

Good signs of winning race against 'racinos'

The "racino" was going to be the economic engine carrying racetracks and horse breeders to outrageous profits in the new millennium. That was, until the good work and wisdom of grassroots organizations high centered the scheme, and now appear to have it stopped dead in its "tracks."

Pari-mutuel, primarily animal racing with owners and tracks getting a percentage of wagers, had a growing problem. As gambling spread across the nation in the 1990s, the tracks were losing market share and crowds were dwindling.

While some states were installing slot machines with the empty promise of better funding for schools, the racing states were itching to install slots to fund bigger profits for breeders and owners.

That is how American taxpayers began spending hundreds of millions of dollars every year subsidizing a horse-and-buggy industry. Literally.

Tax breaks for horse and harness racing and greyhound tracks, plus giveaway casino licenses, are letting rich people play with their expensive pets at working peoples' expense.

Take Frank Stronach, for example. Stronach made his first scores of millions of dollars in the auto parts business. Now his Magna Entertainment Corporation owns more racetracks than anyone in the country, plus off-track betting parlors and an Internet site that reaches bettors in 35 states. He's bought into a technology company that makes "totalizators," the machinery that runs the numbers for the pari-mutuel races.

Stronach draws upwards of \$54 million annual compensation from his companies and owns his own string of racehorses – hundreds of them in Canada, Kentucky and Florida. That puts Stronach in the stands with racing's social elite. He bought into cable television and now broadcasts 15 hours a day of live racing. He told Barrons, "Racetracks are 'soft' casinos. The idea is to get the soft casino in your living room."

Still, all is not well for Stronach. He's lost \$200 million in the last two years. Magna blames that partly on the "high cost of lobbying state and federal government." Magna reports spending \$20 million in a single year lobbying, mostly to install slot machines at his tracks. So far this year, Magna Entertainment has lost nearly \$27 million, the company is liquidating assets to restructure and at least three of its officers have left or been reassigned. A minority shareholder is suing, claiming



and the **NATIONAL COALITION AGAINST GAMBLING EXPANSION**

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Stronach is “indulging his passion for horse racing” at the expense of the parent auto parts company.

Stronach has gambled heavily on getting slot machines into his tracks, and like his customers, has come up short.

At times, he’s resorted to public blackmail. Oregon law allowed Magna to operate its off-track betting only during the live racing season. Stronach threatened to close tracks, the governor and legislature buckled, and Oregon now allows the simulcast betting year-round.

At the famous Pimlico track in Maryland, Magna sealed its purchase with a promise to rebuild the track with or without slots. Now, after three legislative sessions have failed to produce those machines, Magna has changed its tune. The company now suggests even the Preakness is in doubt unless slots are allowed, and renovations have ground to a halt.

Despite all his money and muscle, Stronach has proven no match for the grass roots coalition of volunteers who have kept the slots out of Maryland and other states. Across the nation, NCAGE and local organizations have battled “racinos” to a standstill. Maine and Pennsylvania were the only exceptions.

The simple question for Americans is, “Why would we bail out animal racing at public expense? Why should we endanger the health and economic stability of our citizens for this dirty business?” We didn’t offer slot machines or Internet gambling to the steel or textile industries. The most bitter irony is in Bethlehem, Penn., where the once-proud American steel mills are targeted for redevelopment as “steal mills” – slots parlors. Gambling came to Pennsylvania prying for prey with threats and lies. They swore the racing stables and tracks would fail or leave the state if they didn’t get slot machines to shore up their sagging revenues and pay bigger purses to breeders.

At the same time, Jeff Hooke, an economist with the Maryland Tax Education Foundation, evaluated what his state could be giving away, based on real-world slot earnings, if Maryland gave slots to the tracks. He found the proposed licenses should be worth upwards of \$1.5 billion – a staggering unearned windfall for breeders and the tracks.

“But we’re saving 30,000 jobs,” the tracks responded. Hooke, checked those numbers too, and found only about 8,000 jobs. And those, other economists have shown, are “displaced” jobs that are lost elsewhere as consumers shift their spending from other entertainment, food, clothing, education, health care and so on, to gambling. The net job gain is zero, except perhaps for increased law enforcement and jail staff to handle gambling’s increased crime.

Still, if one were to look at those jobs as legitimate, Hooke calculated what they would cost the state. Under the various scenarios, the state would be subsidizing the racing jobs between \$34,375 and \$162,500 a year. Those subsidies would provide for mostly low paying jobs with no benefits while owners pocketed the change.

