



From the EXECUTIVE CORNER



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FIGHTING FOR INTERNET POKER

Online poker would be valuable for purse growth

Two members of the California Legislature introduced separate bills Feb. 21 authorizing Internet poker in California for specified poker enterprises, federally recognized California Indian tribes and any combination eligible to hold the same kind of license.

Both SB 1366 by Sen. Lou Correa (D-Santa Ana) and AB 2291 by Assembly member Reggie Jones-Sawyer (D-Los Angeles) currently exclude horse racing as an eligible entity.

The California Thoroughbred Breeders Association and Thoroughbred Owners of California, the racetracks, racing fairs, California Thoroughbred Trainers, Jockeys' Guild and our labor unions have held countless meetings with these two authors expressing our opposition to the bills as introduced and our support if the bills were to be amended to include racing. Both authors have worked hard to find a consensus that will allow for a bill to move forward.

Internet Poker is NOT tribal gaming and there should be no confusion in the legislature or in the public that it IS commercial gaming and should, therefore, include all current licensees as the only eligible entities. On June 2 a powerful coalition of California's wealthiest tribes sent a letter to both authors announcing for the first time in five years the tribal governments supported language they crafted over the past year to allow the legislature to authorize Internet poker. That language has yet to make its way into a bill despite some very heavy lobbying from the tribes.

The problem for the tribes is twofold: The opposition to the inclusion of racing; and, the inclusion of "bad actors" language, which seeks to exclude the Isle of Man-based online poker company PokerStars and its partners—Morongo Band of Mission Indians, the Commerce Club, Hawaiian Gardens and Bicycle Club card rooms. PokerStars operated for years in the U.S. when the legality of Internet poker was unclear, then in 2011 the company was indicted on charges of bank fraud, money laundering, and violations of the Unlawful Internet Gambling Enforcement Act. The charges were settled

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in 2012 with PokerStars paying \$731 million but not admitting any wrongdoing. The California legislation includes language barring any company that operated Internet gaming after Dec. 31, 2006, a few weeks after the UIGEA was signed into law.

Despite the less than inspiring returns on Internet poker in Delaware, New Jersey and Nevada, the leading tribal governments and most successful card rooms believe California will be a different story. One recent study commissioned by a tribal government estimates there are approximately one million Californians playing illegally in California today. CTBA has rejected the tribes' offers to have the state establish a mitigation fund to pay racing, a fund the state would cer-

tainly take away in the near future.

California is the only major racing state where horse racing does not have access to alternative gaming, slot machines, video lottery terminals, or subsidies for purses. Internet poker is a way to increase purses in California and support a healthy and vibrant future for racing. When the gavel falls on the 2013-2014 legislative session Aug. 31, we will likely not see the passage on Internet poker in the state but we will have made tremendous progress. The fact that we have been able to fight off any bill that does not include parity for racing is a huge victory!

Lastly, CTBA is the sponsor of Senate Resolution 53 by senators Correa, Andy Vidak (R-Central Valley) and most of the members of the committee on Governmental Organization. We were also able to amend ACR 161 introduced in the Assembly with the same language and now have the support of most Assembly GO members, including Isadore Hall III (D-Los Angeles).

The resolutions are a tribute to the rich history and importance of Thoroughbred racing, the magnificent horse, the Cal-bred program, Harris Farms, and the connections of Kentucky Derby and Preakness Stakes winner California Chrome. The resolutions will be taken up in both houses when legislators return in August. **CTB**