming industry stakeholders about whether or not they were willing to push ahead on a standalone poker bill in September.

“Heller said, I cannot tell you I have the votes today, however I feel confident that if the bill were brought to the floor, the votes would be there,” Krone said Friday.

That vote never happened. And Heller maintains he never made Reid that promise.

Instead, what transpired was an exchange of letters, previously leaked to the press, that gave way to finger pointing and name-calling, as Reid and Heller accused the other of sabotaging the poker bill for their own political ambition.

Reid wrote to Heller that he “cannot stand by while you abdicate your responsibility as a U.S. senator,” and jeered his not being able to come up with the votes he’d promised to bring to the table; Heller accused Reid of setting him up simply to harangue him in his race against Reid’s protege, Shelley Berkley.

Krone disputed the idea that he was playing politics Friday. “If I wanted to burn them, we would have burned them a long time ago,” he said.

In a phone call late Friday night, Abrams did not dispute the authenticity of the emails that were shown to Las Vegas reporters. But he did protest that they show just a sliver of the extent of their cooperation on online poker, most of which happened on the phone.

Months before the email chain and months before the Department of Justice’s opinion on the Wire Act, Abrams said he had approached Krone to offer his help.

“Until May, in every one of my meetings that I have had with David, I asked, ‘what do you want Mr. Heller to be doing,’” Abrams said. “He said, ‘Mac, we’ve got the Senate under control, you don’t have to worry about the Senate. What you need to do is work the House.’”

Heller’s staff maintains they never shook hands on any other deal with Reid, whether it was to bring along 15 votes, prioritize the Senate, or move legislation before the lame duck period.

For Abrams — and for the representatives of the Senate Republican leaders reached Friday night — there had long been signs as early as May that the partnership between Reid and Heller had been fraying. The tension began when Krone instructed Heller’s office to get the necessary Republican votes.

In the flurry of emails between Krone and Abrams, it is clear the two were planning to organize a summit of the principals on poker: Reid, Heller, McConnell and Kyl. That summit was to take place on May 23 at 2:30 p.m. But the meeting never happened.

As Krone tells it, Reid had approached McConnell on the Senate floor that morning for a pre-summit tete-a-tete.

“Sen. Reid came in my office...and said: ‘I’ve been here for a long time and I know when somebody wants to work out a deal and when they don’t want to work out a deal,’” Krone said, continuing to quote Reid: “‘And he gave me every reason why he didn’t want to do this.”

McConnell’s office vehemently disagrees with that assertion.

“Sen. McConnell was happy to have the meeting, but Sen. Reid canceled it,” said McConnell’s spokesman, Don Stewart, on Friday night.

So does Heller’s.

“Reid hadn’t talked to McConnell and none of the three most important players had been in the room with McConnell to discuss this,” Abrams said. “I think that was a real pivotal point. Reid cancelled the meeting.”

In a statement Friday night, Kyl also sharply disputed the email characterization by Krone and Abrams that he wasn’t living up to his promises.

“Sen. Heller and I have had dozens of conversations with our Republican colleagues in both the Senate and the House, as well as Sen. McConnell and members of House leadership, without whose support legislation would not be possible,” Kyl said in a statement Friday night.

The Republicans say Krone’s decision to release the emails is simply the latest in a series of decisions taken with the intent of using the poker bill to score political points.

“Unfortunately, Harry Reid and his mouthpiece, David Krone, have put their political goals ahead of serious efforts to secure passage of an online gaming proposal - all to undercut Dean Heller during an election year,” Kyl said in a statement Friday night. “It’s not too late to get this done in the lame duck, but Harry Reid will have to stop playing partisan politics lest he poison the well altogether.”

“Sen. Reid’s efforts to write this bill behind closed doors, with no input from the committees or his constituents, was not an approach (McConnell) could support,” Stewart said. “It is unfortunate that the Majority Leader’s office is intent instead on using this subject as an occasion for last minute, partisan gamesmanship in the dwindling days before an election.”

Krone, saying he was angry that such accusations were thrown at Reid, forcefully eschews any suggestion that his boss has any political interest at heart.

“Whether you believe this or not, I am going to say this: I believe that Harry Reid put this before getting Shelley Berkley elected,” Krone said. “I really, firmly, 100 percent believe that because he knew how important it is to the state."

He did add, however, that he thought Heller had backed himself into a corner this month, allowing his once central role in the poker process to become fully eroded.

“I think at this point he’s made himself irrelevant to the process,” Krone said, calling Heller's letter “third-rate amateur.”

“He had an unbelievable chance to stand on the floor, in the well, with Harry Reid, and say we got this done for Nevada together,” Krone said. “To be honest with you, I think that pretty much would have clinched the election for him.”

But Heller’s people maintain that if there’s anyone who is rising above politics, it’s Heller.

“They say the deadline has passed, but Dean Heller is still meeting with U.S. senators. ... Heller has not given up on this,” Abrams said, explaining that Heller had met with a handful of Senators this week.

But he too, could not refrain from his own politically-charged warning.

“Internet poker will never become legal if Dean Heller is not in the United States Senate,” Abrams said. “You need a Republican to convince other Republicans to get this done. You need a Republican to educate them. He is probably the most relevant person in this process.”

# Harry Reid raises stakes on Internet poker gamble PoliticoSteve Friess September 24, 2013

# <http://www.politico.com/news/stories/0912/81624.html>

Senate Majority Leader [Harry Reid](http://www.politico.com/p/pages/harry-reid) was trying to brand fellow Nevada Sen. Dean Heller a failure earlier this month when he wrote that passing an online poker bill was “the most important issue facing Nevada since Yucca Mountain.”

Yet in doing so, Reid also elevated a controversial piece of legislation that is iffy at best to a defining element of his own legacy — as significant as ridding the state of a nuclear waste repository.

The effort to legalize Web poker and ban all other forms of Internet gambling by year’s end is about to test Reid’s much-touted ability to deliver for his state. If he does not succeed, the fear is that the nation will see an explosion of unrestrained, unrestricted Internet gambling of all types that could badly cut down on gambling junkets to Las Vegas and cut into the state’s tourist revenue.

“We’re trusting that Harry knows what he’s doing,” a top casino company executive told POLITICO. “If he doesn’t, we are so screwed.”

The issue, which had simmered for much of this year as Democrat Reid negotiated a bill with Sen. [Jon Kyl](http://www.politico.com/tag/jon-kyl) (R-Ariz.), exploded into an unusual intrastate, internecine battle between Reid and Heller, a Republican.

Reid had earlier this year tasked the Silver State’s junior senator with rounding up 15 GOP votes to push legalized online poker, but not other forms of Internet gambling, then lambasted Heller publicly last week for failing to do so.

Heller insisted he’s been making progress on his side of the aisle but countered that he, Reid and Kyl had all agreed the House should take action first on a bill — a claim Reid spokeswoman Kristen Orthman called “a bald-faced lie.” (The House is making no movement, and none of Nevada’s three members have initiated any legislation there despite Reid having declared this the state’s top legislative priority.)

“Let’s be clear, Sen. Reid has lived up to his part of the agreement and has the votes on his side in support of this bill,” Orthman said in an interview. “The premise of [this] question speaks more to the ineffectiveness of those tasked with whipping [up] the Republican votes. Time and again no one fights harder for Nevada than Sen. Reid, and he has the record to back it up.”

With Congress recessed until after the election, the bill now depends on the lame-duck session. Reid, observers say, is setting up Heller, who faces Reid’s protégé, Democratic Rep. Shelley Berkley, in November, to take the blame if 2012 ends with no bill at all.

“I don’t think anything’s going to get done, and when that happens, Reid’s got the perfect defense,” said Eric Herzik, chairman of the political science department at the University of Nevada, Reno. “He can say, ‘I did what I could. These crazy Republicans. They’re enemies of the state of Nevada.’”

