



1776 Tribute Road, Suite 205
Sacramento, CA 95815
Office: 916.927.7223 Fax: 916.263.3341
www.calfairs.com

AGENDA

**CALIFORNIA AUTHORITY OF RACING FAIRS
LIVE RACING COMMITTEE MEETING
JOHN ALKIRE, CHAIR
11:00 A.M., TUESDAY, MAY 1, 2012**

Notice is hereby given that a meeting of the California Authority of Racing Fairs' Live Racing Committee will commence at 11:00 a.m., Tuesday, May 1, 2012. The meeting will be held in Sacramento.

AGENDA

- I. Date, time and location of next meeting: June 5, 2012
- II. Approval of minutes.
- III. Report, discussion and action, if any, on Totalisator Contract Extension.
- IV. Report, discussion and action, if any, on Extension to CA downlink contract (Roberts).
- V. Report, discussion and action, if any, on Legislative program for 2012 and beyond.
- VI. Discussion and Presentation on Chaplaincy Program (Chaplain Chris Belluomini).
- VII. Report and Discussion on Track Safety and Maintenance Program.
- VIII. Report, discussion and action, if any, on planning for 2012 Fair race circuit.
- IX. Report and discussion on CHRB racing license applications and schedule.
- X. Report, discussion and action, if any, on status of Horsemen's Agreements.
- XI. Executive Director's Report.



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NOTICE
CALIFORNIA AUTHORITY OF RACING FAIRS
LIVE RACING COMMITTEE MEETING
JOHN ALKIRE, CHAIR
11:00 A.M., TUESDAY, MAY 1, 2012
VIA TELECONFERENCE

Notice is hereby given that a meeting of the California Authority of Racing Fairs' Live Racing Committee will commence at 11:00 a.m., Tuesday, May 1, 2012. The meeting will be held at the CARF Conference Room located at 1776 Tribute Road, Sacramento, California 95815.

CARF Live Racing Committee Meeting
Toll Free Dial In Number: (800) 791-2345
Participant Code: 62745 #
Via Teleconference

The Public and members of the California Authority of Racing Fairs Live Racing Committee may participate from the following locations:

Alameda County Fair
4501 Pleasanton Ave.
Pleasanton, CA 94566

Humboldt County Fair
1250 5th Street
Ferndale, CA 95536

Solano County Fair
900 Fairgrounds Drive
Vallejo, CA 94589

The Big Fresno Fair
1121 S. Chance Avenue
Fresno, CA 93702

San Joaquin Fair
1658 S. Airport Way
Stockton, CA 95206

Sonoma County Fair
1350 Bennett Valley Road
Santa Rosa, CA 95404

California State Fair
1600 Exposition Blvd.
Sacramento, CA 95815

CALIFORNIA AUTHORITY OF RACING FAIRS

Live Racing Committee

Tuesday, April 3, 2012

MINUTES

A teleconference meeting of the California Authority of Racing Fairs Live Racing Committee was held at 11:00 A.M., Tuesday, April 3, 2012. The meeting was hosted at the California Authority of Racing Fairs Board Room, 1776 Tribute Road, Sacramento, California, 95815.

CARF Live Racing Committee members attending: John Alkire, Norb Bartosik, Rick Pickering and Tawny Tesconi. Joining by conference call: Mike Paluszak and Stuart Titus.

Staff and Guests attending: Christopher Korby, Larry Swartzlander, Heather Haviland, Tom Doutrich, Lisa Drury, Richard Scheidt, Raechelle Gibbons and Dave Elliott.

Agenda Item 1 – Date, Time and Location of Next Meeting. The next CARF Live Racing Committee meeting will be held May 1, 2012 in Sacramento.

Agenda Item 2 – Approval of Minutes. Mr. Pickering moved to approve the meeting minutes as presented. Ms. Tesconi seconded, unanimously approved.

Agenda Item 3 – Report, Discussion and Action, if any, on Legislative Program 2012 and Beyond. Mr. Korby stated that in the absence of Mr. Brown, who is taking advantage of the legislative recess, he will debrief the Committee on the latest status of CARF sponsored and industry bills.

Mr. Korby reported that SB 1227 (Negrete McLeod), the license relief bill for live racing Fairs, has passed out of the Senate G.O. Committee and is headed toward the Senate Appropriations Committee.

SB 1418 (Berryhill), the bill eliminating date restrictions for combined race meets at Fairs, will be heard in the Senate G.O. Committee next week. Mr. Korby reported that Cal Expo expressed concerns regarding the bill and asked Mr. Bartosik to confirm that the amended language addressed those concerns to the Cal Expo's satisfaction. Mr. Bartosik stated that they had. Mr. Korby reported that the new language will be included in the bill before it is heard in the Senate G.O. Committee.

SB 1463 (Wright), the Internet poker bill, will also go to the Senate G.O. Committee sometime in April. A group of principals from the racing industry are following the bill carefully and moving on a parallel track to the legislative efforts with respect to possible implementation of Internet poker should it be approved and signed by the Governor. Conversations between the industry group and technical companies that provide wagering type services to global enterprises are in their initial exploratory stages. Mr. Korby will keep the group posted on any developments.

Agenda Item 4 – Discussion and Action, if any, on Totalisator Contract. Mr. Korby reported that the tote contract, which is a critically important contract for all racing interests in California, is expiring this year. The current contract with Sportech (formally known as Scientific Games and Autotote) has a provision for a 3-year extension. Most of the racing interests in California, including Fairs, see no reason not to extend the current contract. The service provided by Sportech has been satisfactory and totalisator contracts are very difficult to negotiate from scratch. For perspective, the RFP from the last contract bid was 90 pages.

The reason this extension has become an issue is that the Stronach Group owns a rival totalisator company (Amtote). Principals of the Stronach Group would like to install Amtote machines at Santa Anita Park and Golden Gate Fields prior to the running of this year's Breeder's Cup at Santa Anita.

To provide some background, shortly after simulcasting was implemented, California experienced the problematic effects of running multiple tote companies simultaneously, including patron confusion, technical difficulties, increased expense and increased inefficiencies.

Included in the meeting packet are documents outlining considerations regarding the simultaneous operation of multiple totalisator systems in California, which was drafted in response to this situation developing. The meeting packet also includes historical documents for informational purposes.

NCOTWinc. and SCOTWinc., independently of each other, both voted to extend the existing Sportech contract and has given the Stronach Group a window of time to decide if they will agree to the extension or implement changing providers. The Sportech contract states that the company requires notification of the contract extension by June. Mr. Korby will keep the group informed as this issue progresses.

Agenda Item 5 – Report and Discussion on Horsemen's Agreements. Mr. Korby reported that CARF has signed the 2012 horsemen's agreements for all breeds and has submitted the agreements to the California Horse Racing Board (CHRB). This is the earliest that the agreements have been signed and submitted in many years.

Mr. Swartzlander added that the California Thoroughbred Trainer's (CTT) contract has not yet been signed due to a couple of small technicalities regarding passes, shuttle service for trainers and assurance that CARF or Fairs will not sign an agreement with Betfair. Mr. Korby reported that he has let CTT know that some of these items are outside the scope of the agreement and will not be included. Trainers are welcome to utilize the same horsemen's services that are offered to owners.

Ms. Tesconi asked if there was a change in required number of entries for stakes races. Richard Scheidt, TOC Director of Northern California Operations, replied that the agreement states that an overnight stake race with less than 5 separate wagering interests with at least 3 different

trainers can be cancelled with notification to TOC. The track cannot cancel a guaranteed stake without obtaining the approval of TOC. If a guaranteed stakes looks like it will not fill, the Racing Secretary should contact TOC immediately and a reasonable request will be approved. It's in the best interest of owners to keep the purse account from taking a substantial loss and TOC will work closely with Mr. Doutrich to provide the best possible program. Mr. Scheidt stated that he is confident that the 2012 Fair stakes schedule will draw horses.

Ms. Tesconi asked to clarify that the Wine Country Debutante Stakes was for 2-year old fillies, not 3-year olds. Mr. Scheidt stated that he made an error when reformatting the schedule and that the correction had since been made.

Mr. Pickering thanked CARF staff and Mr. Scheidt for finalizing the agreement in advance of Pleasanton's CHRB license hearing.

Mr. Korby stated that Keith Pronske in his role as Northern California Director for TOC, played a critical role in coordinating the agreement.

Mr. Scheidt reported that as part of an organizational restructuring, TOC membership has elected an entirely new Board of Directors consisting of 8 incumbents and 7 new members. The election was based solely on the number of votes and that according to a new election cycle, the top 5 vote getters will serve for 3 years, the next five will serve for 2 years and the bottom five will serve for 1 year. Due to the timing of the election, this election cycle will be 15 months but the normal cycle will be 12 months starting July 1 to June 30. The next election for five new directors will be held May 2013.

Mr. Elliott asked Mr. Scheidt for his opinion regarding the state of racing at Golden Gate Fields. Mr. Scheidt replied that the extended length of their meet is hard on trainers, horses and fans. Mr. Scheidt stated that horsemen are excited about the purse structure and stakes schedule being offered at the Fairs.

Agenda Item 6 – Report and Discussion on Preparation of and Deadlines for CHRB Racing License Applications. Mr. Korby reported that the license applications for Pleasanton, Cal Expo and Santa Rosa are included in the meeting packet. This item is on the agenda as an opportunity to share details of the application prior to the hearings.

Mr. Swartzlander encouraged the Fair Managers to be well versed on emergency procedures. The CHRB requires two EMT's onsite, but the Commissioners have been pushing for two paramedics. Be familiar with the equipment in the first aid station and equipment in the ambulance.

Mr. Swartzlander stated that the topic of race track safety and maintenance might come up. It is important to point out that the Fairs utilize a state-of-the-art Kimsey horse ambulance and have a dedicated driver present and on-staff during training hours and racing hours.

Mr. Swartzlander stated that last year the wagering format was an issue during the Cal Expo hearing. For fan continuity, CARF sent a standard wagering format to the CHRB under a separate cover. If a Fair deviates from that wagering format, make sure CHRB staff is aware and be prepared to answer questions about why the offerings are different.

Mr. Scheidt stated for the major association hearings, specifically Hollywood Park, the marketing plans have been reviewed in detail.

Mr. Pickering stated that the County Fire Department, which staffs the Pleasanton first aid stations, was able to provide a detailed inventory of safety and first aid equipment onsite. The ambulance company was able to provide a similar list. Mr. Korby recommended that Fairs work a provision into their ambulance contracts that stipulates if an accident occurs, a replacement ambulance will be provided within a specific timeframe to minimize delays.

Mr. Elliott asked when the Pick-4 would be offered on the standard wagering format. Mr. Swartzlander stated that the Pick-4 would be offered on the first four and last four races.