It’s happening all across the country. Animal racing is most often assigned to various states’ agriculture departments, and breeders try to make their efforts sound like a campaign to “save the family farm.” But the economics are clear. It costs about \$50,000 a year to race a horse. It costs about \$6,000 to install a slot machine, plus a few hundred dollars a year for electricity and maintenance for the life of the machine

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– which is generally longer than the racing career of most horses. Stable owners would like to see taxpayers funnel jobs and money through the slots and into the tracks.

It's not about the love of animals.

Smarty Jones began his racing career in Pennsylvania by smashing his head so hard on a starting gate that witnesses thought he was dead. When the two-year-old came to, he had crushed his skull so badly his veterinarian thought he would lose an eye. But the miracle colt recovered and went on to capture America's heart. He won two legs of the Triple Crown, and filled stadiums with the biggest crowds seen in recent years. Unfortunately, he's breeding stock now, because all four of his legs were ruined from running too much, too hard, too young.

Where is Ferdinand, one of America's most revered horses? All evidence points to his being slaughtered for meat in Japan.

Ever wonder where greyhounds go if they don't win, or they get injured or too old? These often-abused animals are slaughtered by the thousands to fuel the greed of the gambling industry.

It's not about the animals. It's about gambling and gambling is changing. When pari-mutuel was the only game in town, it made money. Clearly, racing is a genre that can no longer compete with slots and poker tables without some kind of subsidy.

The tricks the racing interests have played on the nation as they scheme to prosper are outlandish. Unable to attract crowds to the tracks, they have peppered the country with off-track betting parlors. Tracks "simulcast" races into bar-like environments and patrons bet in "real time." Bettors pre-pay the tracks and bet against their balance in a process called "account wagering."

In states like Wyoming where electronic gambling machines are illegal, the racing expansionists have a new trick. They have devised gambling machines based on thousands of "historic horse races." Put in the money, pick a horse, push the button -- the tracks call it "pari-mutuel," the state calls it "slots machines," and the taxpayers have to pay huge legal fees to defend their own state laws. The racing industry is relentless in twisting, pushing and often even breaking the law to try to expand their dying corner of the addiction market.

Internet gambling invades on the back of horseracing

No one else gets to use the Internet to place bets, and the federal Wire Act forbids the use of telephone lines for gambling. Nevertheless, the racing interests, in the closing hours of the 1999 Congressional session, sneaked through an amendment attached to the "Salmon Recovery Act" which granted them just that right.

Internet gambling entrepreneurs in Antigua sued the United States for not allowing it the right to pander its products to American consumers.

It is the Interstate Horseracing Act that now threatens to let offshore gamblers pierce both state and federal laws on their way into America's homes.

It's a complex tale of international treaties and intrigue, but here's the short version.

The United States is a member of the World Trade Organization, and in joining that, Americans agreed to a variety of treaties. One was the General Agreement on Trade and Services. That treaty said if a country allows an activity or service within its borders, then other member nations have the right to sell that service as well.

Internet gambling entrepreneurs in Antigua sued the United States for not allowing it the right to pander its products to American consumers. Their reasoning, among other things, was that Internet gambling is already legally provided to Americans by – you guessed it – the Interstate Horseracing Act.

Worse, the states can do nothing about it. When nations make treaties with one another, they don't have to make agreements with each others' subdivisions. In other words, when we make agreements between nations, the agreements govern all of the states.

So, the fact that Utah and Hawaii have no legalized gambling whatsoever becomes irrelevant. International treaties trump states' laws.

The US has some hope in pleading a "public morals" provision in the WTO rules, and it may be able to "buy" back the gambling provision by providing other concessions and/or cash to Antigua. Obviously, other countries will follow with suits to gain gambling access or concessions.

More importantly, the Central America Free Trade Agreement just signed in the past few weeks, makes no provisions for "public morals," and those nations have a clear shot at filing Antigua style suits.

The solution

There is one clear solution to maintain the integrity of states' rights and restore sanity to the marketplace. Repeal the Interstate Horseracing Act.

When the cost is so high and the alleged benefits so arguable, it makes no sense to threaten the homes of America for the sake of Frank Stronach's dream of a soft casino in every living room in America.

Earlier in our history, corruption in the horseracing industry got so bad it was almost universally outlawed – but the gambling proponents argued America needed racing to breed better horses for the Cavalry. That excuse has long since past. There is no sense in taxpayers subsidizing a gambling industry that can't compete with its

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own evil siblings, especially when in reality its chief by-products are addiction, social costs and manure.

If wealthy people want to raise and race horses, fine. But they can do it on their own money, and they can do it without threatening the rest of us.

Can it be stopped?

Yes. NCAGE believes this is a battle we can win, and must win before the country is flooded with uncontrollable offshore Internet gambling.