The gaming industry has been on tenterhooks ever since the Department of Justice last December reinterpreted the Interstate Wire Act, concluding it only prohibits betting online on sports. Prior to that, the 1961 law had been seen as prohibiting all forms of betting online.

In the wake of that, more than a dozen state Legislatures began mulling over their own versions of legalized Web gambling. Delaware, for instance, will allow the sale of lottery tickets and video versions of various casino table games for residents early in 2013, and others, such as Illinois, New Jersey, Nevada, Minnesota and California, are looking at variations.

Most of the large casino companies, represented by the American Gaming Association, want Congress to ban betting on games of chance online but leave a carve-out for online poker which, they argue, is a game of skill.

The bill Reid and Kyl have worked on, a summary of which was leaked first to POLITICO earlier this month, is a classic D.C. compromise. Kyl has long opposed online gambling in any form, but Justice’s reinterpretation has made it imminent without regulation. Thus, he’s willing to help push through a measure that blocks most of it and leaves poker legal, which is what Reid wants because the casino industry fears online gambling could devastate brick-and-mortar properties.

The casinos don’t mind online poker because they make very little money off the game anyhow, as players compete with one another, not the house. Also, they view the Internet as a potential market for their brands.

“My personal view is that Internet gambling poses a real danger to our society,” Kyl said in an August interview. “And if one state doesn’t want it, it’s very nearly impossible to stop if it’s on the Internet.”

Still, Kyl and Heller say it has been challenging to persuade conservative Republicans to vote for anything that can be seen as legalizing any form of gambling, even if the alternative could be a dizzying spread.

That bolsters Reid’s position that the GOP is in the way and Heller hasn’t been persuasive, but there’s significant risk to Reid, too, in ratcheting up the matter. In his Sept. 11 letter to Heller, he declared passage of a federal poker legalization bill “the most important issue facing Nevada since Yucca Mountain,” hyperbole that hands Republicans an opportunity to deny Reid a home-state victory he has now placed in the same orbit as his most important achievements.

“It’s absurd,” groaned Bill Thompson, a veteran gaming-industry researcher at the University of Nevada, Las Vegas. “Our schools are going broke, our university’s budgets have disappeared, we have the highest foreclosure rate. It’s totally absurd that online poker is the most important priority.”

If landing this bill is at that level, his critics charge, then what does it say of his leadership that the matter is going down to the wire at all?

“What happened was Reid, for political expediency, decided to blow this thing apart,” said an aide to Senate Minority Leader Mitch McConnell (R-Ky.). “Sen. Reid was the majority leader with a 60-vote majority for two years and couldn’t get this done. Now he wants to blame it on a freshman in the minority. It says a lot about him and it says a lot about his failure to do it.”

Orthman rejected such talk. “Legacy assumes this will never get done. Just because Sen. Heller can’t deliver the votes now doesn’t mean Sen. Reid will stop trying to get bipartisan support.”

Even conservative pundits in Nevada doubt Reid will be damaged much from this gambit. The attack on Heller is “laughable,” said Nevada News Bureau Editor Elizabeth Crum, “but of course, Reid is going to score political points in the meantime if he can. I don’t think there’s a lot of risk for Reid to do this.”

The casino industry outwardly remains confident Reid can pull it out, although antagonizing Republicans over this “seems like a strange way to do it,” the casino executive said. Still, his power remains so respected that nobody from the AGA, the Poker Players Alliance or Nevada’s largest casino corporations would go on the record for this report.

“The AGA has no comment on negotiations between individual members of Congress,” said Holly Wetzel, spokeswoman for the lobby.

Indeed, their bigger fear is that Reid gets bounced from leadership if the GOP captures the Senate, thereby having little to use to horse trade during the lame-duck session and no ability to drive the agenda of the next Congress.

And therein may be the brilliant bit of political strategy — reminding the gaming industry of why it’s important to keep him in his leadership role. That means helping Berkley defeat Heller — a move that would almost certainly keep the Senate in Democratic hands, Herzik noted.

“Reid can say, ‘Dean Heller’s not delivering the way a senator should,’” Herzik said. “For [the] average voter, this doesn’t come close to Yucca Mountain. For the gaming community? It’s bigger than Yucca Mountain.”

* **“Heller Says Online Gaming Bill Should Not Be Political Football In Run-up To General Election”
Nevada News Bureau
Sean Whaley
September 25, 2013**
	+ <http://www.nevadanewsbureau.com/tag/sen-dean-heller/>

U.S. Sen. Dean Heller today said online gaming legislation critical to the future of Nevada’s economy should be removed from the world of politics so partisan fights don’t “poison the water” for the bill’s future in Congress.

Heller, interviewed on the *Nevada NewsMakers* television program, said the legislation is too important to be subjected to political fights between himself and Senate Majority Leader Harry Reid between now and the Nov. 6 general election.

Reid earlier this month blamed Heller for failing to line up Republican support in the Senate for the measure.

Heller, R-Nev., is locked in a fierce battle with Rep. Shelley Berkley, D-Nev., to retain his Senate seat.

“So I believe at the end of the day, we’ll have the 10-15 (GOP) votes that we’re going to need in order to get a bill like this passed,” Heller said. “But we don’t need the politics playing in it today. And we don’t need to poison the water on this also.

“Let’s get the politics out of this,” he said. “Let’s put an important issue like Internet poker to the sidelines during this campaign because it isn’t helping the process. And unfortunately in this case, the process is just as important as the bill itself.”

Heller predicted that after the election, he and Reid will again work together on the Internet poker bill.

“The Internet poker bill was never going to pass before the election,” he said. “It’s going to happen. And I’m still committed, as is Sen. Reid, to get a bill passed.

“When this is all said and done, both sides are going to come together and say, ‘OK, let’s do what’s best for Nevada,’ ” Heller said.

Berkley also criticized Heller on the online gaming issue in a statement released earlier this month: “Once again, Senator Dean Heller has failed to deliver for Nevada’s hardworking families who were counting on online poker legislation to boost the state’s struggling economy and to create thousands of good paying jobs.

“Perhaps Senator Heller shouldn’t have spent so much time cozying up to Wall Street special interests by protecting tax breaks for corporations that ship American jobs overseas and more time doing what Nevada families expect of their elected leaders: putting people back to work,” she said.

During the interview, Heller also criticized Berkley for not spending more time in Northern Nevada in her Senate race, including failing to make any recent appearances on the *NewsMakers* program. Her last appearance was on Feb. 1, 2011.

“Well, as much time as I spend in Southern Nevada I think she should be spending some time up here in Northern Nevada,” he said.

Berkley has made several campaign appearances in Northern and rural Nevada, including stops in Churchill County over the Labor Day weekend. She also attended an event in Reno on Saturday.

When asked about Berkley’s [ongoing ethics problems](http://www.nevadanewsbureau.com/2012/07/09/house-ethics-committee-appoints-investigative-subcommittee-to-review-rep-berkley-ethics-questions/) regarding the preservation of a kidney transplant program in Southern Nevada and whether her actions inappropriately benefited her physician husband, Heller did not hesitate to weigh in.

“She was ethically challenged before,” he said. “She was counsel, she was a lawyer, and she told her boss at this point that you’ve got to buy off county commissioners, you’ve got to buy off judges, you’ve got to hire their children into your business in order to get favorable treatment from those judges and from those county commissioners.

“Now she’s in the United States Congress and her activity hasn’t changed,” Heller said.

Heller was referencing a memo written by Berkley to her then Las Vegas Sands Inc. boss Sheldon Adelson that first surfaced in 1998 during her first bid for Congress. The memo has been the subject of a political ad critical of Berkley in her Senate race.

In response to the Crossroads GPS ad, the Berkley campaign told the Las Vegas Review-Journal in August that the episode was old news and has been overshadowed by Berkley winning re-election six times.