Agenda Item 7 – Report, Discussion and Action, if any, on CARF Track Safety and Maintenance Program. Mr. Korby reported that this item was included on the agenda to allow for continuing discussion about the New York Times article published March 25, 2012 titled “Mangled Horses, Maimed Jockeys.”

Mr. Korby reported that CARF has been fortunate in the past 10 years to be able to invest significant time, money and effort into a Race Track Safety and Maintenance Program (RTSM) at Fairs. Mr. Swartzlander manages the day-to-day aspects of the program and Track Supervisor Steve Wood directly oversees the racing surface during live racing. CARF staff will be preparing a report outlining the details of the program.

Mr. Swartzlander stated that since F&E funding for the program has ceased, Fairs have \$462,000 remaining in the fund which should last three years with a gradual transfer of expenses to Fairs. Mr. Korby stated that staff will create different scenarios of three-year plans to transition the program from completely covering core costs with third party funds to Fairs absorbing costs over a period of time. Ms. Tesconi requested that a plan for 2012 and 2013 be presented to Fairs soon so that Fairs can budget accordingly.

Mr. Bartosik reported that a local animal welfare organization, Action for Animals, has contacted Cal Expo in the past regarding race horse welfare and will probably aggressively pursue this issue if it continues to make headline news. We need to be ready to show animal welfare organizations the quality of ongoing and preventative care that is provided to race horses.

Ms. Tesconi stated that some people believe race horses run daily when in fact most run every three weeks. A fact sheet for distribution might be helpful.

Mr. Scheidt reported that he rarely hears complaints regarding the Fair racing surfaces; in fact comments are usually complimentary.

Mr. Korby stated that the Fair injury record is especially significant when you take into consideration that horses running at Fairs are often at the beginning or approaching the end of their racing careers.

Agenda Item 8 – Report, Discussion and Action, if any, on Planning for 2012 Fair Race Circuit. No additional items to report.

Agenda Item 9 – Report, Discussion and Action, if any, on CARF Recruitment Program. Mr. Swartzlander reported that he and Mr. Doutrich visited Oregon last month. In addition, he, Mr. Doutrich, Mr. Scheidt and David Jenkins from Golden Gate Fields held a reception at Turf Paradise in Arizona. The reception was very well attended and horsemen showed significant interest in bringing horses to the Fairs.

Ms. Tesconi and Mr. Elliott requested that TOC provide videos or brochures on horse ownership.

Agenda Item 10 – Historical Report: Jumbo Tron at Fair Racetracks. Mr. Korby reported that the meeting packet contains one of the initial proposals drafted by CARF for implementing a Jumbotron at Fairs titled “Jumbo Video Screen Display at California Fair Grandstands. Mr. Korby stated that the addition of the Jumbotron has provided Fairs with a resource to bolster sponsorship opportunities and has provided fans with the type of exciting racing experience they expect to have at any major sporting event.

Mr. Pickering stated that the Alameda County Fair was initially paying \$42,000 for the Jumbotron, but under the CARF consolidated contract, the price dropped to \$20,000.

Agenda Item 11 – Executive Director’s Report. Mr. Korby reported that 2012 is CARF’s 25 year as a joint-powers authority (JPA). CARF staff will be developing handle and distribution reports that illustrate the racing industry’s contribution to Fairs over that timeframe and the revenues paid to Fairs by CARF.

Mr. Korby reported that a mini-satellite wagering facilities license application is scheduled to be heard at the next CHRB meeting for a facility in Santa Clarita.

Respectfully submitted,
Heather Haviland

EXTENSION OF TOTALISATOR SERVICE AGREEMENT

THIS EXTENSION OF TOTALISATOR SERVICE AGREEMENT (this "Extension Agreement") is entered into as of the ____ day of _____, 2012, by and between SOUTHERN CALIFORNIA OFF-TRACK WAGERING INC. ("SCOTWINC"), NORTHERN CALIFORNIA OFF-TRACK WAGERING INC. ("NCOTWINC"), the California Racing Associations and Racing Fairs, which from time to time operate as "HOST TRACKS") as set forth on Exhibit A of the Totalisator Service Agreement (SCOTWINC, NCOTWINC and HOST TRACKS are hereinafter collectively referred to as "TRACKS"), and SPORTECH RACING, LLC (formerly Scientific Games Racing, LLC), a Delaware limited liability company with a principal place of business located at 555 Long Wharf Drive, 11th Floor, New Haven, Connecticut 06511 ("SPORTECH") (all parties signatories to this Extension Agreement are hereinafter collectively referred to as the "Parties").

WHEREAS, SCOTWINC is an organization of racing associations and racing fairs that operate an audio visual signal system for the transmission of satellite wagering signals to designated simulcast wagering sites, to protect the security of pari-mutuel pools and to account for wagering proceeds for the Southern and Central Zones of California, and NCOTWINC is the organization formed for the above stated purposes for the Northern Zone of California, and HOST TRACKS operate the California racing venues from which such audio visual signals emanate; and

WHEREAS, SPORTECH is a limited liability company having facilities and capabilities to provide the pari-mutuel totalisator system to record and tabulate wagers made at HOST TRACKS and Simulcast Wagering facilities located throughout the State of California; and

WHEREAS, Scientific Games Racing, LLC ("SGR") and TRACKS are parties to a Totalisator Service Agreement dated June 1, 2007 ("Service Agreement"); and

WHEREAS, SGR is now known as SPORTECH; and

WHEREAS, TRACKS that are signatories to this Extension Agreement desire to exercise their rights under Paragraph 23.2 of the Service Agreement, and renew and extend the Service Agreement for one (1) three-year period upon expiration of the term of the Service Agreement on the last day of any Thoroughbred race meeting operating in September of 2012 and SPORTECH is willing to so extend the Service Agreement to the TRACKS that are signatories to this Extension Agreement as set forth herein.

WHEREAS, the Parties desire to amend the Service Agreement to extend the term of the Service Agreement as set forth herein.

NOW, THEREFORE, in consideration of the premises and the mutual covenants set forth herein, the Parties agree as follows:

1. Scope of Amendment. Except for the changes set forth below, all other terms and conditions of the Service Agreement and any amendments thereto shall remain in full force and effect and shall govern the contractual relationship of the Parties. In the event of any inconsistencies between the terms of this Extension Agreement and the Service Agreement or any amendments thereto not specifically referenced herein, the terms of this Extension Agreement shall prevail.

2. Term. Paragraph 23.1 of the Service Agreement as between SPORTECH and the TRACKS that are signatories to this Extension Agreement is hereby deleted in its entirety and replaced with the following:

23.1 As to the Parties, this Agreement shall be in full force and effect as of the day after the last day of any Thoroughbred race meeting operating in September of 2012, and shall expire on the last day of any Thoroughbred race meeting operating in September of 2015, unless sooner terminated pursuant to the provisions hereof.

IN WITNESS WHEREOF, the Parties hereto have executed this Extension Agreement to be signed by their respective duly authorized officers, as of the day and year first above written.

SPORTECH RACING, LLC

SOUTHERN CALIFORNIA OFF-TRACK
WAGERING, INC.

By: _____
Name:
Title:
Date:

BAY MEADOWS LAND COMPANY AND
HOLLYWOOD PARK

By: Michael R. Erwin
Name: MICHAEL R. ERWIN
Title: V.P.
Date: 4/18/2012

NORTHERN CALIFORNIA OFF-TRACK
WAGERING, INC.

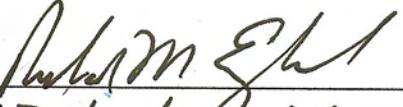
By: Bernie Thurman
Name: BERNIE THURMAN
Title: VICE PRESIDENT
Date: 4/18/2012

By: _____
Name:
Title:
Date:

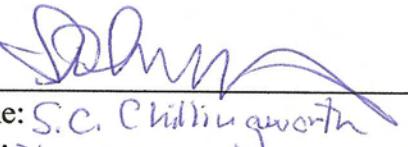
GOLDEN GATE FIELDS AND SANTA ANITA PARK

By: _____
Name: _____
Title: _____
Date: _____

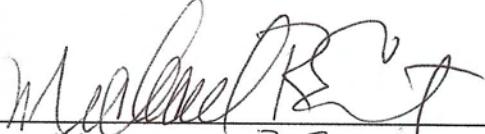
LOS ALAMITOS RACETRACK

By: 
Name: Richard English
Title: chairman
Date: 4-18-12

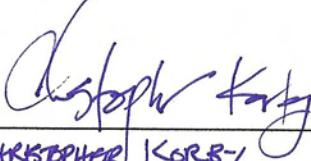
OAK TREE RACING ASSOCIATION

By: 
Name: S.C. Chillingworth
Title: Director
Date: 4/18/12

DEL MAR THOROUGHBRED CLUB

By: 
Name: Michael R. Ernst
Title: EVP & CFO
Date: 4/18/12

CALIFORNIA AUTHORITY OF RACING FAIRS

By: 
Name: CHRISTOPHER KIRBY
Title: EXECUTIVE DIRECTOR
Date: April 18, 2012

SACRAMENTO HARNESS ASSOCIATION

By: _____
Name: _____
Title: _____
Date: _____

SOUTHERN CALIFORNIA OFF-TRACK WAGERING, INC.

By: _____
Name: _____
Title: _____
Date: _____

FAIRPLEX PARK

By: _____
Name: _____
Title: _____
Date: _____



ROBERTS

COMMUNICATIONS NETWORK

(702) 227-7500
Telephone

4175 Cameron Street, Suite B-10
Las Vegas, NV 89103

(702) 227-7501
Telefax

CONFIDENTIAL

February 27, 2012

VIA FAX (858) 794-1007, EMAIL
AND FEDERAL EXPRESS

Mr. Jack Liebau, President
Southern California Off-Track Wagering, Inc.
4961 East Katella Drive
Los Alamitos, CA 90720-2799

Mr. Joe Morris, President
Northern California Off-Track Wagering, Inc.
1100 Eastshore Highway
Berkley, CA 94710

Dear Jack and Joe,

Roberts Communications Network, LLC ("RCN") agrees to provide simulcast reception service to Southern California Off-Track Betting Wagering, Inc. ("SCOTWINC") and Northern California Off-Track Wagering, Inc. ("NCOTWINC"), on behalf of the locations indicated on Schedule A attached hereto, as follows:

1. Annual fee – \$1,280,450.00 (includes all 31 locations on Schedule A attached)
 - a. \$796,500.00 invoiced to SCOTWINC
 - b. \$483,950.00 invoiced to NCOTWINC
2. Includes up to 16 simultaneous channels of service at each location.
3. Includes equipment package at each location consisting of:
 - a. 1.2 meter ku band receive antenna
 - b. Antenna mount
 - c. IRDs capable of MPEG-2, MPEG-4, SD, HD
 - d. Equipment Rack and other associated equipment as determined by RCN
4. SCOTWINC and NCOTWINC may allocate the 496 channels (IRDS) (16 x 31) in any manner they choose. However, re-transmissions of simulcasts provided by RCN pursuant to this agreement are strictly prohibited.
5. Additional channels of service over and above 496 shall be provided at a rate of \$215.00 per channel (IRD) per month per location. However, in such event, the allocation of the annual fee as indicated in Sections 1a. and 1b. above shall be re-determined by SCOTWINC and NCOTWINC and provided to RCN.
6. Additional locations not included on Schedule A may be subject to a one-time installation fee.