Once Americans and their Congressmen understand how much we're paying to subsidize the gambling component of animal racing, they'll cancel the payments. If racing needs to reach its tentacles across every state's borders, and invade the living rooms of a nation in order to survive, then it's time to let it die.

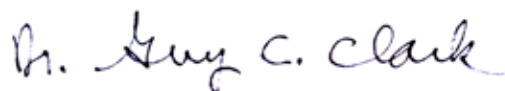
But remember, they won't die easily. Tracks continue to lobby with twisted employment numbers and threats and millions of dollars for lobbyists and political campaigns. They will increase that spending if they see they are threatened. But we can beat their money and muscle with facts and grassroots campaigns. We've proven that over and over. We just need to get the facts to the people.

We have a big job cut out for ourselves this year, and we need all the help you can give. We need funds, as always, to distribute information and to help local groups organize their troops.

And we need letters, conversations, networking and lobbying. Please be generous with both your support and your time in this effort.

We can stop taxpayer subsidies for animal racing and drive back the treat of Internet gambling at the same time. Two battles for the price of one – but for a limited time only. Please pitch in now while the time is right.

Sincerely,



Dr. Guy C. Clark
Chairman
National Coalition Against Legalized Gambling

How to contact your Representative or Senator, and why

Politicians respond to voters and contributions. If they hear nothing, they assume everything is going well. Every election cycle, good activists make sure there is a campaign event in their home, and personally hand a candidate a contribution, even if it's a tiny one. Then they write, with both support and suggestions. Understand the wisdom of the late great Senate Minority Leader Everett Dirksen of Illinois:

When I feel the heat, I see the light!"

It doesn't matter if your Congressman agrees with you or not.
Voices from within voting districts count.

How: The best way to contact Congressmen is by fax. (Since the Anthrax attack, mail is slow and unreliable.)

E-mail is another good way to contact them.

If you have internet access, go to

www.house.gov/writerep/

or www.senate.gov/

to find your Representatives and Senators.

By phone, you can call the Capitol switchboard at **(202) 224-3121**.

Most Representatives and Senators have listings in the local phone book as well. You can call their offices to get direct contact information.

Be sure to mention that you are a voter in their state or district.

If you are also a contributor, be sure to mention that as well.

Talking Points: Racinos, Racing and Internet Gambling

- ⊗ Repeal the Interstate Horseracing Act and anything else that allows placing any kind of bet over the Internet. There is no justification for trading our states' rights to govern our own gambling laws in exchange for racetracks right to lure out-of-state gamblers. If they can't make a living fleecing their own track patrons, they won't survive anyway.
- ⊗ If people really love to watch animals run, they can go to the track. If the love of racomg is that great, networks will cover the races on television.
- ⊗ America doesn't need horse race gambling "off-track betting parlors" in its offices and family rooms. The racing industry needs to stand on its own. We didn't legalize gambling to save the horse and buggy industry, or the steel industry, or textiles. Why should we risk our homes for wealthy horse breeders and gamblers?
- ⊗ Horse and dog racing are not agriculture. They are vehicles for gambling.
- ⊗ International organized crime is the most likely beneficiary of offshore Internet gambling
- ⊗ We don't need foreign enforcers coming to America to collect gambling debts. We don't need more places for gangsters to launder money or radicals to fund terrorists. There is no way to "regulate" Internet gambling.
- ⊗ Internet gambling is an uncontrollable flow of money across state and international borders. It could destabilize the U.S. economy, or even the world economy. The Interstate Horseracing Act is the doorway for Internet gambling.
- ⊗ Computers reproduce all of the most deadly and addictive characteristics of commercial electronic gambling machines. These are the "crack cocaine" of gambling. Availability is a big factor in spreading gambling addiction and nothing is more available than a home or office computer.

2005 Conference Registration

(Please copy and use one form per person attending)

Name: _____

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Position: _____

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Special Dietary Requirements?: _____

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Item & Cost Due

Thursday Extra Workshops \$25 _____

Conference Friday & Saturday
 \$125 through Sept. 5
 \$150 after Sept. 5.
 Includes banquet Friday and lunch buffet Saturday)

Friday Banquet: Please choose one Beef or Chicken

Saturday: Coalition Building Workshop

7 a.m. (If there is sufficient enrollment)

Yes. I would like to attend this workshop. (No additional charge!)

Donation to NCALG/NCAGE _____

Total Due _____

(Rooms not included)

See other panel for hotel information

Payments may be made by checks payable to NCALG, or by credit card.

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You may call NCALG with your credit card information

800-664-2680

Or Mail to:

Conference Registration
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MEDIA RELATIONS

MAKING CONTACTS Developing and maintaining a high-level network on the state and national level.

Plus (as schedules permit) **Afternoon visits to:** Governmental agencies, departments and other organizations.