“Leave it to George W. Bush’s political director, Karl Rove, to dredge up something from two decades ago that voters made a judgment on during Shelley’s very first campaign for Congress,” campaign spokeswoman Xochitl Hinojosa, told the newspaper.

In the *NewsMakers* interview, Heller described her activities when working for Adelson as “trying to bribe judges and county commissioners” and the current controversy as “lining her own pockets as a member of the United States Congress.”

Heller was asked why he accepted $10,000 from Republican Sen. David Vitter, R-La., who is on Citizens for Responsibility and Ethics in Washington’s annual list of the “most corrupt members” of Congress as is Berkley with a “dishonorable mention” for a second year in a row.

Heller sidestepped the question, responding by saying, “how hard do you have to work to be on the most corrupt list two years in a row?”

* **“Behind the public mudslinging, lawmakers still trying to work an online poker deal”
Las Vegas Sun
September 26, 2013
Karoun Demirjian**

If the recent airing of the dirty laundry -- including the trading of public insults between Sens. Harry Reid and Dean Heller -- is any indication, the delicate effort to legalize online poker is mired in deep political quicksand.

While that show has been playing for the public, however, lawmakers are continuing to work on a backup plan, in which they hope to avoid explosive public fights altogether and quietly resolve the poker standoff behind closed doors.

And it appears Plan B -- "or D or E," as Reid Chief of Staff David Krone put it in an interview last Friday -- may actually have been the plan all along.

Back in January, just a few weeks after the Department of Justice released an interpretation of the Wire Act that would inspire more than a dozen states to start pursuing their own Internet gaming ventures, Krone sat down to dinner with his then-counterpart in the House, Barry Jackson, former chief of staff to House Speaker John Boehner.

They came up with a plan, Krone said, in which Reid and Boehner could rein in that Wire Act reading while legalizing interstate Internet poker, all without too many fireworks.

The online poker effort being pushed by Nevada's gaming industry is twofold. First, Congress must halt the proliferation of state-based online gambling made possible last year by the Department of Justice's interpretation of the Wire Act. Then, Congress must legalize online poker and craft a national scheme for regulating it.

The two-pronged strategy is complicated: While it's fairly easy to find a filibuster-proof majority of lawmakers who support walking back the Wire Act, lawmakers who then support giving poker special treatment are in shorter supply.

But Krone said he and Jackson saw a way around all that: by doing the bulk of the detail work in their own chambers instead of on the floor.

When Reid's office drafted the poker bill, they produced two versions: a full-fledged bill and a bare-bones "placeholder," designed to be inserted innocuously into a much larger bill and touching on just enough gaming and poker topics to let lawmakers discuss them in a conference process.

The existence of two versions is important -- and not just because a summary of the full-fledged bill has been circulating in public for weeks while the the placeholder language is still under wraps.

The conference process the placeholder version is designed for is how Congress reconciles matters when the House and the Senate have passed related, but not identical, bills. Traditionally, special committees are appointed to do that work, but lately, it has been left to Reid and Boehner.

They can't bring up new topics in conference. But they can negotiate deals around topics that already are in the bills.

That's why the placeholder is potentially critical -- if a poker placeholder is in even just one version of any Senate or House bill, Reid and Boehner can hash out a deal and deliver it back to the House and Senate for part-and-parcel approval.

But, Krone maintained, it would only work if the Senate went first.

"You guys would need to go first," Krone said Jackson told him.

A spokesman for Boehner's office was not able to confirm Tuesday whether Jackson ever did make that deal.

But Heller doesn't agree that Senate-first is the way forward.

Heller wants to take advantage of the conference process, too. But he thinks that instead of insisting that the Senate lead the way with placeholder language, the House should be allowed to pass a bill getting rid of all online gaming. Then Reid and company can use the conference process to get

"As discussed, it would be beneficial for the House of Representatives to first address this issue and then proceed with Senate action," Heller wrote in a letter to Reid on Sept. 10.

On the one hand, he has a point. The Senate already tried once this year to get an Internet gaming placeholder inserted into larger legislation: the Department of Homeland Security appropriations bill.

Emails between Krone and Heller's former Chief of Staff Mac Abrams document how lawmakers tried, but ultimately failed, to do just that.

But on the other, in Heller's scenario, getting the two sides into a conference room potentially is much harder -- and much riskier for Nevada's most important industry.

Heller's scenario would allow House Republicans a tantalizing opportunity to vent their spleen by voting to outlaw all forms of Internet gaming while also taking jabs at three of their favorite targets: President Barack Obama, Attorney General Eric Holder and Reid.

The result -- a bill with no poker carve-out -- would be catastrophic for Nevada, unless Reid is able to counter with a pro-poker answer from the Senate, which would force the all-important conference to take place.

But right now, no one is sure they have the votes to guarantee that outcome.

Reid and Heller have been unable thus far to put together the 60 senators needed to give online poker clear sailing -- a fact for which Reid publicly blames Heller and his inability to come up with 15 Republicans willing to vote for a poker-only bill.

But Krone admitted Friday that Reid isn't entirely sure of their 45 votes either, as they have yet to conduct a whip count or put names to paper. That means that proponents of web poker cannot be sure their interests would be safe under Heller's scenario. Reid would need a solid coalition of at least 40 to guarantee that any bill coming from the House would be dead on arrival in the Senate -- and then 60 to get a bill of his own through.

Krone said it would be tough to get any poker bill -- placeholder or otherwise -- through Congress during the post-election lame duck period. At this point, the very public flaps about online poker have put lawmakers who are opposed to legalizing the practice on high alert.

If the Senate goes first, the most likely vehicle for poker legislation will be a high-profile tax bill Congress must consider by year's end.

But if not, Reid said last Friday that he wasn't opposed to the House going first in principle.

"But let them pass the damn thing!" Reid told reporters. "They've been waiting for a year."

* **“Campaign bickering over online poker aimed at donors, not voters”
Las Vegas Sun
Karoun Demirjian
September 27, 2012**

There's no question that the timing of the latest online poker spat between Sens. Harry Reid and Dean Heller was engineered to explode in the last precious weeks before an election that's shaping up to be a tight race between Heller and his Democratic opponent, Shelley Berkley.

Whether the voters actually are paying attention, though, is open to speculation.

"It's not a great issue to move votes because this is really an insider's game," said Eric Herzik, a professor of political science at UNR. "Online gaming is not really something the average person is following, so I don't think this is a big issue right now for the voters."

The evidence -- or lack thereof -- from the campaign trail tells the same story: Berkley has no ads up about online poker, and while she brings up the topic at some campaign events, she is mostly steering clear of getting personally involved in the Reid-Heller showdown.

But the public spat between Heller and Reid doesn't appear to be aimed at moving votes, per se. Instead, it's more likely about moving dollars -- casino dollars that the candidates could then use to fuel other parts of their campaigns.

It's not clear how well that venture is going to work either.

"There's not a person at my company or any company I'm aware of that hasn't maxed out ... under their donation limit," said Mike Sloan, a lobbyist with Fertitta Entertainment, the parent company of Station Casinos, speculating that the fireworks between Reid and Heller were "more about finger-pointing to see who would take the blame if [a poker bill] didn't happen."

"We're pretty much done with our fundraising," Caesars Entertainment lobbyist Jan Jones told the Sun in an interview Wednesday. "I think it's fatigue. There's no particular reason, it's just ..."

Jones trailed off. Less money to go around?

"Exactly," Jones said.

The casino and gaming lobby has historically been one of the most generous and crucial financial backers of Nevada candidates. MGM Resorts International was Reid's single largest donor in 2010, closely followed by Caesars and Station Casinos, with Boyd Gaming not to far behind. Together, they helped Reid defeat Sharron Angle and sent him back to Washington with a mandate to complete work on the online poker bill.

This election cycle, those casinos are hedging their bets.

Berkley is pulling more than Heller from the state's biggest gamers, but not much more, according to reported campaign contributions.