Mr. Jack Liebau and Joe Morris

February 27, 2012

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7. In the event SCOTWINC or NCOTWINC discontinues simulcast reception service at any of the 31 locations or they, jointly and not severally, reduce the number of channels received at each location because RCN is no longer the exclusive vendor for certain tracks, then RCN will reduce the annual fee by \$215.00 per channel (IRD) applicable, times 12 months (prorated for partial years). However, in such event, the allocation of the annual fee as indicated in Sections 1a.and 1b.above shall be re-determined by SCOTWINC and NCOTWINC and provided to RCN.
8. Payment Option: \$106,704.17 per month in advance (plus any extra channel billing).
 - a. \$66,375.00 invoiced to SCOTWINC
 - b. \$40,329.17 invoiced to NCOTWINC
9. Term – Five (5) years (January 1, 2012 through December 31, 2016). However, either RCN or jointly and not severally, SCOTWINC and NCOTWINC, may terminate this agreement effective 11:59 p.m. on December 31, 2014 by providing the other party with written notice of such termination by September 30, 2014.
10. SCOTWINC and NCOTWINC shall be responsible for obtaining any and all re-transmission consents, and the payment of any applicable costs or fees, required from host tracks and their vendors for any tracks requested by SCOTWINC and NCOTWINC to be included in this service, but for which RCN is not the exclusive vendor. RCN provides the services described herein on an exclusive basis for only those host tracks for which it is the exclusive vendor.
11. SCOTWINC and NCOTWINC shall be responsible for the negotiation and payment of any additional IRD costs or fees imposed by host tracks on SCOTWINC and NCOTWINC pursuant to SCOTWINC's and NCOTWINC's agreements with such host tracks when SCOTWINC and NCOTWINC are acting as a guest or simulcast importer. RCN shall be responsible for the negotiation and payment of historical IRD revenue received by such host tracks from RCN for SCOTWINC and NCOTWINC IRDs prior to the execution of this agreement.
12. This agreement shall be replaced by RCN's standard Reception Service Agreement upon execution of such an agreement.

All terms and conditions of this agreement are confidential.

If you are in agreement with the terms and conditions contained herein, please sign in the space provided below and return a copy of this agreement for our records.

Very truly yours,



Todd Roberts
President and CEO

Mr. Jack Liebau and Joe Morris
February 27, 2012
Page 3

AGREED AND ACCEPTED:
SOUTHERN CALIFORNIA OFF-TRACK WAGERING, INC

By: J. Jack Liebau Date 3/12/12
Authorized Signature

F. Jack Liebau, President

Print Name and Title
NORTHERN CALIFORNIA OFF-TRACK WAGERING, INC

By: _____ Date _____
Authorized Signature

Print Name and Title

TR: Pb

Mr. Jack Liebau and Joe Morris

February 27, 2012

Page 3

AGREED AND ACCEPTED:

SOUTHERN CALIFORNIA OFF-TRACK WAGERING, INC

By: _____ Date _____
Authorized Signature

Print Name and Title

NORTHERN CALIFORNIA OFF-TRACK WAGERING, INC

By: J.P. Morris Date 3-8-12
Authorized Signature

Joseph P. Morris, Chairman

Print Name and Title

TR: Pb

SCHEDULE A

LIST OF RECEPTION SERVICE LOCATIONS

1. Alameda County Fair
4501 Pleasanton Avenue
Pleasanton, CA 94566
Jeanie Wasserman
Phone: (925) 426-7622
Fax: (925) 426-7621
2. Antelope Valley Fair
2551 West Ave. H
Lancaster, CA 93536
Susie Merkler
Phone: (661) 948-6060
Fax: (661) 942-2135
3. Barona Valley Ranch Resort
932 Wildcat Canyon Road
Lakeside, California 92040
John H. Bucalo
Phone: (619) 328-3913
Fax: (619) 390-3529
4. Big Fresno Fair
1121 Chance Avenue
Fresno, CA 93702
Dan White
Phone: (559) 453-3258
Fax: (559) 255-6864
5. California State Fair & Expo
P.O. Box 15649
Sacramento, CA 94566
Dave Elliott
Phone: (916) 263-3279
Fax: (916) 263-3198
6. Club One Satellite Wagering
1033 Van Ness Avenue
Fresno, CA 93721
Dan White
Phone: (559) 497-3011
Fax: (559) 264-1695
7. Del Mar / SurfSide
2260 Jimmy Durante Blvd.
Paul A. Porter
Del Mar, CA 92014
Phone: (858) 792-4232
Fax: (858) 792-4279
8. Fairplex Park
P.O. Box 2250
Pomona, CA 91769
Mike Seder
Phone: (909) 865-4630
Fax: (909) 620-8986
9. Fantasy Springs Casino
84-245 Indio Springs Drive
Indio, CA 92201
Hugh Cotes
Phone: (760) 342-5000 X 3059
Fax: (760) 342-7586
10. Golden Gate Fields
P.O. Box 6027
Albany, CA 94706
Calvin Rainey
Phone: (510) 559-7311
Fax: (510) 559-7676
11. Hollywood Park
P.O. Box 369
Inglewood, CA 90306
Eual Wyatt
Phone: (310) 419-1594
Fax: (310) 672-0451
12. Kern County Fair
1142 South P Street
Bakersfield, CA 93307
Dian Tootle
Phone: (661) 833-4929
Fax: (661) 397-0296
13. Humboldt County Fair (8days)
1250 5th Street
Ferndale, CA 93702
Stuart Titus
Phone: (707) 786-9511
Fax: (707) 786-9450
14. Los Alamitos Racecourse
4961 Katella avenue
Los Alamitos, CA 90720
Melodie Knuchell
Phone: (714) 236-4469
Fax: (714) 995-6276
15. Monterey County Fair
2004 Fairgrounds Road
Monterey, CA 93940
Sarah Cummings
Phone: (831) 372-0315
Fax: (831) 372-3840
16. National Orange Show
930 South Arrowhead Ave
San Bernardino, CA 92408
Larry Jacobsen
Phone: (909) 885-7223
Fax: (909) 885-4087
17. San Bernardino County Fair
14800 Seventh Street
Victorville, CA 92392
Debbie Hartzler
Phone: (760) 951-7223
Fax: (760) 245-2375
18. San Joaquin County Fair
1658 South Airport Way
Stockton, CA 95206
Debbie Cook
Phone: (209) 466-3589
Fax: (209) 466-5141
19. San Mateo Event Center
2495 S. Delaware Street
San Mateo, CA 94403
Chris Carpenter
Phone: (650) 574-6063
Fax: (650) 574-6064
20. Santa Anita Park
P.O. Box 60014
Arcadia, CA 91066-6014
Tom Varela
Phone: (626) 574-6394
Fax: (626) 574-5074
21. Santa Clara County Fair
344 Tully Road
San Jose, CA 95111
Tony Amantano
Phone: (408) 494-3278
Fax: (408) 298-1016
22. Shalimar Sports Center
46-350 Arabia Street
Indio, CA 92201
Olivia Perez
Phone: (760) 863-8246
Fax: (760) 863-8978
23. Shasta District Fair
1890 Briggs Street
Anderson, CA 96007
Lloyd Santos
Phone: (530) 378-6787
Fax: (530) 378-6786
24. Solano County Fair
900 Fairgrounds Drive
Vallejo, CA 94589
Rene Sanders
Phone: (707) 552-9797
Fax: (707) 552-7871

Mr. Jack Liebau

January 31, 2012

Page 5

25. Sonoma County Fair
1350 Bennett Valley Road
Santa Rosa, CA 95402
Michelle Mustard
Phone: (707) 524-6343
Fax: (707) 524-6344

26. Stanislaus County Fair
900 N. Broadway
Turlock, CA 95380
Terry Mann
Phone: (209) 634-2870
Fax: (209) 634-2969

27. Sycuan Gaming Center
5469 Dehesa Road
El Cajon, CA 92019
Tim Briggs
Phone: (619) 445-6002
Fax: (619) 659-1026

28. The Farmers Fair
18700 Lake Perris Drive
Perris, CA 92571
Cindy Caruso
Phone: (951) 679-7223
Fax: (951) 943-2691

29. Tulare County Fair
215 Martin Luther King, Jr.
Tulare, CA 93274
Heione Tautuaa
Phone: (559) 686-7616
Fax: (559) 686-0648

30. Ventura County Fair
10 West Harbor Boulevard
Ventura, CA 93001
Beth Medeiros
Phone: (805) 653-0960
Fax: (805) 653-1192

31. Viejas Casino & Turf Club
5000 Willows Road
Alpine, CA 91901
Jim Bolda
Phone: (619) 659-1770
Fax: (619) 659-1974

Mini-Satellites – Billed to
SporTech

M1. Commerce Casino
6131 East Telegraph Road
Commerce, CA 90040
Phone: (323) 721-2100
Fax: (323) 838-3475
Ralph Wong

M2. OC Tavern
2369 South El Camino Real
San Clemente, CA 92672
Micheal Merrigan
Phone (949) 542-8877

M3. Santa Maria
Original Roadhouse Grill
1423 S. Bradley Rd.
Santa Maria, CA 93454
Pat Gorman
Phone: (805) 346-2426
Fax: (805) 922-9354

Seasonal – Billed Separately
Uplink Truck
Humbolt County Fair (8 days)
1250 5th Street
Ferndale, CA 93702
Stuart Titus
Phone: (707)786-9511
Fax: (707)786-9450



a California joint powers agency

1776 Tribute Road, Suite 205
 Sacramento, CA 95815
 Office: 916.927.7223 Fax: 916.263.3341
www.calfairs.com

April 16, 2012

The Honorable Darrell Steinberg, President Pro Tempore
 The Honorable Roderick Wright
 State Capitol, Room 205
 Sacramento, CA 95814

RE: SB 1463 (Wright) OPPOSE UNLESS AMENDED

To Senators Steinberg & Wright:

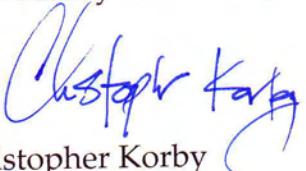
We regretfully must oppose SB 1463 as introduced. We believe Senate Bill 1463 in its current form would devastate California's Horse Racing industry.

