

ARCADIA FIRST!

A Coalition for Sensible Growth

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Arcadia First! A Coalition for Sensible Growth, is a group of concerned residents and business owners

NEWS

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Slot Machine Casino coming to Santa Anita Racetrack? Company tells Arcadia "no"...and then tells investors and politicians "yes"

Arcadia First! has uncovered a new report to investors which exposes plans to place thousands of "Instant Racing" machines, which are just like slot machines, at Santa Anita Racetrack and elsewhere in California. This coincides with reports that Magna Entertainment Corp. ("Magna"), the owner of Santa Anita Racetrack, is now lobbying California lawmakers and other states as part of an "Alternative Gaming Strategy," including the Instant Racing machines.

The owner of Santa Anita Racetrack in Arcadia is literally "talking out of both sides of his mouth," telling the City of Arcadia and local residents that "The Shops at Santa Anita" regional mall proposal will not result in slot machines or increased gambling while telling investors in the recent report (attached, dated March 27, 2007) that the company is lobbying California and other states for thousands of "Instant Racing" slot-like machines. According to Magna, its future profitability depends on these new machines.

While California has yet to officially identify the Instant Racing machines as slot machines, many others have already made that conclusion:

- "'We are not dealing with a new technology here [referencing Instant Racing Machines],' the Wyoming Supreme Court ruled, 'we are dealing with a slot machine that attempts to mimic traditional pari-mutuel wagering. Although it may be a good try, we are not so easily beguiled.'" [San Francisco Chronicle editorial, 6/26/06]
- "'It's got the quick action; every few minutes you can bet a race,' Magna Chairman Frank Stronach [owner of Santa Anita Racetrack] told reporters last week. 'It looks like a slot machine. It acts like a slot machine. But it's pari-mutuel racing.'" [Baltimore Sun, 4/26/04]
- Instant Racing Machines are "a way to slip what are essentially slot machines into states that have rejected slots. 'If they can't come in one way, they come in another way,' said the Rev. Thomas A. Grey of the...National Coalition Against Legalized Gambling." [Baltimore Sun, 4/26/04]
- The past chairman of the National Coalition Against Legalized Gambling says that Instant Racing Machines are, "just a sneaky way to get a slot machine." [Washington Post, 1/25/07]

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- This quote is about last year's AB 2409, which proposed legalizing instant racing machines in California: "But to the bill's critics, including San Mateo Mayor John Lee, Instant Racing terminals are merely slot machines in disguise." [Oakland Tribune, July 2, 2006]

"We've been concerned all along that the Caruso/Magna Mall is trying to introduce slot machine gambling based on their very public statements about doing so at their racetracks here in the U.S. and elsewhere," said Sung Tse, spokeswoman for the Arcadia First! Executive Committee and the mother of two children who live and attend school in Arcadia. "The discovery of a recent communication to Magna investors confirms that our fears were based on reality."

"Arcadia is a suburban community of families who make their homes here – casino gambling is not something we want to see coming to town," Tse said. "That's not why we moved here and that's not what we want our children exposed to."

Arcadia First!, with more than 5,000 community residents as members and supporters, has led the opposition to "The Shops at Santa Anita" project proposed by developer Rick Caruso and Magna, a project which includes the 98,000 square foot gambling Simulcast Center – the size of two football fields.

Racetrack and City of Arcadia Deny Plans for Slot Machines

George Haines, Vice President and General Manager of Santa Anita Park assured residents in a recent flyer and newspaper advertisement that "absolutely no slot machines of any kind can or will be added to Santa Anita Park . . . doing so is against the law."

Haines also cited recent public comments by Arcadia Community Development Administrator Jason Kruckeberg, regarding a nearly 100,000 square foot gambling Simulcast Center. "It's important to note that there are no new types of wagering proposed as part of this Simulcast Center," Kruckeberg said of the facility that is the size of two football fields and will operate 14 hours a day, seven days a week.