MGM Resorts has given her, through individual donations and the company's political action committee, $53,700 while Heller has secured $35,000, according to a compilation by the Center for Responsive Politics. Caesars has given $26,000 to Berkley and $15,250 to Heller. Station has given Berkley $20,200 and $17,500 to Heller, and Boyd has given Berkley $18,000 and Heller $10,000 from its PAC.

Heller received $18,000 from the Ultimate Fighting Championship, which also has a stake in online poker. Berkley received $16,000 from the UFC. Heller also received a combined $66,250 in contributions from pro-Republican Las Vegas Sands, owned by Sheldon Adelson, and Steve Wynn's Wynn Resorts. Neither company contributed to Berkley.

With those contributions, Heller has slightly more gaming money overall than Berkley.

But so far, the casino industry seems to be pouring a little less into 2012 politics than in cycles past, which is somewhat unexpected from an industry bent on pushing an online poker bill. The only casino magnate working to set a pace for political contributions this year is Adelson, who opposes the bill.

Part of that may be due to the industry's financial constraints. Most casinos in Nevada are still hurting from the financial crisis: This month, Fitch Ratings Service went so far as to downgrade Caesars Entertainment Click for Enhanced Coverage Linking Searchesand suggest it might be ripe to declare Chapter 11 bankruptcy.

Online poker is an important element of the casinos' financial portfolio, but it's not the only item on the list, which is why it may not be worth betting the farm on any one candidate the gamers think could get it across the finish line.

"We have to look to the long term," Jones said. Online poker "is certainly a significant issue to our industry, but it's not going to be the only issue that impacts our industry. You always have to be looking toward long-term relationships, not short-term outcomes."

The drop in casino contributions also may be due to the electoral moment. Third-quarter fundraising figures -- which will show how much extra coin the candidates could shake out of casinos in July, August and September -- have yet to be released.

Even those figures might not tell the whole story.

"I think you'll see an uptick in the last quarter," Herzik said, referring to a period from which contributions won't be made public until after the election. "That's where you'll see the effect of Harry Reid's shot across the bow on online gaming."

Herzik suspects the gaming outfits would step up to the plate with more cash for the candidates. But he doubted that, save for in the case of Adelson and Wynn, Reid's anti-Heller message on poker would much swing those dollars to the left.

"They're going to be more balanced in their giving this cycle," he said. "They're betting with their heads, not their hearts, and that's why you're seeing more balanced contributions."

But there's another element at play, as well: The timetables don't match.

It's always been unlikely that Congress would take up online poker before the election. Instead, the issue is expected to come up during the lame duck period after the election but before the new Congress is sworn in.

Reid, however, sees it as an easy political target.

"This is certainly good politics by Harry Reid. It puts Heller in a bad spot," Herzik said. "Then Heller's the one who has to answer the questions, not Reid."

Still, Reid is not the only one trying to make the case that online poker can matter during the election, even if it will be too late to do anything about it once the candidates elected take office.

Heller's former chief of staff, Mac Abrams, now in charge of the senator's campaign, has argued that re-electing Heller is crucial if poker is to stand a chance during the lame duck -- not least because a re-elected senator always has more power than a lame-duck senator.

"You need a Republican to convince other Republicans to get this done. ... He is probably the most relevant person in this process," Abrams said last week.

A spokeswoman for Heller did not return a request Wednesday to comment on this story; a spokeswoman for Berkley declined to comment on the record.

* **“Heller says he will work with Reid on Internet gaming bill after election”
Las Vegas Review-Journal (Nevada)**

**October 12, 2012 Friday
Laura Myers**

U.S. Sen. Dean Heller said Thursday he is confident he and U.S. Sen. Harry Reid can work together - after the election - to pass an Internet poker bill this year.

"Absolutely, absolutely," Heller said in an interview with the Las Vegas Review-Journal editorial board when asked about the chances of legislation despite the senators' head-butting on the issue.

Heller and Reid have traded charges of political gamesmanship surrounding Internet gaming as the Republican battles a Reid-backed Democrat, Rep. Shelley Berkley, for the Senate seat.

Before Congress recessed last month, Reid blamed Heller for not gathering the 15 to 20 Republican votes in the Senate needed to pass a bill. Heller had said the better strategy was for the GOP-controlled House to outlaw Internet gaming - something most lawmakers would support to avoid a state-by-state free-for-all - and then carve out an exception for online poker when the bill gets to the Senate.

The bill could come up when Congress reconvenes after the Nov. 6 election for a lame-duck session.

Heller said he is confident he and the Senate majority leader will set aside any hard feelings.

"I have no doubt when this race is over, Senator Reid and I will sit down and say, 'OK, we got this behind us now, let's work together and get this done,'" Heller said of Internet poker. "And I have no doubt that it needs to get done by the end of the year. And I fully support working with Senator Reid in making that happen."

Heller said he believes there is enough support in Congress to approve Internet poker because it isn't like other gambling, where people play against the house. Instead, he said players go up against one another and it's more like chess or a sport, with the World Series of Poker being aired on ESPN.

The federal government wouldn't collect any taxes on Internet gaming, Heller said. Legalizing it could boost Nevada's gaming industry, which remains the heart of the still-suffering Nevada economy. The Reid bill does call for a 16 percent "online poker activity fee," most of which would be returned to the states and tribes running casinos, with 2 percent kept by federal authorities to administer regulations, for law enforcement and "responsible gaming" efforts.

Reid and Heller have been working with Sen. Jon Kyl, R-Ariz., to wrangle enough votes for passage.

The bill would seek to legalize online poker and establish a framework for it to be regulated on the federal level. It would open a market for casino companies that have been positioning themselves to cash in on.

At the same time, the bill effectively bans most other forms of Internet gambling, reversing a Justice Department interpretation of the anti-gambling federal Wire Act last December that has encouraged states to explore online lotteries and other forms of Web gaming.

Before Congress recessed, Reid accused Heller of failing to deliver.

"I did not want this issue to become political in nature but I cannot stand by while you abdicate your responsibility as a U.S. Senator representing Nevada," Reid said in the letter to Heller his office made public. "Nevadans deserve someone who will fight for them."

Heller, in turn, accused Reid of playing politics.

"We have a major problem and that is that Harry Reid would rather have Shelley Berkley win this race than have this bill pass," Heller told the Review-Journal last month while campaigning in Las Vegas. "I told the industry that three months ago. And if someone would have told me this was going to happen right before the election, I wouldn't have been surprised. And I'm not surprised. This is all politics.

"No doubt, we're wearing different uniforms, and we will be for the next 26 days," Heller said. "But I have no doubt, no doubt, we get past this election and Senator Reid and I are going to sit down and put the past behind us. Nevada can't afford anything different."

Kristen Orthman, a spokeswoman for Reid, said the senior senator has been waiting for Heller's help.

"We've been waiting for months for Senator Heller to provide Republican votes to pass an online poker bill but that support never surfaced," Orthman said in a statement. "Last we heard he wanted the House to move first on a bill so this change of heart is surprising. Senator Reid has always recognized that this bill is critically important for Nevada's economy and he will continue to fight for bipartisan support to pass this bill."

Heller said he expects a close vote on Nov. 6, but said he'll prevail.

"I wouldn't be in this race if I didn't think I could win," said Heller, who is narrowly leading Berkley in most polls. "It's going to be tough, yeah. I have every intention of continuing in the United States Senate."

**Post-Campaign Coverage of Reid/Heller/Kyl Bill**

* **Harry Reid, Dean Heller Mend Relationship: Focus on Internet Poker**Gambling 911
November 8, 2012
Ace King

# <http://www.gambling911.com/politics/harry-reid-dean-heller-mend-relationship-focus-internet-poker-110812.html>

After calling out fellow Nevada Senator Republican Dean Heller for failing to muster up enough party votes to pass a proposed Internet poker measure, Democratic Senate Majority Leader Harry Reid has mended his relationship with Heller.