As you may be aware, the Horse Racing industry provides - directly or indirectly - over 35,000 jobs in California and is responsible for generating more than \$2.5 billion to the State's economy, annually. Horse Racing is the only form of legal Internet wagering in California (and the nation). This exclusivity was granted to the racing industry by the California Legislature in 2001 following the 1999 compacts and the passage of Proposition 1A in 2000 as a means of mitigating their impacts on racing. It goes without saying, Horse Racing interests would be significantly negatively impacted, and the jobs we provide threatened, should there be an expansion to Internet wagering without a preference provided for the Horse Racing industry. With this being said, Horse Racing industry members are not opposed to the prospects of Internet gaming which are contemplated in SB 1463. However, we are of the strong opinion the bill, in its current form, would be extremely detrimental to the State's Horse Racing industry, our partners and the citizens of the State that rely on our industry for their livelihood. Our specific concerns with Senate Bill 1463 include but are not limited to the following:

- As Horse Racing is the only entity which can legally conduct Internet gaming, we're opposed to the current language which allows for an unlimited number of participants. The Horse Racing industry believes that in order for any licensee to be successful in California and to recoup the initial \$30 + million licensing investment and marketing operations costs, there must be a reasonable limit on the number of licenses granted.
- Per the point above, upon a mutually agreed to number of limited licenses, one (1) license shall be designated for the Horse Racing industry, which would include Fair racing associations and Fair satellite wagering facilities. Furthermore, the only other entities eligible for (limited) licenses should include the State's licensed Native American gaming tribes and its Card Clubs. Given this request to limit the number of licenses granted, our position is that Advance Deposit Wagering (ADW) entities should NOT be eligible for license.
- Term - Section 19990.03 specifies a renegotiation to the terms and conditions of licenses with the licensees any time after three (3) years. The section goes on to describe a process that gives the State the "right" to make reasonable modifications to the terms and conditions. We believe that three (3) years is insufficient time to recoup the State's \$30 million "up-front" fee. We must oppose this provision.

Much has been made of the financial impact Senate Bill 1463 would have upon the State's General Fund. Horse Racing industry members are keenly aware of the State's budget short-fall and realize the monetary assistance Senate Bill 1463 could provide for much needed State-supported programs. However, we're of the strong opinion the Legislature must also contemplate how the bill would impact existing California gaming entities and the jobs / economic impact which we provide. We look forward to working with all members of leadership in Sacramento on Internet gaming legislation that is beneficial and fair to all parties and protects the jobs of those Californians who depend on the Horse Racing industry to provide for themselves and their families.

Respectfully submitted,



Christopher Korby
Executive Director
California Authority of Racing Fairs

cc: Louie Brown, Kahn Soares and Conway



April 18, 2012

The Honorable Darrell Steinberg, President Pro Tempore
The Honorable Roderick Wright
State Capitol, Room 205
Sacramento, CA 95814

RE: SB 1463 (Wright) Oppose Unless Amended

OFFICERS

MIKE PEGRAM
CHAIR

PABLO SUAREZ
VICE CHAIR, SOUTHERN CA.
SECRETARY

JACK OWENS
VICE CHAIR, NORTHERN CA.

PETE PARRELLA
TREASURER

ED MOGER
AT LARGE

DIRECTORS

MADELINE AUERBACH
MARTIN BACH
BOB BAFFERT
BRIAN BOUDREAU
DENNIS CARDOZA
MARK DEDOMENICO
RON ELLIS
CAL FISCHER
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EXECUTIVE STAFF

LOU RAFFETTO
PRESIDENT
KELLEE BREEN
CHIEF FINANCIAL OFFICER
ALISON LADUKE
PROJECT COORDINATOR
RICHARD SCHEIDT
NO. CA. DIRECTOR OF
OPERATIONS

CHAIRS EMERITUS

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ROBERT B. LEWIS (1997-2001)
GARY BURKE (2001)
JACK B. OWENS (2001-03)
RON CHARLES (2003-04)
JACK B. OWENS (2004-05)
ALAN LANDSBURG (2005-07)
MARSHA NAIFY (2007-10)
ARNOLD ZETCHER (2010-11)
JACK B. OWENS (2011)

CORPORATE OFFICE

285 W. HUNTINGTON DRIVE
ARCADIA, CA 91007
T: 626-574-6620
F: 626-821-1515
WWW.TOCONLINE.COM

To Senators Steinberg & Wright:

On behalf of California's Thoroughbred Horsemen, the Thoroughbred Owners of California (TOC), the California Thoroughbred Breeders Association (CTBA) and the California Association of Racing Fairs (CARF), we regretfully must oppose your bill as introduced. We believe that the bill in its current form would devastate California's racing industry.

As you may be aware, the Horse Racing Industry provides - directly or indirectly - over 50,000 jobs in California and is responsible for generating more than \$2.5 billion to the State's economy, annually. Horse Racing is the only form of legal Internet wagering in California (and the Nation). This exclusivity was granted to the racing industry by the California Legislature in 2001 following the 1999 compacts and the passage of Proposition 1A in 2000 as a means of mitigating their impacts on racing. It goes without saying, horse racing interests would be significantly negatively impacted, and the jobs we provide threatened, should there be an expansion to Internet wagering without a preference provided for horse racing. With this being said, horse racing members are not opposed to the prospects of Internet gaming which are contemplated in SB 1463. However, we are of the strong opinion that the bill, in its current form would be extremely detrimental to the State's Horse Racing industry, our partners and the citizens of the State that rely on our industry for their livelihood. TOC, CTBA, and CARF's specific concerns with Senate Bill 1463 include but are not limited to:

- As Horse Racing is the only entity which can legally conduct Internet gaming, we're opposed to the current language which allows for an unlimited number of participants. TOC, CTBA and CARF believe that in order for any licensee to be successful in California and to recoup the initial \$30 + million licensing investment, marketing operations costs, there must be a reasonable limit on the number of licenses granted.
- Per the point above, upon a mutually agreed to number of limited licenses, one (1) license shall be designated for horse racing. The only other entities eligible for (limited) licenses include the State's licensed Native American gaming tribes and Card Clubs. Given this request to limit the amount of licenses granted, our position is that Advance Deposit Wagering (ADW) entities are NOT eligible for license.
- Term - Section 19990.03 specifics a renegotiation to the terms and conditions of licenses with the licensees any time after three (3) years. The section goes on to describe a process that gives the State the "right" to make reasonable modifications to the terms and conditions...We believe three (3) years is insufficient time to recoup the State's \$30 million "up-front" fee. We must oppose this provision.

**OFFICERS**

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CHAIR

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Much has been made of the financial impact Senate Bill 1463 would have upon the State's General Fund. Our members are keenly aware of the State's budget short-fall and realize the monetary assistance Senate Bill 1463 could provide for much needed State-run programs. However, we're of the strong opinion that the Legislature must also contemplate how the bill would impact existing California gaming entities and the jobs / economic impact which we provide. We look forward to working with all members of leadership in Sacramento on Internet gaming legislation that is beneficial and fair to all parties and protects the jobs of those Californians who depend on racing to provide for their families.

Regards,

Mike Pegram
Thoroughbred Owners of California

Doug Burge
California Thoroughbred Breeders Association

Chris Korby
California Association of Racing Fairs



April 16, 2012

The Honorable Rod Wright
California State Capitol, Room 5064
Sacramento, CA 95814

Re: SB 1390 (Wright) Sports wagering—**SUPPORT IF AMENDED**
Senate Governmental Organization Committee – April 24, 2012

Rod
Dear Senator Wright:

On behalf of California's Thoroughbred Horsemen, the Thoroughbred Owners of California (TOC) and the California Thoroughbred Breeders Association (CTBA), we are pleased to express our support for your SB 1390. This bill would authorize the owner or operator of a horse racing track or a satellite facility to conduct wagering on professional and collegiate sports events.

The Horse Racing Industry has played a significant and important role in California. We continue to employ more than 50,000 people directly and indirectly and generate more than \$2.5 billion annually to the state economy.

The TOC and CTBA appreciate your efforts to include racing in SB 1390, which could have a significant positive impact on the future of racing, help retain important California jobs, and address the underground economy. Passage of SB 1390 could also capture revenue for the State – which we currently export to other states such as Nevada – and could create thousands of new jobs.

The TOC and CTBA would respectfully request that language be added to the bill to codify the legislative intent that any association or satellite wagering facility which conducts thoroughbred racing, that accepts wagers on sports events upon enactment of this legislation do so in accordance with the current purse and incentive award distributions in existing law.

We look forward to working with the author and the committee to assure that the bill reflects the continued equitable distribution of funds generated from wagering facilities. Again, we appreciate the author's recognition of the importance of horse racing and for these reasons we support SB 1390.

Sincerely,
Robyn Black
Robyn Black

Cc: California Thoroughbred Owners, Mike Pegram
Cc: California Thoroughbred Breeders Association, Sue Green

CA Authority of Racing Fairs Legislative Report - Last 10 Days 4/20/2012

AB 2092 (Chesbro) Economic development: federally recognized Indian tribes. (I-02/23/2012 [html](#) [pdf](#))

Status: 04/18/2012-Do pass as amended and be re-referred to the Committee on Appropriations.

Current Location: 04/18/2012-A APPR.

Digest: Existing law encourages and authorizes all state agencies to cooperate with federally recognized California Indian tribes on matters of economic development and improvement for the Indian tribes. Existing law provides that cooperation by state agencies with federally recognized California Indian tribes on those matters may include certain activities, but it may not include activities that promote gambling.

This bill would, instead, require that state agencies cooperate with federally recognized California Indian tribes on matters of economic development and improvement for the Indian tribes. This bill would remove the provision that prohibited state agencies from cooperating with Indian tribes under these provisions on activities that promote gambling. This bill would require the Office of Planning and Research, in consultation with the Governor's Tribal Advisor, to adopt a policy of communication and consultation with all federally recognized California Indian tribes that must meet certain requirements. This bill would require all state agencies to comply with the policy.

Vote: majority. **Appropriation:** no. **Fiscal committee:** yes. **State-mandated local program:** no.

Laws: An act to amend Section 11019.8 of the Government Code, relating to economic development.

History:

Mar. 12 Referred to Com. on G.O.

Feb. 24 From printer. May be heard in committee March 25.

Feb. 23 Read first time. To print.

Organization

CARF

AB 2515 (Hall) Indian gaming: local agencies. (A-03/29/2012 [html](#) [pdf](#))

Status: 04/19/2012-From committee: Do pass and re-refer to Com. on APPR. with recommendation: to consent calendar. (Ayes 16. Noes 0.) (April 18). Re-referred to Com. on APPR.

Current Location: 04/19/2012-A APPR.

Digest: Existing law creates in the State Treasury the Indian Gaming Special Distribution Fund for the receipt and deposit of moneys received by the state from certain Indian tribes pursuant to the terms of gaming compacts entered into with the state. Existing law authorizes moneys in that fund to be used for specified purposes, including for grants for the support of state and local government agencies impacted by tribal government gaming.