The Caruso/Magna Mall's proposed Simulcast Center will provide Magna with the space needed for the Instant Racing machine casino, what Magna calls a "Racino." This is because the Instant Racing, slot-like machines can be placed in the Simulcast Center's huge, functional casino space as soon as Magna receives approval from the State of California.

City of Arcadia Chooses Not To Prevent Slot Machine Gambling

Even though the City of Arcadia can choose not to approve the Simulcast Center and thus prevent this slot-like machine casino, so far the City has denied the Caruso/Magna Mall's connection to Magna gambling plans. The City has also chosen not to condition the Caruso/Magna Mall project with any language preventing Magna's plans for a slot-like machine Racino. In fact, last summer Arcadia City Manager Bill Kelly was quoted about a proposed law allowing

over 1,850 instant racing slot machines, saying that, "If the revenue is good for the racetrack, the city would benefit from any potential revenue," and he went on to say the city was "neutral to positive" on the proposed law. [Los Angeles Business Journal, July, 3, 2006]

Even as the City of Arcadia chooses not to stop the gambling expansion, most city residents clearly do not know that the report to Magna investors says the company is "pursuing the legalization of alternative gaming at several other racetracks including Lone Star Park in Texas and Laurel Park and Pimlico in Maryland as well as the legalization of Instant Racing machines in Ohio and California." The Magna report also shows they are specifically targeting Santa Anita Racetrack for its "Alternative Gaming Potential."

Instant Racing machines are just like slot machines and have nothing to do with the wagering currently allowed on live horse races. [See attached pictures and related newspaper quote.]

To accomplish this, Magna plans to pursue what it terms to be a "level playing field" for horse racing – as compared to other forms of gaming and entertainment – by eliminating "operating restrictions for racetracks created by outdated legislation."

As a part of the company's "alternative gaming strategy," Magna highlights that the company has already installed slot machines at three of its racetracks – Gulfstream Park, Remington Park and Magna Racino – and is installing instant racing machines at its Portland Meadows racetrack.

The report boasted that Magna holds a 30 percent market share of the total \$4.4 billion U.S. thoroughbred market, and that Magna is North America's largest owner and operator of horse racetracks, based on revenue.

Leading California Gambling Control Group Comments

"The current project before the City of Arcadia is a typical pattern of gambling expansion. Ostensibly, the development is for shops all the while understating the proposed casino floor area. This tactic is a shell game intended to confuse the public and sidetrack local policy makers," said Cheryl Schmit, who serves as Director of Stand Up For California, a statewide organization with a focus on gambling issues affecting California. She also served as a co-director to Governor Schwarzenegger on the NO on Prop. 68 campaign in 2004 to prevent casinos in urban areas of California.

Ms. Schmit continued, "Mr. Stronach [Frank Stronach, Magna's Chairman] is making disingenuous statements to the very citizens of Arcadia whose support he is seeking for his proposed project. He is making hollow promises of no slot machines at Santa Anita Race track while at the same time he promises MEC investors legalization of Instant Racing Machines. Doesn't that lead to serious questions with the Securities and Exchange Commission?"

The Caruso/Magna Mall project includes an 806,405 square foot commercial retail and office center, arranged as a pedestrian-oriented "Main Street" to be constructed on the southern parking lot of the Santa Anita Racetrack property literally next door to the existing Westfield Santa Anita mall.

The project also includes construction of a new 98,000 square foot

Simulcast Center within the racetrack grandstand which can lead to expansion of on-site gambling.

Official documents prepared for the project indicate that the development will increase traffic in Arcadia by more than one million new car trips each month, creating problems for at least 20 intersections in and around the city.

The proposal by developer Caruso Affiliated, developer of "The Grove" in Los Angeles, is actually more than 55 percent larger than "The Grove."

For more information, contact Arcadia First! at (626) 294-0651 or visit www.arcadiafirst.org.

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