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CALIFORNIA TRIBAL
BUSINESS ALLIANCE
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January 24, 2006

Mr. Anthony Miranda, Chairman
California Nations Indian Gaming Association
1416 L Street, Suite 1080
Sacramento, Ca 95814

Dear Chairman Miranda:

It is unfortunate that you view our recent letter to Governor Schwarzenegger as “inappropriate, inflammatory and insulting,” but we believe that you misunderstood our Alliance’s concerns.

The Alliance does not question the right of tribes to offer Class II games. Our letter to the Governor specifically refers to California tribes with tribal-state compacts that have recently installed aggressive, newly devised games that may cross the line from Class II bingo machines to Class III slot machines subject to the limits, regulations, and revenue sharing payments in their compacts.

For this reason, we believe that it is vital that new machines installed in the casinos of tribes with compacts be determined by the National Indian Gaming Commission to be machines that truly meet the definition of a Class II game. It is appropriate that the federal agency with jurisdiction over Class II gaming on Indian lands make this determination.

For a variety of reasons, tribes currently face a very difficult political atmosphere. Our fundamental concern is that resistance to the standards of accountability in IGRA and the tribal-state compacts feeds the public perception that tribes hold themselves above the law and undercuts the state’s incentive to preserve the tribes’ exclusive monopoly on Nevada-style gaming. Ultimately, this attitude will result in great damage to all tribes.

Tribes with compacts have an obligation to honor those compacts, and there should be no reason for a tribe with machines it purports to be Class II to object to obtaining and releasing a written NIGC determination, thus putting the question to rest.

So far only a handful of California tribes with compacts have installed large numbers of

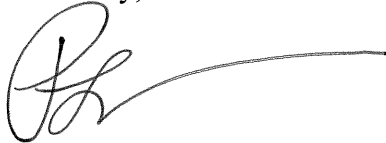


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these aggressive new machines. These are tribes with a large number of slot machines that are not authorized by their compacts to increase their numbers. Full public disclosure as to their legality is necessary because these machines can be used without making payments for California tribes that have not been able to benefit from gaming; without paying to mitigate the impacts of tribal casinos on non-Indian neighbors; and without any shared regulatory role with the state.

We believe it is important to speak out on these matters. That is why we have taken positions against reservation shopping and the installation of illegal video lottery terminals and in support of the right of other California tribes to enter into tribal-state gaming compacts that meet their individual needs irrespective of whether they meet a CNIGA litmus test.

Sincerely,

A handwritten signature in black ink, appearing to be 'PL', with a long horizontal flourish extending to the right.

Paula Lorenzo, Chairwoman
Board of Directors
California Tribal Business Alliance

cc: Governor Arnold Schwarzenegger
Andrea Hoch, Legal Affairs Secretary
Members of the California Legislature
Joe Garcia, President, National Congress of American Indians
Ernest Stevens, Jr., National Indian Gaming Association