Existing law, until January 1, 2021, creates a County Tribal Casino Account in the treasury of each county that contains a tribal casino, which is funded according to specified formulas.

Existing law requires the Controller to divide the County Tribal Casino Account for each county that has gaming devices that are subject to an obligation to make contributions to the Indian Gaming Special Distribution Fund into a separate account, known as an Individual Tribal Casino Account, for each tribe that operates a casino within the county. Each Individual Tribal Casino Account is required to be funded in proportion to the amount that each individual tribe paid in the prior fiscal year to the Indian Gaming Special Distribution Fund, and used for grants

to local agencies impacted by tribal casinos, as specified.

~~The bill would make a technical, nonsubstantive change to the above-described provisions. Existing law establishes an Indian Gaming Local Community Benefit Committee in each county in which gaming is conducted, specifies the composition and responsibilities of that committee, and requires that committee to make the selection of grants from the casino accounts. Among other things, the committee is responsible for establishing all application policies and procedures for grants from the casino accounts.~~

This bill would require each grant application to clearly show how the grant will mitigate the impact of the casino on the grant applicant.

Existing law requires every state agency and local government agency to adopt and promulgate a Conflict of Interest Code applicable to enumerated positions within the agency and designated employees, as specified.

This bill would require each Indian Gaming Local Community Benefit Committee to adopt and approve a Conflict of Interest Code pursuant to these provisions. The bill would require any existing Conflict of Interest Code to be reviewed and amended as necessary to bring it into compliance with these requirements.

By increasing the duties of local government entities, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

Vote: majority. Appropriation: no. Fiscal committee: no-yes . State-mandated local program: no yes .

Laws: An act to amend Section 12715 of the Government Code, relating to tribalgaming.

History:

Apr. 19 From committee: Do pass and re-refer to Com. on APPR. with recommendation: to consent calendar. (Ayes 16. Noes 0.) (April 18). Re-referred to Com. on APPR.

Apr. 9 Re-referred to Com. on G.O.

Mar. 29 Referred to Com. on G.O. From committee chair, with author's amendments: Amend, and re-refer to Com. on G.O. Read second time and amended.

Feb. 27 Read first time.

Feb. 26 From printer. May be heard in committee March 27.

Feb. 24 Introduced. To print.

Organization

CARF

AB 2520 (Hall) Horse racing: harness or quarter horses. (I-02/24/2012 [html](#) [pdf](#))

Status: 04/19/2012-From committee: Do pass and re-refer to Com. on APPR. (Ayes 15. Noes 0.) (April 18). Re-referred to Com. on APPR.

Current Location: 04/19/2012-A APPR.

Digest: Under existing law, the California Board of Horse Racing may authorize a harness or quarter horse association conducting a horse race to accept wagers on the results of out-of-state, out-of-country, and other designated harness or quarter horse races, if specified conditions are met, including that the association conducts at least 7 live races and imports not more than 8 races on live racing days.

This bill would revise that provision to instead permit the association to import not more than 10 races on live racing days.

Under existing law, revenues distributed to the state from horse racing are required to be

deposited in the Fair and Exposition Fund and, unless otherwise appropriated are continuously appropriated to the Secretary of Food and Agriculture for various regulatory and general governmental purposes. By providing for the importation of additional out-of-state and out-of-country races, this bill would authorize additional wagering, and would increase the amount of continuously appropriated license fees, thereby making an appropriation.

Vote: 2/3. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

Laws: An act to amend Section 19596.1 of the Business and Professions Code, relating to horse racing, and making an appropriation therefor.

History:

Apr. 19 From committee: Do pass and re-refer to Com. on APPR. (Ayes 15. Noes 0.) (April 18). Re-referred to Com. on APPR.

Mar. 19 Referred to Com. on G.O.

Feb. 27 Read first time.

Feb. 26 From printer. May be heard in committee March 27.

Feb. 24 Introduced. To print.

Organization

CARF

AB 2526 (Hall) Gambling: Gambling Control Act. (I-02/24/2012 [html](#) [pdf](#))

Status: 04/19/2012-From committee: Do pass and re-refer to Com. on APPR. with recommendation: to consent calendar. (Ayes 16. Noes 0.) (April 18). Re-referred to Com. on APPR.

Current Location: 04/19/2012-A APPR.

Digest: The Gambling Control Act provides for the licensure of certain individuals and establishments involved in various gambling activities, and for the regulation of those activities, by the California Gambling Control Commission. For purposes of the act, existing law defines key employee as any natural person employed in the operation of a gambling enterprise in a supervisory capacity or empowered to make discretionary decisions that regulate gambling operations, including, among others, pit bosses, shift bosses, credit executives, cashier operations supervisors, gambling operation managers and assistant managers, and other managers, as specified.

This bill would revise the definition of key employee to mean any natural person employed in the operation of a gambling enterprise in a supervisory capacity or empowered to make discretionary decisions with regard to gambling operations, including, shift managers, credit executives, cashier operations supervisors, gambling operation managers and assistant managers, managers or supervisors of security employees, surveillance managers or supervisors, or any other natural person designated as a key employee, as specified.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

Laws: An act to amend Section 19805 of the Business and Professions Code, relating to gambling.

History:

Apr. 19 From committee: Do pass and re-refer to Com. on APPR. with recommendation: to consent calendar. (Ayes 16. Noes 0.) (April 18). Re-referred to Com. on APPR.

Mar. 19 Referred to Com. on G.O.

Feb. 27 Read first time.

Feb. 26 From printer. May be heard in committee March 27.

Feb. 24 Introduced. To print.

Organization

SB 1

(Kehoe) State Race Track Leasing Commission. (A-01/04/2012 [html](#) [pdf](#))

Status: 04/19/2012-Referred to Com. on G.O.

Current Location: 04/19/2012-A G.O.

Digest: Existing law establishes the State Race Track Leasing Commission and authorizes the commission to enter into leases or other agreements for the use of the Del Mar Race Track and any other property owned or controlled by the 22nd District Agricultural Association that the commission deems necessary to provide horse racing at Del Mar Race Track. Existing law repeals the commission on January 1, 2013.

This bill would delete the repeal date, thereby indefinitely extending the existence of the commission.

Existing law provides that the state is divided into agricultural districts in which 50 or more persons, who are residents of a district, may form a district agricultural association for specified purposes, including holding fairs and constructing, maintaining, and operating recreational facilities. Existing law provides that District 22 is the County of San Diego.

Existing law authorizes the Director of General Services to dispose of surplus state property, subject to specified conditions, including that the net proceeds of the sale be paid into the Deficit Recovery Bond Retirement Sinking Fund Subaccount, which is a continuously appropriated fund.

This bill would create District 22a, which would consist of all of that real property and personal property that is a portion of District 22 that is commonly known as the Del Mar Race Track and Fairgrounds located in the City of Del Mar and certain other property in the City of San Diego, and would prescribe certain matters applicable to officers of the 22nd District Agricultural Association and the District 22a Agricultural Association. The bill would, among other things, authorize the Department of General Services to sell all or any portion of the real property that comprises District 22a and related personal property to the City of Del Mar and require the net sale proceeds to be deposited into the District 22a Disposition Fund, which the bill would create in the State Treasury.

This bill would require, upon sale of all property that comprises District 22a, that District 22a be abolished and that all funds in the District 22a Disposition Fund ultimately be deposited into the Deficit Recovery Bond Retirement Sinking Fund Subaccount, a continuously appropriated fund, thereby resulting in an appropriation.

Vote: majority. Appropriation: yes no . Fiscal committee: yes. State-mandated local program: no.

Laws: An act to amend Section 4351 of the Food and Agricultural Code, relating to the State Race Track Leasing Commission.

History:

Apr. 19 Referred to Com. on G.O.

Jan. 23 Read third time. Passed. (Ayes 35. Noes 0. Page 2697.) Ordered to the Assembly.

Jan. 23 In Assembly. Read first time. Held at Desk.

Jan. 18 Read second time. Ordered to third reading.

Jan. 17 From committee: Do pass. (Ayes 7. Noes 0. Page 2668.) (January 17).

Jan. 14 Set for hearing January 17.

Jan. 12 Withdrawn from committee. Re-referred to Com. on APPR.

Jan. 10 From committee: Do pass and re-refer to Com. on RLS. with recommendation: To consent calendar. (Ayes 10. Noes 0. Page 2623.) (January 10). Re-referred to Com. on RLS.

Jan. 6 Set for hearing January 10.

Jan. 4 From committee with author's amendments. Read second time and amended. Re-referred to Com. on G.O.

Feb. 10 Referred to Coms. on G.O. and RLS.

Dec. 7 From printer. May be acted upon on or after January 6.

Dec. 6 Introduced. Read first time. To Com. on RLS. for assignment. To print.

Organization
CARF

SB 1227 (Negrete McLeod) Horse racing: parimutuel pool funds. (I-02/23/2012 [html](#) [pdf](#))

Status: 03/27/2012-From committee: Do pass and re-refer to Com. on APPR. (Ayes 10. Noes 0. Page 3021.) (March 27). Re-referred to Com. on APPR.

Current Location: 03/27/2012-S APPR.

Calendar Events: 04/30/12 11 a.m. - John L. Burton Hearing Room (4203) SEN APPROPRIATIONS

Digest: Existing law, the Horse Racing Law, generally regulates horse racing and vests the administration and enforcement of the Horse Racing Law in the California Horse Racing Board. A violation of the act, where no other penalty is expressed, is a misdemeanor.

Existing law requires every association that conducts a racing meeting to deduct 15% of the total amount handled in conventional parimutuel pool and 16.75% of the total amount handled in exotic parimutuel pools and to distribute the moneys as specified. Existing law requires any fair racing association to additionally deduct 1% from the total amount handled in its daily conventional and exotic parimutuel pools, and provides for the deposit of the moneys in the Fair and Exposition Fund, a continuously appropriated fund, for expenditure for the construction or operation of recreational and cultural facilities of general public interest.

This bill would instead require that the 1% deducted from the total amount handled in its daily conventional and exotic parimutuel pools be distributed to the fair that conducted the racing meeting and to the horsemen and horsewomen who participated in the racing meeting. The bill would specify that 50% of this amount, would be payable to the fair as commissions, and 50% to the horsemen and horsewomen as purses. Because a violation of these provisions would be a crime, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason. Vote: majority. Appropriation: yes. Fiscal committee: yes. State-mandated local program: yes.

Laws: An act to amend Section 19614 of the Business and Professions Code, relating to horse racing, and making an appropriation therefor.

History:

Mar. 27 From committee: Do pass and re-refer to Com. on APPR. (Ayes 10. Noes 0. Page 3021.) (March 27). Re-referred to Com. on APPR.

Mar. 20 Set for hearing March 27.

Mar. 8 Referred to Com. on G.O.

Feb. 24 From printer. May be acted upon on or after March 25.

Feb. 23 Introduced. Read first time. To Com. on RLS. for assignment. To print.