Which groups would you like to visit?

(Please number your priorities from 1-5)

BUSINESS DEPT. OF JUSTICE EDUCATION

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FINANCIAL GOOD GOVERNMENT GROUPS HEALTH

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NCALG'S 12TH ANNUAL CONFERENCE

**The ONE
place to hear
the nation's best**

**NCALG takes its annual conference to the nation's capitol
this year where some of the century's most important
decisions will be made.**

The nation stands on the brink of success or failure on the front of Internet gambling, making this legislative year one of the most critical the nation will ever face on the topic of gambling. Congress and the President may decide to draw the line on gambling at the front door of America's homes, or allow this menace to invade the personal space of families all across the country.

The moment is critical for Indian casinos as well, as Congress holds hearings and debates bills to rein in the Indian Gaming Regulatory Act as it marches across the laws of one state after another.

Come to Washington to join us for this year's conference, and you'll hear the best speakers with the best information you'll find anywhere in the world.

Our **keynote speaker, Jeff Benedict**, "wrote the book" on Indian gambling when he published *Without Reservation: How a Controversial Indian Tribe Rose to Power and Built the World's Largest Casino*. This book was the subject of a 60 Minutes segment and prompted calls for a Congressional investigation. Benedict is a powerful speaker, nationally known investigative journalist and the author of six books.

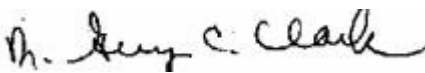
The Rev. James David Audlin (Distant Eagle) is an ordained United Church of Christ clergyperson and of Mohawk heritage. He lived in Connecticut and saw the effects of the two tribal casinos there.

John Stansfield heads the Problem Gambling Foundation of New Zealand (PGF), which is the largest single treatment provider in Australasia.. Their's is a public health approach with a mission to "Eliminate Gambling Harm."

Alicia Hansen is the staff writer and publications manager at the Tax Foundation. Her work on tax issues has appeared in major newspapers, including the Charlotte Observer

These are just a few of the experts and newsmakers who make the headlines and fight the battles every day. Like Benedict, they represent the best known and best informed leaders of our day on the subject of legalized gambling.

This conference is the one event you won't want to miss this year. Come join us in DC!



Guy Clark, Chaiman, NCALG

Pre-Conference workshops and lobbying

THURSDAY Oct. 6

(\$25 extra registration fee)

9 a.m. - Noon Workshops on

1. Media Relations,
2. . How to have an impact on Federal and Congressional Issues and
3. How to have impact with state and local officials.

Presenters are Bernie Horn, Bill Evans, Cynthia Abrams, and Les Bernal respectively.

1 p.m. - 4 p.m Lobbying

Visits to agencies as interest, demand and schedules permit

12th Annual Conference

FRIDAY Oct. 7 - 1:00 p.m. - 9:00 p.m.

"TRIBAL CASINOS ON AND OFF RESERVATION"

Jeff Benedict, author of "Without Reservation"

"ONE NATIVE AMERICAN PASTOR'S PERSECTIVE ON TRIBAL GAMBLING"

The Rev. James Audlin (Distant Eagle)

"CRIME AND CORRUPTION"

(FBI, unconfirmed)

"GAMBLING'S INFLUENCE ON AGENCIES UNDERMINES REAL CHANGE"

John Stansfield, CEO of New Zealand Problem Gambling Foundation

SATURDAY Oct. 8 8:00 a.m. - 5:00 p.m.

"COMPARE & EVALUATE"

Gerald Busald, Lottery Critic,

"LOTTERIES & STATE FISCAL POLICIES"

Alicia Hansen, author of this Tax Foundation Report

"SPORTS AND GAMBLING"

Lester Munson, Legal Analyst for Sports Illustrated

"FOLLOW THE MONEY & THE VOTES"

Bill Chesnutt from "Project Vote Smart"

"LEGISLATORS SPEAK OUT"

Panel of legislators

"NUTS & BOLTS FROM A LAW ENFORCEMENT PERSPECTIVE"

Brad Beecher, retired Commander of the Connecticut State Police Casino & Licensing Unit.

"EMPOWERING OPPONENTS WITH THE FACTS"

John W. Kindt, expert on legalized gambling, Prof. of Business & Public Policy at University of Illinois Urbana - Champaign

"THE REAL FACES OF GAMBLING'S IMPACT"

Former gamblers and family members

"CITIZENS GET INVOLVED"

Activists share ideas

"MARCHING ORDERS"

Tom Grey, NCALG/NCAGE Field Director

PLUS MUCH MORE This schedule is subject to change, so watch our web site, www.ncalg.org for the latest details!