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Almost immediately after New Jersey legalized Internet gambling, an alliance of Native American tribes operating thousands of miles away issued a statement decrying the move, accusing the state of weakening gambling license requirements.

The California Tribal Business Alliance's reaction was a testament to the far-reaching effect of New Jersey's decision in February, affecting a debate Native American casinos have grappled with for years even though no tribes operate in New Jersey, observers said.

Only three states in the country, including Nevada and Delaware, have legalized Internet gambling. Several tribe-run operations have ventured to offer play-for-free Internet gambling, but none offers real-money games in this country. A debate continues on whether tribes should pursue real-money Internet gambling.

"There is a huge divide in Indian country," said Roger Gros, publisher of Global Gaming Business magazine, who has written about Internet gambling issues facing commercial and Native American casinos.

For some, New Jersey's law has become a legal affirmation that tribes could offer Internet gambling to patrons as long as server machines taking the bets were in Indian territory, Gros said. But others, who are concerned that Internet gambling will lead to a drop in visitors to casino properties, greet New Jersey's new law with more skepticism, he said.

Joe Brennan Jr., director of the Washington, D.C.-based, lobbying group the Interactive Media Entertainment and Gaming Association, said New Jersey

represents the first of many states expected to legalize Internet gambling, and it's

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industry, the associated jobs and the revenue interests to impacted states, without safeguards, is a gamble no one should be willing to take," Robert Smith, chairman of the alliance, said in a statement prior to the enactment of the New Jersey law.

Leslie Lohse, vice chairwoman of the alliance, said the primary concern was that New Jersey's law allows regulators to decide whether companies, such as PokerStars, will be allowed to operate Internet gambling sites on behalf of Atlantic City casinos.

The parent company of PokerStars, Rational Group, is looking to take over the Atlantic Club Casino Hotel, through which it would offer Internet gambling.

"We don't believe their bad-actor language is strong enough," Lohse said of New Jersey's gambling laws. "That would definitely be an issue for us."

Unlike New Jersey, some other states, such as Nevada, have inserted so-called bad-actor clauses that prohibit certain companies from receiving licenses.

PokerStars last year settled with the U.S. Department of Justice a case that involved charges of money laundering, bank fraud and illegal gambling.

Another provision of New Jersey's law allows it to negotiate agreements with other states, such as California, that would allow residents in both jurisdictions to gamble on websites run by entities in other states. That would place Atlantic City casinos in direct competition with tribal casinos in California.

"What we are concerned about is the standard of regulation is somewhat weakened," Lohse said of New Jersey. "If there is reciprocity with the state down the road, which standard will prevail?"

California is a much more populous state than New Jersey, she said, so the potential for many more people to play poker and other casino games online is huge.

“The crown jewel is not New Jersey,” Lohse said.

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