Organization	Position
CARF	Sponsor

Notes: Letter sent to author on 3/15

SB 1390 (Wright) Gambling: sports wagering. (A-04/19/2012 [html](#) [pdf](#))

Status: 04/19/2012-From committee with author's amendments. Read second time and amended. Re-referred to Com. on G.O.

Current Location: 04/19/2012-S G.O.

Calendar Events: 04/24/12 9:30 a.m. - John L. Burton Hearing Room (4203) SEN GOVERNMENTAL ORGANIZATION

Digest: ~~The~~

(1) The California Constitution prohibits various gaming activities within the state, including casino-style gaming, but authorizes the Governor, subject to ratification by the Legislature, to negotiate and conclude compacts for the operation of slot machines and the conduct of lottery games and banking and percentage card games by federally recognized Indian tribes on Indian lands in California in accordance with federal law. The California Constitution also authorizes the Legislature to provide for the regulation of horse racing, charitable bingo games, the California State Lottery, and charitable raffles.

Existing law prohibits a person, whether or not for gain, hire, or reward, from making a betting pool or placing a bet or wager on the result of any contest or event, including a sporting event, as specified.

The Gambling Control Act provides for the licensure of certain individuals and establishments that conduct controlled games, as defined, and for the regulation of these gambling activities by the California Gambling Control Commission. Existing law provides for the enforcement of those regulations by the Department of Justice. Any violation of these provisions is punishable as a misdemeanor, as specified.

The Horse Racing Law provides for the licensure of every person who participates in, or has anything to do with, the racing of horses, and every employee of a parimutuel department by the California Horse Racing Board. The board is responsible for adopting rules and regulations for the protection of the public, the control of horse racing, and parimutuel wagering, as well as enforcing all laws, rules, and regulations dealing with horse racing and parimutuel wagering. The law permits the board to authorize an association licensed to conduct a racing meeting to also operate a satellite wagering facility at its racetrack inclosure, and for fairs to locate a satellite wagering facility at their fairgrounds, under specified conditions. Any violation of these provisions is punishable as a misdemeanor.

This bill would authorize the owner or operator of a gambling establishment, horse racing track, or satellite wagering facility, with a current license, to conduct wagering on professional and collegiate sports or athletic events by applying to the California Gambling Control Commission or the California Horse Racing Board, as specified, for authorization to conduct sports wagering. The bill would require the commission and the board to adopt regulations to implement these provisions. The bill would require the department to, among other things, investigate any request made by the board or the commission in connection with an application for authorization, and to investigate alleged violations of the above provisions. Any violation of these provisions would be punishable as a crime. By creating a new crime, the bill would impose a state-mandated local program.

Existing

(2) Existing federal law, the Indian Gaming Regulatory Act of 1988, provides for the negotiation and execution of tribal-state gaming compacts for the purpose of authorizing certain types of gaming on Indian lands within a state. The California Constitution authorizes the Governor to negotiate and conclude compacts, subject to ratification by the Legislature. Existing law expressly ratifies a number of tribal-state gaming compacts, and amendments of tribal-state gaming compacts, between the State of California and specified Indian tribes.

This bill would provide that a federally recognized Indian tribe may conduct sports wagering on Indian lands consistent with the requirements of the federal Indian Gaming Regulatory Act of 1988, and under terms no more stringent than those applicable to any other owner or operator in the state.

(3) *The Gambling Control Act requires the Department of Justice to investigate an applicant for a gambling license. Existing law provides that, if denial of the application, or approval of the license with restrictions or conditions on the license, is recommended, the chief of the entity within the department that is responsible for enforcing these provisions shall prepare and file with the commission his or her written reasons upon which the recommendation is based.*

This bill would require the chief of that entity within the department to file with the commission the written reasons upon which the recommendation is based, together with all relevant documents and information.

The

(4) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason. Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

Laws: An act to amend Section 19868 of, and to add Chapter 4.7 (commencing with Section 19750) to Division 8 of, the Business and Professions Code, and to amend Sections 336.9 and 337a of the Penal Code, relating to gambling.

History:

Apr. 19 From committee with author's amendments. Read second time and amended. Re-referred to Com. on G.O.

Apr. 9 From committee with author's amendments. Read second time and amended. Re-referred to Com. on G.O.

Apr. 5 Set for hearing April 24.

Apr. 4 Set, first hearing. Hearing canceled at the request of author.

Mar. 28 From committee with author's amendments. Read second time and amended. Re-referred to Com. on G.O.

Mar. 21 Set for hearing April 10.

Mar. 8 Referred to Com. on G.O.

Feb. 27 Read first time.

Feb. 25 From printer. May be acted upon on or after March 26.

Feb. 24 Introduced. To Com. on RLS. for assignment. To print.

Organization

Position

CARF

Support

Notes: April 24: S/ Governmental Organization - letter submitted to committee on 4/16

SB 1418 (Berryhill) Horse racing: mixed breed meetings. (A-03/26/2012 [html](#) [pdf](#))

Status: 04/10/2012-From committee: Do pass and re-refer to Com. on APPR. with recommendation: To consent calendar. (Ayes 11. Noes 0.) (April 10). Re-referred to Com. on APPR.

Current Location: 04/10/2012-S APPR.

Calendar Events: 04/30/12 11 a.m. - John L. Burton Hearing Room (4203) SEN APPROPRIATIONS

Digest: Existing law, the Horse Racing Law, vests jurisdiction and supervision over horse racing meetings where wagering is held or conducted on the results of those races in the California Horse Racing Board. Existing law authorizes the board to allocate racing weeks to an applicant and to specify the racing days, dates, and hours for horse racing meetings as will be in the public interest and will serve the purposes of the law. Existing law limits the allocation of dates for mixed breed meetings and combined fair horse racing meetings to between June 1 and October 31. Existing law prohibits the allocation of days for a mixed breed meeting or a combined fair horse racing meeting during the month of June at the California Exposition and State Fair if a standardbred meeting is being conducted at that facility during that month. Existing law also requires that the mixed breed meetings be conducted by an entity other than the California Exposition and State Fair as specified, and that the meeting encourage the racing of emerging breeds of horses.

This bill would authorize combined fair horse racing meetings throughout the year. ~~The bill would delete the prohibition against the allocation of days for a mixed breed meeting or a combined fair horse racing meeting during the month of June at the California Exposition and State Fair if a standardbred meeting is being conducted at that facility during that month. The bill would also delete the requirement that the mixed breed meetings be conducted by an entity other than the California Exposition and State Fair, as specified, and that the mixed breed~~

meetings encourage the racing of emerging breeds of horses.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

Laws: An act to amend Section 19549.1 of the Business and Professions Code, relating to horse racing.

History:

Apr. 10 From committee: Do pass and re-refer to Com. on APPR. with recommendation: To consent calendar. (Ayes 11. Noes 0.) (April 10). Re-referred to Com. on APPR.

Mar. 27 Set for hearing April 10.

Mar. 26 From committee with author's amendments. Read second time and amended. Re-referred to Com. on G.O.

Mar. 22 Referred to Com. on G.O.

Feb. 27 Read first time.

Feb. 25 From printer. May be acted upon on or after March 26.

Feb. 24 Introduced. To Com. on RLS. for assignment. To print.

Organization	Position
CARF	Sponsor

Notes: Letter submitted to author on 3/20

SB 1523 (Strickland) Horse racing: fund for retired race horses. (A-04/16/2012 [html](#) [pdf](#))

Status: 04/16/2012-From committee with author's amendments. Read second time and amended. Re-referred to Com. on G.O.

Current Location: 04/16/2012-S G.O.

Calendar Events: 04/24/12 9:30 a.m. - John L. Burton Hearing Room (4203) SEN

GOVERNMENTAL ORGANIZATION

Digest: Existing law, the Horse Racing Law, generally regulates horse racing and vests the administration and enforcement of the Horse Racing Law in the California Horse Racing Board. Existing law provides that all money representing penalties or fines imposed by the stewards of a horse race meeting shall be collected by the licensee of the meeting and paid to the board within 10 days after its close. Existing law requires the board to deposit the money in the State Treasury to the credit of the General Fund. Existing law also requires ~~that various fees are payable to the state as license fees, such as the fees imposed upon fair associations for every live racing meeting conducted by the associations—persons who participate in horse racing, including horse owners, jockeys, drivers, apprentices, grooms, and valets, to be licensed by the board, and to pay license fees pursuant to the rules and regulations adopted by the board.~~ This bill would require the board to deposit all money representing penalties or fines imposed by the stewards of a horse race meeting and all ~~money representing license fees~~ paid to the board ~~for occupational licenses~~ into the Fund for Retired California Race Horses, which would be established by the bill as a continuously appropriated fund, thereby making an appropriation ~~, for purposes of financing a program for the rehabilitation and retraining of retired California race horses in state prisons . The bill would require the program to be developed by the board and implemented in partnership with a nonprofit organization that operates rehabilitation and retirement services in the state for retired California race horses. The bill would require the nonprofit organization to be approved by the board and the Department of Corrections and Rehabilitation. The bill would require the board to adopt regulations for the management and distribution of funds deposited in the Fund for Retired California Race Horses that would~~. ~~The bill would require the regulations to establish a grant request process under which a portion of the funds collected would be allocated to for the distribution of those moneys to the nonprofit organization and for the distribution of moneys received by the nonprofit organizations organization that operate rehabilitation and retirement facilities located in this state for the care of retired California race horses. The bill would also authorize the board to enter into an agreement with the Department of Corrections and Rehabilitation for the rehabilitation and retraining of retired California race horses for services provided by prisoners for the rehabilit~~

ation and retraining of retired California race horses pursuant to the program. The bill would require the nonprofit organization and the Department of Corrections and Rehabilitation to submit an annual budget and quarterly financial statements to the board .

Vote: 2/3. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

Laws: An act to amend Section 19640 of the Business and Professions Code, relating to horse racing, and making an appropriation therefor.

History:

Apr. 16 From committee with author's amendments. Read second time and amended. Re-referred to Com. on G.O.

Mar. 28 Set for hearing April 24.

Mar. 22 Referred to Com. on G.O.

Feb. 27 Read first time.

Feb. 26 From printer. May be acted upon on or after March 27.

Feb. 24 Introduced. To Com. on RLS. for assignment. To print.

Organization

CARF

Total Position Forms: 9

Introduced by Senator Negrete McLeodFebruary 23, 2012

An act to amend Section 19614 of the Business and Professions Code, relating to horse racing, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 1227, as introduced, Negrete McLeod. Horse racing: parimutuel pool funds.

Existing law, the Horse Racing Law, generally regulates horse racing and vests the administration and enforcement of the Horse Racing Law in the California Horse Racing Board. A violation of the act, where no other penalty is expressed, is a misdemeanor.