The two will now work closely to try and pass legislation that would make online poker legal in the United States with their home state acting as the primary licensing hub.  Reid wants the measure passed during the critical Lame Duck session that begins next week and lasts approximately eight weeks.

"Dean Heller and I have been friends for 25 years," Reid said. "I have affection for Dean Heller. I like him a lot. We will be able to work together."

Heller enjoyed a razor thin win over Democrat Shelley Berkley, herself a proponent for legalizing online gambling.

Heller also appeared willing to work with Reid following his win, saying he and Reid "were wearing different uniforms" during the 2012 campaign and now were back on the same Nevada team.

"He had a job to do, and I had a job to do," Heller said. "That doesn't make it any less difficult for us to work together. Now that we put this campaign behind us, I'm sure Senator Reid and myself will have an opportunity to sit down and talk. And we'll solve the problems Nevada faces, and we'll do it together."

Already Nevada has legalized Internet poker but cannot offer real money play outside its borders until such time when federal legislation is passed.

* **“Reid blames GOP over online poker Reid blames GOP over online poker”
Las Vegas Review-Journal
November 28, 2012 Wednesday
Peter Urban**

WASHINGTON - Asked Tuesday what is holding up passage of an online poker bill, Senate Majority Leader Harry Reid offered a one-word response: "Republicans."

Reid, speaking to reporters outside the Senate chamber, said support from at least a dozen Republicans is needed to win passage of a bill legalizing online poker. So far, the GOP hasn't delivered.

"At this point, we've got none," Reid said.

The legislation is seen as a boon to Nevada casinos seeking to tap into the billions of dollars now wagered online, and is supported by Sen. Dean Heller, R-Nev.

Heller chuckled when told of Reid's response.

"That's his answer to everything - blame Republicans," Heller said.

The two had clashed in September over the same issue but with a sharper edge as Heller was in the midst of an election campaign.

Reid blamed Heller for failing to win Republican votes, while Heller contended Reid was setting him up and playing politics with the online poker issue .

Heller said Tuesday that he is actively seeking support for the bill from his Republican colleagues. He is meeting today with Sen. John Boozman, R-Ark., to discuss the bill.

"I am beating the bushes," he said.

Heller is not sure he can deliver as many Republican votes as Reid says are needed - increasing the odds against Congress legalizing online gaming this session.

"It's going to be tough," he said.

The Poker Players Alliance favors legalizing online poker but would amend the draft by Reid and Sen. Jon Kyl, R-Ariz., to relax restrictions on overseas providers, and broaden the landscape for more global competition among poker players.

The National Governors Association and the National Conference of State Legislatures have raised objections to the draft, seeing it as limiting states' opportunities to raise revenue from online lotteries and other forms of gambling.

* **Online poker bill's chances wane
Las Vegas Review Journal
December 12, 2012
Steve Tetreault**

WASHINGTON - Senate Majority Leader Harry Reid sounded a pessimistic note Tuesday on chances to pass an online poker bill in the handful of days remaining in Congress this year.

The Nevada Democrat said that even with support, there might not be a path available for the legislation that would legalize Internet poker and initiate federal licensing for companies that want to run the games.

His comments came as key Senate Republicans, including Sen. Dean Heller, R-Nev., said they believed they have lined up enough votes to help advance the bill.

"Senator Heller believes there are sufficient Republican votes, and Senator Kyl agrees," Heller spokeswoman Chandler Smith said.

Sen. Jon Kyl, R-Ariz., has been co-sponsor with Reid of a draft bill that has been circulated around Capitol Hill and among casinos and other interest groups, but not formally introduced.

In a Congressional Quarterly interview, Kyl said there are sufficient Republican votes to help move the poker bill. But he warned against trying to add it onto the "fiscal cliff" bill or other bills that may end up in a partisan divide.

"If it ever comes up in the Senate, and it's offered in the appropriate way -- that is to say not part of some bill that nobody is going to vote for -- then there's no question about Republican votes in my view," Kyl said.

Reid spokeswoman Kristen Orthman said Kyl and Reid met on Monday. She said Reid was told that Kyl was continuing to seek Republican votes for the bill but was not told how many might be in hand or under what conditions.

Reid has complained regularly about lack of Republican votes for the poker bill. On Tuesday, he was asked about new reports of GOP support for the draft bill that has languished for most of the year.

Asked about the bill's prospects at this point, Reid threw up his hands and questioned whether there was a suitable bill for it to be attached as an amendment.

"Everyone, listen to this," he said. "We suddenly have Republican votes on Internet poker, two weeks before Christmas. Without being vulgar, what the hell would I put it on?"

Reid stopped short of declaring the bill dead for the year, and the frenetic final days of a congressional session sometimes are marked by deal-cutting that results in some bills being passed and some bills being killed.

The online poker bill is seen as a top priority of Nevada casinos that have been preparing to enter the online gaming market. The Nevada Gaming Commission has granted interactive gaming licenses to 16 companies, and the state is expected to play a big role in carrying out any federal online poker regime.

At the same time it legalizes Web poker, the bill also would make most all other forms of online gambling illegal.

* **“Heller might swap tax ­rate changes for cuts”
Las Vegas Review-Journal
Steve Tetreault
December 13, 2012**

WASHINGTON - Sen. Dean Heller said Wednesday he would not rule out allowing tax rates to increase for higher-income Americans if it is coupled with substantial spending cuts and "real reforms" to Medicare and other social programs in a bid to avoid the "fiscal cliff."

As Congress has debated debt and deficit issues over the past months, Heller, R-Nev., has voted against allowing tax cuts to expire at the end of the year for taxpayers at all income levels including families who earn more than $250,000.

But as government leaders are negotiating before a year-end deadline to avert at least $500 billion in automatic tax increases and across-the-board spending cuts - the "fiscal cliff" - Heller said he would "take a serious look at any proposal," including ones that might allow rates to increase on upper-income families while keeping them lower for others.

President Barack Obama has insisted that higher tax rates for the rich be part of any deal, one of the sticking points in negotiations with Republican leaders, and one that has split Republicans on a response.

"I want to see what the package is," Heller said. "If you have a revenue enhancement as part of it and there are no real reforms on the spending side, it would be difficult for me to support a package like that. But if it is a balanced approach, I'll take a serious look at it."

Heller added that would include a rate hike for wealthier taxpayers, although he made clear that would not be his preference and that his trade-off would need to be significant changes in government spending habits.

"I don't think we are $16 trillion in debt because we don't tax too much," he said. "We are $16 trillion in debt because we spend too much."

Heller outlined his views during an interview on issues before the lame-duck Congress and what lawmakers will face in the 113th session, which starts in January.

Among his stances are the following:

 Republicans should spend "very little" time and energy continuing to fight Obamacare. He said he backed Gov. Brian Sandoval's decision this week to agree to expand Medicaid in Nevada through the federal health care law.

"I figured this election was going to determine whether it became the law of the land, and President Obama was re-elected and now it's the law of the land, and the governor understood that," Heller said. "It's a decision he made for the people of Nevada, and I'll back the decision he made."

 Heller endorsed the proposal by Nevada Secretary of State Ross Miller to establish a voter identification program that would tie a voter's registration to driver's license photos.

Heller, who served as secretary of state from 1995 until he entered Congress in 2007, said a Nevada voter ID plan was "long overdue."

Heller added it might be debated by the Nevada Legislature in a package with same-day voter registration, an idea he opposes.

 Heller said he continues to work Senate Republicans for votes in favor of an Internet poker bill whose fate hangs in the final days of the lame-duck session. Failure to pass a bill "will be tough on the casino industry," which is longing to create a national market for online poker.

 Heller, elected from a state with a 27 percent Hispanic population, expects to have a voice in immigration legislation in the new Congress, but it remains to be seen whether his role will be a public one or behind the scenes.

