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CHRB NEWS RELEASE

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**CHRB AND RACING FORM WORKING TO RESOLVE ADS ISSUE**

INGLEWOOD, CA – Charles Hayward, president and CEO of the Daily Racing Form (DRF), told California racing commissioners Thursday he will work with them to develop a disclosure alerting readers about the possible illegality of placing bets in some jurisdictions through certain account wagering operations that advertise in the racing publication.

At issue are advertisements for offshore bookmakers and out-of-state wagering sites that promote wagering over the telephone and Internet on horse racing and other sporting events. It is illegal for a California resident to place such a wager except through an Advance Deposit Wagering (ADW) operator approved by the California Horse Racing Board.

TVG, XpressBet, and Youbet.com are the only three ADW providers currently licensed by the Board. Those three operators only accept wagers on horse racing, so there is no legal way for someone in California to bet on another sport.

Advertisements in DRF and other publications are protected under the First Amendment, so the CHRB has no power to stop their publication. But radio and television stations that carry such advertisements are accountable to the Federal Communications Commission (FCC), which licenses each station's use of the public airways. The racing commissioners voted unanimously to inform the FCC about stations that broadcast advertisements encouraging Californians to pursue an illegal activity.

Hayward, aware of widespread opposition to the advertisements, volunteered to address the subject at the CHRB meeting. He said the advertisements generate \$500,000 in revenue each year, which is significant to the bottom line of DRF, but he described their impact on the industry as minimal. He said sports books that advertise in DRF handle less than \$25 million a year on horse racing, which translates to about \$750,000 each year in lost revenue for the entire U.S. industry.

The racing commissioners asked Hayward if he would consider running a disclosure to warn readers that placing wagers through the advertised wagering operation is illegal in California. Hayward said he was thinking more along the lines of a general warning, such as "void where prohibited" or advising readers to check the laws in their jurisdictions. He agreed to work with the Board to come up with the appropriate language.

In other action, the Board suspended two rules and took other steps to accommodate the Breeders' Cup, which will be hosted by the Oak Tree Racing Association at Santa Anita Park on October 25. The Board approved a request by Oak Tree to utilize rules of the Association of Racing Commissioners International for future wagers and match rival wagers. For the Breeders' Cup program only, the Board suspended two CHRB rules, one requiring horses with a common ownership to be coupled in the wagering, and another that allows the wearing of advertising in races.

In a related matter, the CHRB Legislative Committee reported that legislation to allow Oak Tree to open its meet one day earlier this year will reach the governor early next week, and the Committee has expressed the Board's support for that legislation. If approved, Oak Tree will offer four major preps for the Breeders' Cup on Sunday, September 28.

Commissioner Alan Landsburg showed a four-minute video titled "Changing Perception" that he developed with the cooperation of racetracks to demonstrate the integrity of the pari-mutuel wagering system and explain why the odds continue changing while a race is in progress. The video begins with a CHRB steward pushing a red button that shuts off all wagering on the race. But even after the button is pushed, the odds keep changing.

"What you are seeing is not new bets being made, but legal bets that are taking a minute or so to get here," says the film narrator. "It takes about a minute for the last of the legal wagers to be calculated and displayed on the tote board."

The video will be distributed to nearly 100 racing associations and industry organizations, elected officials, representatives of the news media, and other interested groups and individuals.

A representative of Golden Gate Fields assured the Board that the new equine veterinary hospital in that stable area could be completed as early as June 30 but no later than July 31.

The Board approved license applications for the San Joaquin Fair in Stockton from June 11 through June 22 and the Alameda County Fair in Pleasanton from June 25 through July 6.

CHRB Vice Chairman John Harris and Commissioner Landsburg, as members of an ad hoc committee exploring the broad issue of what the Board should require from racetracks in the public interest in exchange for the granting of a license, encouraged the racing associations and fairs to work with them on this project.

"How are we going to improve security?" asked Landsburg. "How are we going to improve video? How are we going to improve backstretch living conditions at racetracks? We want your input on ways to improve and simplify the licensing process."

Staff reported that ADW handle for the last 14 months totaled \$239 million, representing about 8 percent of the total California handle. ADW handle has had little or no effect on the long-term trends of on-track, off-track, and interstate handle.

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