Existing law requires every association that conducts a racing meeting to deduct 15% of the total amount handled in conventional parimutuel pool and 16.75% of the total amount handled in exotic parimutuel pools and to distribute the moneys as specified. Existing law requires any fair racing association to additionally deduct 1% from the total amount handled in its daily conventional and exotic parimutuel pools, and provides for the deposit of the moneys in the Fair and Exposition Fund, a continuously appropriated fund, for expenditure for the construction or operation of recreational and cultural facilities of general public interest.

This bill would instead require that the 1% deducted from the total amount handled in its daily conventional and exotic parimutuel pools be distributed to the fair that conducted the racing meeting and to the horsemen and horsewomen who participated in the racing meeting. The bill would specify that 50% of this amount, would be payable to the fair as commissions, and 50% to the horsemen and horsewomen as

purses. Because a violation of these provisions would be a crime, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 19614 of the Business and Professions
2 Code is amended to read:

3 19614. (a) Notwithstanding Sections 19611 and 19612, and
4 except for an association that qualifies pursuant to Section 19612.6,
5 for a fair conducting a live racing meeting, 1 percent of the total
6 amount handled on live races, excluding wagering at a satellite
7 facility, shall be retained by the fair association for payment to the
8 state as a license fee.

9 (b) Additionally, 0.48 percent of the total amount handled on
10 live racing, excluding wagering at a satellite facility, shall be
11 deposited with the official registering agency pursuant to
12 subdivision (a) of Section 19617.2, and shall thereafter be
13 distributed in accordance with subdivisions (b), (c), and (d) of
14 Section 19617.2.

15 (c) After distribution of the applicable amounts as set forth in
16 subdivisions (a) and (b) and the payments made pursuant to other
17 relevant sections of this chapter, all funds remaining from the
18 deductions provided in Section 19610 shall be distributed 47.5
19 percent as commissions and 52.5 percent as purses. From the
20 amount distributed as thoroughbred purses, a sum equal to 0.07
21 percent of the total handle shall be held by the association to be
22 deposited with the official registering agency pursuant to
23 subdivision (a) of Section 19617.2, and shall thereafter be
24 distributed in accordance with subdivisions (b), (c), and (d) of
25 Section 19617.2.

26 Any additional amount generated for purses and not distributed
27 during the previous corresponding meeting shall be added to the
28 purses at the current meeting.

1 (d) In addition to the amounts deducted pursuant to Section
2 19610, any fair racing association shall deduct 1 percent from the
3 total amount handled in its daily conventional and exotic
4 parimutuel pools. The additional 1 percent shall be deposited in
5 the Fair and Exposition Fund and is hereby appropriated for the
6 purposes specified in Section 19630. *distributed to the fair that*
7 *conducted the racing meeting and to the horsemen and*
8 *horsewomen who participated in the racing meeting as follows:*

9 (1) *Fifty percent to the fair as commissions.*

10 (2) *Fifty percent to the horsemen and horsewomen as purses.*

11 SEC. 2. No reimbursement is required by this act pursuant to
12 Section 6 of Article XIIIIB of the California Constitution because
13 the only costs that may be incurred by a local agency or school
14 district will be incurred because this act creates a new crime or
15 infraction, eliminates a crime or infraction, or changes the penalty
16 for a crime or infraction, within the meaning of Section 17556 of
17 the Government Code, or changes the definition of a crime within
18 the meaning of Section 6 of Article XIII B of the California
19 Constitution.

Introduced by Senators Wright and Steinberg

February 24, 2012

An act to add Chapter 5.2 (commencing with Section 19990.01) to Division 8 of, and to repeal Sections 19990.235 and 19990.96 of, the Business and Professions Code, relating to Internet gambling, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 1463, as introduced, Wright. Internet gambling.

The Gambling Control Act provides for the licensure of certain individuals and establishments that conduct controlled games, as defined, and for the regulation of these gambling activities by the California Gambling Control Commission. The Department of Justice has related investigatory and enforcement duties under the act. Any violation of these provisions is punishable as a misdemeanor, as specified.

This bill would establish a framework to authorize intrastate Internet gambling, as specified. The bill would authorize eligible entities to apply to the department for a 10-year license to operate an intrastate Internet gambling Web site offering the play of authorized gambling games to registered players within California. The bill would prohibit the offer or play of any gambling game provided over the Internet that is not authorized by the state pursuant to this bill. The bill would provide that any violation of its provisions is punishable as a misdemeanor. By creating a new crime, this bill would impose a state-mandated local program.

The bill would require a license applicant to pay an application fee to the department, for deposit into the Internet Gambling Licensing Fund, as created by the bill, to be continuously appropriated to the

department for the reasonably anticipated costs of investigating the applicant. The bill would also create the Internet Gambling Fund, for the deposit of an unspecified regulatory fee, which would be administered by the Controller subject to annual appropriation by the Legislature for the actual costs of license oversight, consumer protection, state regulation, problem gambling programs, and other purposes related to this bill, and which would not be subject to the formulas established by statute directing expenditures from the General Fund. The bill would require each licensee to pay a nonrefundable license fee in the amount of \$30,000,000 for deposit in the General Fund. The license fee would be credited against monthly fees imposed on the licensee's gross gaming revenue proceeds, as specified.

Existing law provides that a statute that imposes a requirement that a state agency submit a periodic report to the Legislature is inoperative on a date 4 years after the date the first report is due.

This bill would require the department, notwithstanding that requirement, in consultation with the commission, the Treasurer, and the Franchise Tax Board, to issue a report to the Legislature describing the state's efforts to meet the policy goals articulated in this bill within one year of the operative date of this bill and, annually, thereafter.

The bill would also require the Bureau of State Audits, 2 years after the issue date of any license by the state, but no later than 3 years after that date, to issue a report to the Legislature detailing the implementation of this bill, as specified.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Chapter 5.2 (commencing with Section 19990.01)
2 is added to Division 8 of the Business and Professions Code, to
3 read:

1 **CHAPTER 5.2. THE INTERNET GAMBLING CONSUMER
2 PROTECTION AND PUBLIC-PRIVATE PARTNERSHIP ACT OF 2012**

3

4 Article 1. Title, Legislative Declarations, and Statement of
5 Legislative Intent

6

7 19990.01. This chapter shall be known and may be cited as the
8 Internet Gambling Consumer Protection and Public-Private
9 Partnership Act of 2012.

10 19990.02. The Legislature hereby finds and declares all of the
11 following:

12 (a) Californians participate in illegal online gambling on
13 unregulated Internet gambling Web sites every week. These
14 Internet gambling Web sites are operated by offshore operators
15 that are not regulated by United States authorities. As such, neither
16 federal nor California laws provide any consumer protections for
17 California players. California players assume all risks, any negative
18 social or financial impacts are borne by the citizens of California,
19 and the revenues generated from online gambling are being realized
20 by offshore operators and do not provide any benefits to the citizens
21 of California.

22 (b) The presence, operation, and expansion of offshore,
23 unlicensed, and unregulated Internet gambling Web sites available
24 to Californians endanger Californians because the current Internet
25 gambling Web sites operate illegally and without regulation as
26 demonstrated by criminal prosecutions of some Internet gambling
27 purveyors, and questions often arise about the honesty and the
28 fairness of the games played on these Internet gambling Web sites
29 as well as about the true purpose for, and use of, proceeds generated
30 by these unregulated Internet gambling Web sites.

31 (c) In October 2006, Congress passed the SAFE Port Act, to
32 increase the security of United States ports. Embedded within the
33 language of that act was a section entitled the Unlawful Internet
34 Gambling Enforcement Act of 2006 (UIGEA), which prohibits
35 the use of banking instruments, including credit cards, checks, or
36 fund transfers, for interstate Internet gambling, essentially
37 prohibiting online gambling by United States citizens. UIGEA
38 does include exceptions that permit individual states to create a
39 regulatory framework to enable intrastate Internet gambling,
40 provided the bets or wagers are made exclusively within a single

1 state, whose state laws or regulations comply with all of the
2 following:

3 (1) Contain certain safeguards regarding those transactions,
4 including both of the following:

5 (A) Age and location verification requirements.

6 (B) Data security standards designed to prevent access to minors
7 and persons located outside of that state.

8 (2) Expressly authorize the bet or wager and the method by
9 which the bet or wager is made.

10 (3) Do not violate any federal gaming statutes, including all of
11 the following:

12 (A) The Interstate Horseracing Act of 1978.

13 (B) The Professional and Amateur Sports Protection Act.

14 (C) The Gambling Devices Transportation Act.

15 (D) The Indian Gaming Regulatory Act of 1988 (IGRA).

16 (d) State provision of Internet gambling consistent with federal
17 law provides California with the means to protect its citizens and
18 consumers under certain conditions by providing a framework to
19 ensure that, among other things, minors are prevented from
20 gambling, citizens participating in gambling activities are protected,
21 and the state is not deprived of income tax revenues to which it
22 would otherwise be entitled.

23 (e) The state currently maintains and implements substantial
24 regulatory and law enforcement efforts to protect thousands of
25 Californians who gamble and play, among other things, real-money
26 poker in licensed California cardrooms and tribal government
27 casinos, yet the state provides no licensing requirements, regulatory
28 structure, or law enforcement tools to protect millions of
29 Californians who play the same games daily for money on the
30 Internet.

31 (f) In order to protect Californians who gamble online, allow
32 state law enforcement to ensure consumer protection, and keep
33 the revenues generated from Internet gambling in California, it is
34 in the best interest of the state and its citizens to authorize,
35 implement, and create a legal system for intrastate Internet
36 gambling.

37 (g) It is also the interest of the state to provide hundreds of
38 millions of dollars annually for the public services that have been
39 cut repeatedly during the state's budget crisis. It is the intent of
40 the Legislature in enacting this act to ensure that the state realizes

1 a minimum of two hundred million dollars (\$200,000,000) of
2 General Fund revenue from licensing fees during the 2012–13
3 fiscal year.

4 (h) The state's interests are best met by a public-private
5 partnership between the state and private entities, the terms of
6 which would facilitate meeting the important consumer protection
7 interests of the state while ensuring, through the success of the
8 private entities, that the state receives the benefits of the licensing
9 scheme as well as tax revenues that it would otherwise not receive.

10 (i) The state's interests are best met by encouraging competition
11 among qualified entities with the technical expertise and systems
12 that comply with federal law, protect registered players, and ensure
13 that the state collects consideration under the licensing scheme
14 with those qualified entities, personal income taxes owed by
15 registered players, corporate taxes from the earnings of licensed
16 entities, and property, employment, and sales and use taxes created
17 from new businesses, jobs, and other economic inducements from
18 the authorization, regulation, and control of Internet gambling.

19 (j) The Department of Justice, in conjunction with other state
20 agencies and private partners, has the expertise to evaluate the
21 qualifications of applicants for a license to conduct intrastate
22 Internet gambling services, and to license the best qualified and
23 most responsive applicants to meet the needs of the state and its
24 citizens.