During his election campaign, Heller endorsed key elements of the DREAM Act, which would offer a path to citizenship to young people brought into the country illegally if they serve in the military or attend college. But he has called for changes in the nuts and bolts of the bill and for the Senate to take up the measure in open debate and amendment.

* **“Internet poker bill effort dead, Reid says”
Las Vegas Review-Journal
December 15, 2012
Steve Tetreault and Howard Stutz**

WASHINGTON - Its dim prospects finally fading to black, Sen. Harry Reid pulled the plug Friday on the effort in Congress to legalize Internet poker this year.

With only days remaining in the session, and with consensus far from reached on a bill that sought to reshape the landscape of online gaming, "we have simply run out of time in this legislative calendar," he said.

"I am disappointed," Reid said, adding he and Sen. Dean Heller, R-Nev., "remain committed to this issue and it will be a priority for us in the new Congress."

Reid's comment in a statement came shortly after his chief of staff, David Krone, said in an interview that "this bill for this year is dead."

The poker bill was a priority for several Nevada casino companies seeking a lucrative new and national market for their brands and for poker players seeking legal and federally regulated online games accompanied by consumer protections.

But it drew spirited opposition in states considering badly needed revenue through running their own online games, from some Indian tribes and from vendors that want to diversify state lottery offerings online, an expansion which would have been declared illegal under a Reid bill that was being written with Sen. Jon Kyl, R-Ariz.

"It's just, reality hit us in the face," Krone said. "It's a tough bill to educate people on, and people just weren't ready."

Reid's struggles to find a path for poker were apparent through the year and more so after a bill draft was leaked in September. It triggered fresh opposition from lotteries, the National Governors Association and church groups.

While legalizing online poker, the bill would have declared most other forms of Internet gambling illegal, reversing a Department of Justice memorandum from a year ago that gave the green light to legislation being proposed in more than a dozen states to initiate in-state online gambling.

The Reid-Kyl bill never was formally introduced, which only added to the difficulty of selling it to senators.

Adding to the challenge, Krone said, the gaming industry was unprepared to help defend the bill when opposition grew and coalesced. He said, companies could not agree on a public relations plan that could have pushed back.

"I do think there's a lot of people that didn't grasp fully at the time the urgency of getting this done sooner rather than later," he said. "They were never fully prepared for the state lotteries and the states and the tribes that were going to come up and take this on."

In Nevada, gaming leaders expressed disappointment while defending the industry's efforts. They said they would focus now on individual states looking at legalizing online poker.

MGM Resorts International Senior Vice President Alan Feldman said the industry went to extra lengths to lobby for the bill by meeting with members of Congress and raising awareness of the issue.

"Clearly, getting Congress to act on anything was a challenge," Feldman said.

Caesars Entertainment Corp. Senior Vice President Jan Jones, whose company owns the World Series of Poker, said the failure of the bill was disappointing to the gaming industry and poker players.

"Everybody worked real hard on this," Jones said.

Heller "will continue to work to get legislation passed, even if it's in the new year," spokeswoman Chandler Smith said. Heller "believes there is sufficient Republican support to get a deal done."

A spokeswoman for Gov. Brian Sandoval said in an email the governor "appreciates the work of the federal delegation," and was hopeful they would continue "to work for federal legislation."

Frank Fahrenkopf Jr., American Gaming Association president, said in a statement that he respected Reid's judgment and was hopeful the matter could be brought up early in 2013.

John Pappas, executive director of the advocacy group Poker Players Alliance, said he was discouraged but the group would "begin the fight anew" after Jan. 1.

Looking ahead to the congressional session that begins in January, Krone offered a mixed assessment.

"Our goal is to definitely try again next year, but Senator Reid's feeling is that after a while there comes a time when you've lost momentum, you've lost the consensus that you've built," Krone said. "There will be a window next year, but I don't see it going long."

Nearly a dozen states could be exploring Internet poker and Internet gaming laws after Jan. 1. Nevada already has passed regulations allowing Internet poker websites that accept wagers only from gamblers playing on computers or mobile devices in the state. Some 16 casino operators and technology providers have been licensed in Nevada, but the first websites aren't expected to go live until the spring.

Feldman said states, after establishing online gaming, might turn back to Washington.

"My fear is that at some point a state doesn't handle this well," Feldman said. "Then, Washington is handling this reactively, rather than proactively."

* **HELLER SAYS ONLINE POKER BILL STILL POSSIBLE
Politico Morning Tech
December 20, 2012**
	+ <http://www.politico.com/morningtech/1212/morningtech9706.html>

“Asked Wednesday whether a federal bill regulating online poker and banning almost all other forms of Internet wagering remains possible, Nevada Sen. Dean Heller, snarked, "If you listen to Harry, it's dead." He referred, of course, to Senate Majority Leader Harry Reid, who has sounded increasingly morose about the prospects of the measure, which is the top priority of the casino lobby. Heller was more upbeat, though. "I don't believe anything's ever dead around here," he said. "I keep telling my side if it happens, it's going to happen quick." Reid has said his best shot would be to attach it last-minute to some must-pass legislation.

* **“For Dean Heller, a 'fresh start' in Senate comes at frenetic pace”
Las Vegas Review-Journal
December 30, 2012 Sunday
Karoun Demirjian**

Sen. Dean Heller looks at this new year as a fresh start -- to the extent that anyone actually can have one in a place like the Senate when you've already been hanging around for a year and a half.

"I want it to feel like a fresh start, but it really hasn't because we have so many issues," Heller said during an interview this month in his office. "It just doesn't slow down. So it's kind of hard to take that deep breath you think you deserve after such a campaign."

Heller, the Republican appointed to fill out John Ensign's term when Ensign retired in mid-2011, eked out a close, 12,127-vote victory over his longtime colleague from the House of Representatives, Democrat Shelley Berkley, who challenged him for the Senate seat in November. The campaign was long and ugly, but in the end, Heller prevailed in a state President Barack Obama won handily -- the only Republican senator to accomplish that kind of electoral feat.

In a way, the outcome changed nothing, as Heller was a senator before Nov. 6. In another, it changed everything.

"The difference of being elected as opposed to being appointed has made a huge difference," Heller said. "You can see that there's just a real dynamic between people who have been through the wars and the battles that it takes to be where we are today and those who haven't. I think they wanted to see me tested first."

He's talking about his peers, those 47 senators, soon to be 45, who make up the Republican caucus.

For a junior senator operating in the highly politicized environment of Congress, having the support of the team -- especially the players at the top -- is crucial to getting any pet projects noticed. Heller now feels as if he's earned those key senators' respect.

"They know now that I'm a member of this body and what I say, my concerns, my experiences matter as much as theirs do," Heller said. "Things that are important to me are now important to them."

Heller's challenge is figuring out where and how to apply the authority of his now-sanctioned office.

For now, he seems focused on addressing issues that grew directly out of the election.

Heller's portfolio for 2013, as he's loosely defined it, is shaped by his experience in the 2012 election season. He won the Senate seat. But he lost the women's vote. He also lost the increasingly important Hispanic vote. And it's apparent that Heller is aware of how that, in any other environment, could be a serious problem.

"It's my belief the Republican Party needs to reach out and be much more inclusive," Heller said, advocating that Republicans start "talking about campaigns of addition as opposed to subtraction."

"We need to bring in the immigration population and let them know that what the Republicans are doing is in their best interest," Heller said. "We have women issues, which you saw during the campaign -- whether it was in Missouri or Indiana, the comments that were made by some of these candidates were wrong, they were stupid."

Heller, who has a history of voting against immigration measures in Congress and assured constituents that "I don't support amnesty. ... I don't support the Dream Act" in his first race for federal office, has in the weeks since his victory embraced everything about the Dream Act except its name.

