January 11, 2008

In the matter of Absolute Poker
Investigation regarding complaints of cheating

DECISION

The Kahnawá:ke Gaming Commission (the "Commission") first received complaints concerning this matter on or about October 16, 2007. The essence of the complaints was that one or more persons associated with Absolute Poker ("AP"), while participating in live poker games with players, had been using software that enabled that person or those persons to see the "hole cards" of each of the other players. For the purposes of this decision, the aforementioned activity, and activities necessarily incidental thereto, will be referred to as the "impugned activities".

As a result of the received complaints, the Commission initiated an investigation into AP's operations. The scope of the investigation was broadly defined with the objective of determining whether the impugned activities had occurred and, if so:

- All facts and circumstances related thereto;
- Whether affected players had been reimbursed for any losses that resulted from the impugned activities;
- Whether AP had breached one or more provisions of the Commission's Regulations concerning Interactive Gaming (the "Regulations") and, if so, the appropriate sanctions that should be applied;
- The appropriate measures that should be implemented to ensure that the impugned activities — or any other improprieties — would not be repeated.

On October 17, 2007, the Commission mandated its approved agent, Gaming Associates, to carry out the necessary inquiries, audits and reviews of AP's systems and personnel. Over the course of approximately 10 weeks, Gaming Associates fulfilled its mandate and obtained extensive information from AP's operations in various locations around the world; which it has provided to the Commission. Based on this information, the Commission makes the following findings of fact:

1. That commencing on August 14, 2007 and thereafter for a period of approximately six weeks, the accounts listed below were used to compromise AP's systems by participating in live poker games with players using software that enabled the viewing of the "hole cards" of each of the other players, resulting in unfair play. The Commission has identified the person(s) responsible for the impugned activities and has directed that AP take action to have these person(s)
removed from playing any role in AP 'mind and management' and/or operations and to provide proof, acceptable to the Commission, that this has been done.

GRAYCAT
PAYUP
STEAMROLLER
POTRIPPER
XXCASHMONEYXX also known as SUPERCARDM55
DOUBLEDAG
RONFALDOXXB also known as ROMNALDO

2. That subsequent to the impugned activities having taken place, person(s) associated with AP's operations deleted certain gaming logs and records which had the effect of hampering the Commission's investigation – but which did not prevent the Commission from obtaining sufficient information on which to base finding number 1. Except with respect to these actions, the Commission is satisfied with the level of cooperation provided by AP management and staff throughout the investigation.

3. That there is no evidence to indicate that the impugned activities were initiated or sanctioned by AP as a corporate entity – either through its Board of Directors or its principal ownership. There is no evidence that the impugned activities benefited, or were intended to benefit, AP as a corporate entity.

4. That the principles of AP failed to contact the Commission within 24 hours after they became aware the impugned activities had occurred.

5. That shortly after the impugned activities became publicly known, AP made expeditious efforts to appropriately reimburse all players who had participated in games in which the impugned activities occurred, with interest. The Commission is satisfied that affected players have been appropriately reimbursed. However, if any player provides the Commission the evidence that he or she participated in a game in which the impugned activity occurred, and that such player has not been appropriately reimbursed, the Commission will direct AP to appropriately reimburse that player. To be considered, any such complaints from players must be received by the Commission within 60 days of the date of this decision.

6. That AP has taken the appropriate actions to address the vulnerability in its systems that allowed the impugned activities to occur and to prevent its systems from being compromised again by the impugned activities.

In view of these findings of fact, the Commission finds that AP has breached the following sections of the Commission's Regulations:

261. A person must not, in relation to an authorised game, dishonestly obtain a benefit by any act, practice or scheme or otherwise dishonestly obtain a benefit
through the use of any device, equipment or software.

270. In the event an Authorised Client Provider, Approved Agent or any other employee or agent of the Commission becomes aware, or reasonably suspects, that:

(a) a person, by a dishonest or unlawful act affecting the conduct or playing of an authorised game, has obtained a benefit for the person or another person; or

(b) there has been an unlawful act affecting the conduct or playing of an authorised game;

within twenty-four (24) hours of becoming aware of, or suspecting, the dishonest or unlawful act, the person who becomes aware must give the Commission a written notice advising the Commission of all facts known about the matter.

245. Unless the information previously contained in the gaming record is kept in another way under an approval of the Commission, an Authorised Client Provider must keep a gaming record for five years after the end of the transaction to which the record relates.

275. A person must not obstruct an Inspector in the exercise of a power or someone helping an Inspector in the exercise of a power.

As a result of its breaches of its Regulations, the Commission hereby imposes on AP the following sanctions:

1. The Client Provider Authorisation ("CPA") held by AP is hereby amended to include the following conditions:

(a) All aspects of AP's operations will be subject to random audits of logs and records, conducted by the Commission or its approved agents, over the next 2 years – the costs of which will be paid by AP. If, as a result of these random audits, the Commission is provided with information indicating that AP has breached any provision of the Kahnawà:ke Gaming Law, the Regulations, the conditions attached to its CPA or any other directions of the Commission, AP's CPA may be suspended or revoked in accordance with the procedures set out in the Regulations;

(b) AP must immediately implement a continuous compliance program, and other related remedial measures, as directed by the Commission;

(c) Those person(s) responsible for the impugned activities to be permanently removed from playing any role in AP 'mind and management' and/or operations and proof, satisfactory to Commission, that this has been done.
2. Fine in the amount of US$500,000.00 payable in full within 60 days.

3. Posting of a security deposit of such type and amount that is acceptable to the Commission to be held by the Commission for 2 years, or such other period of time that the Commission deems necessary, to be used to off-set the cost associated with any future breaches of the Kahnawá:ke Gaming Law, the Regulations, the conditions attached to its CPA or any other directions of the Commission.

4. AP to pay to the Commission all costs associated with the Commission's investigation into this matter, including costs related to the audit conducted by Gaming Associates and any follow-up matters. These costs include any ongoing work that must be performed as a result of the audit and the decision.

ISSUED within the Mohawk Territory of Kahnawá:ke, this 11th day of Tsothohrkó:wa/January, 2008,

KAHNAWÁ:KE GAMING COMMISSION

Per:

David Montour
Chairperson

Melanie Mayo
Commissioner

Kevin Kennedy
Commissioner