

June 1, 2000

Stephen M. Hardy
Staff Director
Senate Committee on
Governmental Organization
State Capitol, Room 2193
Sacramento, CA. 95814

RE: Opposition to AB 1405

Dear Mr. Hardy,

Please list Stand Up For California in opposition to AB 1405.

The passage of Proposition 1A has brought about a significant imbalance in the States gaming industry. This imbalance is creating a gambling arms race between the card clubs and horse racing in an attempt to compete with Indian tribes. I am writing to ask that you carefully and seriously review AB 1405 — **a bill that will expand gambling in both rural and metropolitan areas**. This bill has the potential to make California the “bookie” of the nation.

In the town of Norco, Riverside County, residents are being faced with a proposed and unwanted racetrack. Unlike tribal gaming, there is a process for citizens to follow to oppose this development at the local level; however, the project is being driven by the potential passage of state legislation, AB 1405.

The track developers, while seeking to gain local approval, have failed to contact the California Horse Racing Board to ask for race dates. Citizens believe this is an attempt to circumvent the law and gain local approval for the development of an off-track wagering parlor for “internet or advanced wagering” on horseracing.

Additionally the recent closure of Bay Meadows Racetrack and rumors that Golden Gate Racetrack in the Bay Area may also close and establish a new facility in San Jose, promotes expanded gambling in metropolitan areas. The City of San Jose that recently experienced serious problems with organized crime in their card clubs now faces the potential impacts of a large off-track wagering facility.

The fifteen tracks that exist in California already complain that they loose \$30 million dollars a year. The tracks have available to them 77 weeks of racing but only have competition for 55 weeks of racing. New tracks would only further saturate the market and impair the earnings of the existing facilities, threatening the livelihood of their employees and ownership.

Moreover, AB 1405 makes possible the expansion of “internet gambling” for California’s Indian tribes. Already the Davis compact allows for tribes to demand a compact for an Internet lottery in the year 2001. It must be remembered that federal law regulating tribes supercedes state gambling laws. Tribal gaming is a form of gambling that already has shown

itself to be unregulated and overly burdened with collateral issues of a multi jurisdictional nature that present hardship to citizens and local governments.

Will AB 1405 “level the playing field” for racetracks in competition with tribal gaming or will it just be a step towards a greater level of expansion that racetracks and card clubs cannot hope to compete with?

Internet gambling will encourage compulsive gamblers and juvenile accessibility. Further it will increase the likely hood of fraud and illegal gambling because the Internet is basically unregulated. In July of 1997, eleven suspects were arrested for operating a \$ 26 million dollar a year illegal sports betting enterprise based in Sacramento. Every one of these suspects admitted they frequent Card Clubs, Off Track Betting Parlor, and Horse Racking Tracks. Internet casinos would introduce new gamblers and expand their wagering interests, to illegal gambling activity.

While tracks are promoting AB 1405 as a manner in which to increase the wealth of the California General Fund, as well as their own self interests. The industry is failing to address the cost of negative impacts that gambling engenders in this state. **There is an immediate need to evaluate and determine the overall impact of the current developing gambling industry, public safety concerns and the social and moral responsibility of the State.**

I am enclosing an article that potentially makes this legislation moot. The 106th Congress, Congressman Leach, Chairman of the House Banking and Financial Services Committee is promoting legislation to end Internet betting, stating that the industry is ripe for money laundering scandals. Even Frank Falhrenkopf, president of the American Gaming Association, opposes the expansion of the gaming industry into Internet gaming.

Once again, please list Stand Up For California as opposed to AB 1405 a bill that will further expand unrestricted gaming in California.

Sincerely,

Cheryl Schmit
Co Director