"My focus today is to make sure we have more of a humanitarian approach going forward and making sure those who are in this country by no choice of their own but have contributed ... to the American way of life ought to have an opportunity and a chance for citizenship without having to be deported," Heller said.

But he doesn't have as central a position angling for immigration legislation as many Nevada Republicans had hoped he would.

A December Politico report identified a new "gang of 8" senators working to craft immigration legislation. It includes senators who were in the trenches last time immigration came to the fore in 2007, such as Democratic Sens. Chuck Schumer and Dick Durbin, and Republican Sens. John McCain and Lindsey Graham. It also includes new Republican Sen. Jeff Flake, who had worked on immigration in the House.

But it does not include Heller.

"Most of the people in that group are the people who have history discussing the immigration policy issue," Heller said. "And I don't take any offense. I don't mind taking a supportive role."

Heller is placing his bets on another outsider: Florida Sen. Marco Rubio, who in the past year was rumored to be working on a Dream Act alternative that never materialized. Heller has focused his efforts to be involved in the process chiefly on Rubio, though he was not reported as being part of the ad hoc Senate immigration group.

"I think Rubio is the key to this. He's the individual who's going to determine the success of any bipartisan immigration policy going forward," Heller said. "I've just offered up my help and support, coming through a campaign in the state where immigration plays a big role, if they want my feedback, my thoughts.

"And they do, they have assured me that they do."

Heller also is gearing up for a 2013 turn at online poker -- which may prove to be the truest test of his newfound clout in his caucus.

In mid-December, Sen. Harry Reid declared online poker officially dead for the duration of the 112th Congress, turning it into a 2013 issue. With that announcement, Heller graduated to the rank of chief Republican on the poker issue, as Sen. Jon Kyl of Arizona -- Reid's across-the-aisle partner on poker issues during this past Congress -- retires this year.

"That's a big change. That is a substantial variable in the process moving forward," Heller said. "I don't know yet how that changes the dynamics of the legislation moving forward."

Heller has been fully integrated in the poker process the past few months and considers himself ready to take on the task -- in fact, he is actively trying to sell the merits of online poker to his colleagues. But he's also aware that he is not the Senate's No. 2 ranking Republican.

"Kyl's the whip, and Kyl's relationships were obviously very helpful with the other members of our conference," Heller said, explaining that Kyl's history of having been a key booster of the Unlawful Internet Gambling Enforcement Act in 2006 made him a compelling salesman for the new online poker bill. Heller was not yet in Congress when that was passed.

Heller listed at least four Republican senators he's been recently working to get on board with online poker during the half-hour interview, sounding optimistic about Sens. Jerry Moran, Rob Portman, Lamar Alexander and Pat Roberts. Roberts, Heller said, told him "you're right" about the need to support a bill.

Even if Heller can whip up his approximately 15 requisite Republicans -- a number thrown out by Reid this year -- he still will have to worry about working his old House Republican colleagues to get it passed.

"I was hoping it would start in the House," Heller said of the poker process, recalling how he had made that point in a letter to Reid in early September, which played into an ugly catfight between Reid's and Heller's offices before the election. "I think now it's got to come from the Senate, but I don't know at the end of the day how you solve the problem in the House."

Past that, Heller is still looking for the next place to try to make a mark.

He did not get his coveted Finance Committee assignment, but Heller will have a few years of seniority under his belt on Energy and Natural Resources, where he will have the opportunity to establish himself as an operator on energy policy -- which there is pressure to tackle after immigration -- and public lands issues, which remain important to Nevada. Heller and Reid laid the groundwork to start off on the right foot there, with a bill to approve land swaps in Lyon County that they likely will put more muscle behind in 2013.

Heller also expressed an interest in continuing to work with the public advocacy group No Labels, which did some rabble-rousing for Heller's No Budget, No Pay Act that would have stripped lawmakers of their pay for every day they didn't pass a budget, starting in February. Heller says he thinks the group, which projects a generalized call for more functionality in Congress, has "real opportunity to start picking up" in 2013.

Through No Labels and other avenues, Heller appears to be taking pains to project a political profile that is as centrist as it is Republican. To wit, his recent comments on Obamacare: "It's the law of the land. ... It's not going to be repealed. It's not going to be substantially changed. President Obama got re-elected. Let's move on."

That, from the senator who said he was "proud" to vote twice for Rep. Paul Ryan's budget, which restructured Medicare and rolled back Obamacare entirely.

Heller brushes off the suggestion that the vagaries of his positions on key issues are evidence that his politics are morphing or evolving.

"I think I'm very pragmatic and I want to get things done -- whatever role I've had, I've embraced that role and do what's necessary to get the work done," Heller said matter-of-factly. "I don't know if that necessarily changes your philosophy. It may change your policy of how you get things done, but I don't know if it necessarily changes your philosophy."

Heller defines his philosophy on Washington as a fairly simple rubric of three main priorities: The government should fix its spending problem but work to ensure safety and security, the highways and roads that support commerce, and safety net provisions -- such as unemployment benefits -- are taken care of.

And as a Nevadan in government, he adds fighting for Nevada issues, such as public lands and Yucca Mountain, to the list of responsibilities that come with the office.

There's a new challenge for Heller, and for all of the Nevada delegation, in that endeavor. Ensign's ethics scandal and the Berkley-Heller race that followed drove a sharp divide through the historically cooperative delegation. In fact, it's been so long that Heller and Reid are the only members of next Congress' six-man team that experienced the days when everyone used to work well together.

Heller stressed that he and Reid are in regular touch and that he expects to reach out to all the members of the Nevada delegation in the new year -- especially Rep.-to-be Steven Horsford, whose newest 4th Congressional District covers some of the turf Heller used to represent.

He's promising to work to keep everybody pressing as a team for Nevada's priorities, especially public lands and Yucca Mountain. But he's not promising peace and harmony -- or even necessarily going for it -- in the Silver State ranks.

"I don't mind there being disagreement ... because I do think in the long run it produces better legislation," Heller said. "Nevada's always better off if we're sitting down and talking."

# How Reid lost his Internet poker gamble PoliticoSteve FriessJanuary 23, 2013

# <http://www.politico.com/story/2013/01/how-reid-lost-his-internet-poker-gamble-86595.html>

Senate Majority Leader Harry Reid had promised Nevada’s gambling industry a federal law to legalize Internet poker by the end of 2012, calling it the state’s “most important issue” since the nuclear waste dump at Yucca Mountain was scuttled.

But in the end, Reid rolled snake eyes. And as the 113th Congress gets under way, the odds of legislation passing are even worse.

Now, questions are mounting over Reid’s handling of the issue, which would legalize Internet poker but bar almost all other online wagering. Why, critics ask, did Reid antagonize Republicans at a critical juncture by attacking the efforts of his Senate colleague Dean Heller to garner GOP support? Why did Reid and former Sen. Jon Kyl (R-Ariz.) draft a measure so certain to anger powerful stakeholders — from lottery directors to Native American tribes to gaming officials — in states other than Nevada?

They say Reid had the best shot ever to have pushed the bill through Congress last year. But he never formally introduced legislation — not because he lacked GOP support, some say, but because he didn’t have enough Democrats with him.

Reid spokeswoman Kristen Orthman insisted the senator will try again this year and said he “has sufficient Democratic support.”

But even Reid’s longtime backer, American Gaming Association CEO Frank Fahrenkopf, is skeptical. “Heller and Kyl went to Republican senators, and most of them agreed something had to be done about the problem, but until we see a bill and look at it, we can’t say for certain we’re going to vote for it,” Fahrenkopf said. “Sen. Reid had the same problem on the Democratic side.”

The problem, as defined by the gaming industry, is that the Department of Justice in December 2011 reinterpreted the Wire Act, concluding it prohibits only betting online on sports.

Soon after, more than a dozen state legislatures began mulling over their versions of legalized Web gambling. Delaware, for instance, will allow the sale of lottery tickets and video versions of various casino table games for residents later this year. An online gambling legalization bill has already passed both houses in New Jersey and awaits Gov. Chris Christie’s signature, although he vetoed the same measure in 2011. Others, such as Illinois, New York, Massachusetts and California are looking into variations.

Most of the large casino companies, represented by the AGA, want Congress to ban betting on games of chance online but leave a carve-out for online poker, which they argue is a game of skill.

Without that, they warn, the nation will see an explosion in online gambling of all sorts, from lotteries to roulette, that would discourage players from visiting brick-and-mortar casinos in Nevada and elsewhere.

Reid tried to move online poker legalization before — it had been all but prohibited by a 2006 law that barred financial institutions from moving funds from American accounts into those of Internet gambling sites. He’d failed to get anywhere until the 2011 DOJ action, which brought staunch gambling opponent Kyl to Reid’s side. Kyl told POLITICO in August that he remained opposed to Web poker but was willing to accept it in a compromise that would prevent all the other forms of gambling.

“One man’s online poker legalization bill is another man’s Internet gambling ban,” Kyl said at the time. “I don’t like this, but I can live with it.”

Yet that comity began to break down in September when Reid returned from August recess to assail Heller, who was appointed to finish the term of disgraced Sen. John Ensign, for not wrangling enough GOP votes to make introducing a poker bill viable.

The move, seen as an effort to make Heller appear ineffectual to constituents in advance of his election matchup for a full term with Reid protégé Rep. Shelley Berkley, instigated an unusual internecine feud between senators of the same state, which prompted Kyl to defend Heller and express ire toward Reid.

“A lot of the things Sen. Reid did I don’t think were done with the singular objective of passing the bill. It was really about getting Shelley elected,” said a key tribal lobbyist who requested anonymity so as to not run afoul of the nation’s most powerful Democratic legislator. “He failed on both fronts.”

In late October, the only version of the Reid-Kyl bill ever to surface was leaked to POLITICO. It would have made the Nevada Gaming Control Board the de facto issuer of Web poker licenses, the sale of lottery tickets online a cumbersome experience that permitted just one drawing a day and left Native American tribes at the mercy of their state legislatures if they wish to enter the market.

“The poker bill was rife with points that were going to raise objections that were going to kill the bill,” said Roger Gros, publisher of Global Gaming Business and several other gaming-industry trade magazines. “Native Americans didn’t see how their role would be advantageous to them. Sovereignty is their biggest issue. It was a mess right from the start.”

Indeed, the proposal — which Kyl, Reid and Heller insisted was not the final version — prompted an unprecedented lobbying effort from the state lotteries, which included a mid-December fly-in from lottery directors who historically had been loath to enter the national political fray. The National Governors Association issued a letter opposing the measure, too, with only Gov. Brian Sandoval of Nevada praising it.

It was easy for governors to oppose it because the bill, as it stood, would most likely have given Nevada not only unique regulatory authority but also a cut of the regulatory fees. The theory, defended by several Nevada politicians, was that the state’s history of tough gaming regulation made it better able to navigate the new venue.

“He misplayed his hand when he came out so violently in favor of this as a I’m-gonna-help-my-own-state-do-this-thing kind of thing,” said a lobbyist aligned with the states and their lotteries. “It used to be that way, but today you have senators from many states that have been regulating gambling just fine for years now.”

What made it even more difficult for Reid, Kyl and Heller was that Reid never formally introduced a bill or even acknowledged the existence of a draft. Thus, supporters couldn’t defend it in the media or offer changes, and, more important, those involved in trying to garner GOP support couldn’t nail it down.

“It wasn’t introduced, and there wasn’t an opportunity for other senators to weigh in on it substantively,” said Poker Players Alliance Executive Director John Pappas, who largely supported the measure. “We always said, ‘Let’s have a bill that’s introduced, and all sides can come and say what’s right and wrong with it and go from there.‘”

Even if Reid and Heller rustled up the necessary GOP votes, Democratic opposition grew among governors and state lottery officials in Illinois, New York and Washington, which want to enter the market.

The senators from those states did not respond to requests for comment, but two Democratic senators in states with leaders vocally opposed to the Reid-Kyl draft — Sens. Patty Murray of Washington and Sen. Jeanne Shaheen of New Hampshire — indicated they couldn’t assure Reid their support or render objections without seeing an official bill.

“Sen. Shaheen strongly supports the New Hampshire lottery and would closely examine any federal legislation that could impact the autonomy of state lotteries,” her spokesman, Mark Gordon, said via email.

For their parts, both Reid and Heller say they hope the 113th Congress will act on the matter. In an interview on “Nevada Week in Review” on Las Vegas’s PBS station , Reid said he believed he could “thread the needle” to get something done.

Yet Kyl is no longer there to champion it from the right, and it will be far more difficult for Congress to stop states from implementing their Internet gambling programs when the games begin.

The gambling industry seems to be resigning itself to that fact. Whereas in November, Fertitta Interactive Chairman Tom Breitling sounded alarms over the prospect of “a slot machine in every smartphone,” his company is nonetheless licensed in Nevada for opening a Web poker room and may start taking bets later this year.

**Internet Poker Statement - General Interest:**

* **Record statement on Bill Eadington 2-14-13**
	+ <http://www.heller.senate.gov/public/index.cfm/notable-nevadans?ID=09123fd9-f708-41c7-910f-219ffe054a22>
	+ “Gaming is a uniquely important industry in Nevada, and Mr. Eadington’s academic contributions and expertise in this field have been invaluable to the State of Nevada and to UNR. Coupled with the tourism industry, it is our economic back bone, supporting hundreds of thousands of jobs.  I have been proud to support policies to keep Nevada’s gaming industry and economy growing and prosperous, and thank Mr. Eadington for all his work on an issue vitally important to our state.”
* **Heller Statement on departure of Frank Fahrenkopf 1-7-13**
	+ <http://www.heller.senate.gov/public/index.cfm/2013/1/heller-statement-on-frank-fahrenkopf-departure>
	+ “Frank is a great Nevadan who has dedicated decades to serving the Silver State. It has been an honor to work with him and to get to know him well over the course of many years. Whether serving as a representative for the gaming industry or as a fellow Northern Nevadan, his contributions are unmatched. Frank has been a consistent and powerful advocate for issues that are important to Nevada.  While he will be sorely missed, Frank’s experience over the past many years has served the gaming industry well, and I have no doubt that his leadership will continue into the new Congress. I wish him nothing but the best as he embarks on his next journey,” said Senator Dean Heller.
* **Record statement on National Handicapping Championship 1-27-12**
	+ <http://www.heller.senate.gov/public/index.cfm/2012/1/expressing-support-for-the-national-handicapping-championship>
	+ “Coupled with the tourism industry, gaming is Nevada’s economic backbone, supporting hundreds of thousands of jobs.  Gaming and tourism have been critical assets to the economic growth Nevada has experienced and are essential in leading us out of the current recession. Las Vegas is a world-class destination unmatched by any other, and I have and will continue working to support policies that will keep Nevada’s gaming industry and economy growing and prosperous.  Travel and tourism are a major part of our state’s economy, attracting millions of visitors every year because of the variety of attractions and entertainment options available.”
* **Heller statement House Energy Committee hearing on Internet gaming regulations 11-18-11**
	+ <http://www.heller.senate.gov/public/index.cfm/2011/11/heller-comprehensive-approach-for-online-poker-good-for-nv-employers>
	+ “It is Congress’ responsibility to craft a balanced, comprehensive approach to online poker that will provide new economic opportunities for Nevada’s gaming industry. I was happy to help get Gaming Control Board Chairman and Nevadan Mark Lipparelli an opportunity to contribute his expertise at today’s hearing in the House Representatives. I look forward to working with Senator Reid to find a workable solution that allows law-abiding citizens to play online poker in a safe and secure manner,” said Senator Heller.