25 (k) The authorization of intrastate Internet gambling pursuant
26 to these provisions does not violate the California Constitution or
27 interfere with any right under any compact between the state and
28 any federally recognized Indian tribe. Moreover, the authorization
29 and regulation of intrastate Internet gambling pursuant to these
30 provisions do not violate the exclusivity provisions of any compact
31 between the state and any federally recognized Indian tribe. Internet
32 gambling will take place throughout California on both tribal and
33 nontribal lands. Moreover, the facilities used in the provision of
34 Internet gambling are not slot machines or gaming devices as
35 defined in any of those compacts. While the federal Indian Gaming
36 Regulatory Act of 1998 balanced the interests of three sovereigns,
37 the state, the tribes, and the federal government, UIGEA was
38 designed to balance the federal interest in secure financial
39 transactions with the state's power to determine how online
40 gambling should take place within that state. Finally, application

1 of UIGEA in California does not violate federal Indian law by
2 impinging upon protected tribal sovereignty.

3 (l) Nothing in this chapter prohibits any federally recognized
4 Indian tribe within California with a tribal-state gaming compact
5 with the state pursuant to IGRA from participating in intrastate
6 Internet gambling pursuant to these provisions subject to the
7 jurisdiction of the state.

8 (m) It is the intent of the Legislature to encourage the Governor,
9 immediately following enactment of this chapter, to enter into
10 meet and confer negotiations with interested tribal governments
11 that have tribal-state gaming compacts with the state to resolve
12 the questions related to exclusivity of tribal gaming, and to ensure
13 that the signatory parties to compacts may exercise their rights
14 under the compacts in a timely manner and that the state may
15 commence the authorization of Internet gambling as provided by
16 this chapter.

17 19990.03. It is the intent of the Legislature to create a licensing
18 and regulatory framework to:

19 (a) Ensure that authorized games are offered only for play in a
20 manner that is consistent with federal and state law.

21 (b) Authorize the Department of Justice to issue licenses, with
22 the consent of the commission, to applicants that meet the
23 background requirements and demonstrate the technical expertise
24 to ensure that wagering authorized by this chapter is offered only
25 to registered players who are physically present within the borders
26 of California at the time of play and who are 21 years of age or
27 older.

28 (c) Authorize the Department of Justice, after any licensee has
29 been providing authorized games for three years, and, at any time
30 thereafter, to renegotiate the terms and conditions of the licenses
31 with the licensees, based in large part on the report and
32 recommendations of the Bureau of State Audits to the Legislature
33 pursuant to Section 19990.96. The state reserves the right to make
34 reasonable modifications to the terms and conditions of the license
35 after a three-year review, and, at any time thereafter, to balance
36 the relationship between the licensee and the state, and offer
37 existing licensees the opportunity to agree to these modifications
38 and continue in partnership with the state, subject to the statutory
39 approval of those terms and conditions by the Legislature.

1 (d) Include all of the provisions in this chapter as terms of the
2 license between the state and each licensee subject to the
3 enforcement provisions delineated in this chapter.

4 (e) Ensure that each licensee complies with federal and state
5 laws and regulations.

6 (f) Grant power to the state agencies authorized in this chapter
7 to oversee the operations of each licensee and to enforce the
8 provisions of this chapter to ensure that the interests of the state
9 and registered players are protected.

10 (g) Establish a process that includes a background check and
11 requires that each employee of each licensee or subcontractor
12 receives all necessary licenses and work permits from the state.

13 (h) Ensure that the state is able to collect income tax revenues
14 from registered players.

15 (i) Distribute regulatory fees collected by the state from each
16 licensee to the Internet Gambling Fund, as established in Section
17 19990.86, which shall be administered by the Controller subject
18 to annual appropriation by the Legislature, and which shall not be
19 subject to the formulas established by law directing expenditures
20 from the General Fund, for the following:

21 (1) The actual costs of license oversight, consumer protection,
22 state regulation, and problem gambling programs.

23 (2) Other purposes related to this chapter as the Legislature may
24 decide.

25 (j) Create systems to protect each registered player's private
26 information and prevent fraud and identity theft.

27 (k) Ensure that registered players are able to have their financial
28 transactions processed in a secure and transparent fashion.

29 (l) Ensure that all applicable state agencies will have unrestricted
30 access to the premises and records of each licensee to ensure strict
31 compliance with state law concerning credit authorization, account
32 access, and other security provisions.

33 (m) Require that each licensee provide registered players with
34 accessible customer service.

35 (n) Require that each licensee's Internet Web site contain
36 information relating to problem gambling, including a telephone
37 number that an individual may call to seek information and
38 assistance for a potential gambling addiction.

39 (o) Require that each licensee and all of its subcontractors be
40 organized in California. The licensee, its facilities, its bank

1 accounts related to its intrastate online gambling operations, and
2 its registered players' bank accounts shall be located entirely within
3 the state.

4 (p) Ensure that there are no artificial business constraints on the
5 licensee, such as limits on the percentage of revenues that may be
6 paid to technology supply contractors. Licensees and suppliers are
7 free to structure their own desired relationships without interference
8 from the state.

9 (q) Ensure that all employees of the licensee are physically
10 present in the state when working on the licensee's Internet
11 gambling Web site or in its facilities connected to the play of
12 Internet gambling in this state, or when in contact with registered
13 players. However, the licensee shall have discretion to use the
14 expertise of personnel not physically present in the state when
15 necessary to protect registered players and state interests, including,
16 but not limited to, for the purposes of diagnosing and addressing
17 technological problems, investigating fraud and collusion, and
18 supervising software and configuration changes.

19 (r) Create an express exemption from disclosure, pursuant to
20 the California Public Records Act under subdivision (b) of Section
21 6253 of the Government Code, that exempts from public disclosure
22 proprietary information of a license applicant or a licensee in order
23 to permit disclosure of confidential information to state agencies
24 while achieving the public policy goals of deploying secure systems
25 that protect the interests of the state and players.

26 (s) Preserve the authority of the state to opt out of, or opt into,
27 any federal framework for Internet gambling, or to enter into any
28 agreement with other states to provide Internet gambling.

29 (t) As a matter of statewide concern, preempt any city, county,
30 or city and county from passing any law or ordinance regulating
31 or taxing any matter covered in this chapter.

Article 2. Definitions

35 19990.05. For the purpose of this chapter the following words
36 have the following meanings:

37 (a) "Authorized game" means a game approved by the
38 department pursuant to Section 19990.14 and played using an
39 intrastate Internet Web site pursuant to the authority of the state
40 or offered by a licensee as authorized by the state.

1 (b) “Background check” means a criminal history record check
2 and the electronic submission of fingerprints to the Department of
3 Justice and to the Federal Bureau of Investigation for processing.

4 (c) “Bet” means the placement of a wager in a game.

5 (d) “Commission” means the California Gambling Control
6 Commission.

7 (e) “Department” means the Department of Justice.

8 (f) “Employee” means any natural person employed in, or
9 serving as a consultant or independent contractor with respect to,
10 the operation of an intrastate Internet gambling Web site or a
11 subcontractor.

12 (g) “Employee work permit” means a permit issued to an
13 employee of the licensee by the department after a background
14 investigation.

15 (h) “Finding of suitability” means a finding by the department
16 that a person or entity meets the qualification criteria described in
17 Section 19990.23, and that the person would not be disqualified
18 from being a licensee on any of the grounds specified in Section
19 19990.23.

20 (i) “Gambling” means to deal, operate, carry on, conduct,
21 maintain, or expose for play any game for money.

22 (j) “Game” means any gambling game.

23 (k) “Gaming system” means the technology, including hardware
24 and software, used by a licensee to facilitate the offering of
25 authorized games to registered players.

26 (l) “Gross revenues” means the total amount of money paid to
27 a licensee pursuant to activities authorized under this chapter.
28 Gross revenues shall not include player deposits and wagers.

29 (m) “Internet Gambling Fund” means the fund established
30 pursuant to Section 19990.86 for annual allocation by the
31 Legislature.

32 (n) “Intrastate” means within the borders of California.

33 (o) “Land-based gaming entity” means a card club operated
34 pursuant to Chapter 5 (commencing with Section 19800) or a
35 casino operated by a federally recognized Indian tribe on Indian
36 land in California that provides any game for players on its
37 premises that is offered on an intrastate Internet gambling Web
38 site.

1 (p) “Licensee” means an entity licensed pursuant to this chapter
2 to offer the play of authorized games to registered players on an
3 intrastate Internet Web site.

4 (q) “Online self-exclusion form” means a form on which an
5 individual notifies a licensee that he or she must be excluded from
6 participation in authorized games for a stated period of time.

7 (r) “Owner” means any person that has a financial interest in
8 or control of a licensee, subcontractor, or other entity required to
9 be found suitable under this chapter.

10 (s) “Per hand charge” means the amount charged by the licensee
11 for registered players to play in a per hand game.

12 (t) “Per hand game” means an authorized game for which the
13 licensee charges the player for each hand played.

14 (u) “Person” means an individual, corporation, business trust,
15 estate, trust, partnership, limited liability company, association,
16 joint venture, government, governmental subdivision, agency, or
17 instrumentality, public corporation, or any other legal or
18 commercial entity.

19 (v) “Play settings” means the options and default parameters
20 made available by a licensee to a registered player in the play of
21 authorized games.

22 (w) “Proprietary information” means and includes all
23 information that, whether or not patentable or registerable under
24 patent, copyright, trademark, or similar statutes, (1) can be
25 protected as a trade secret under California law or any other
26 applicable state law, federal law, or foreign law, or (2) derives
27 independent economic value, actual or potential, from not being
28 generally known to the public or to other persons that can obtain
29 economic value from its disclosure or use. “Proprietary
30 information” includes, but is not limited to, computer programs,
31 databases, data, algorithms, formulae, expertise, improvements,
32 discoveries, concepts, inventions, developments, methods, designs,
33 analyses, drawings, techniques, strategies, new products, reports,
34 unpublished financial statements, budgets, projections, billing
35 practices, pricing data, contacts, client and supplier lists, business
36 and marketing records, working papers, files, systems, plans and
37 data, and all registrations and applications related thereto.

38 (x) “Registered player” means a player who has registered with
39 a licensee to play authorized games.

1 (y) "Registration information" means the information provided
2 by a person to a licensee in order to become a registered player.

3 (z) "Robotic play" means the use of a machine by a registered
4 player to take the next action at any point in a game.
5 (z) "State" means the State of California.

5 (aa) "State" means the State of California.

6 (ab) "Subcontractor" means any person providing goods or
7 services to a licensee in connection with the operation of authorized
8 games.

9 (ac) “Terms of Use Registered Player’s Agreement” means the
10 agreement offered by a licensee and accepted by a registered player
11 delineating, among other things, permissible and impermissible
12 activities on an intrastate Internet gambling Web site and the
13 consequences of engaging in impermissible activities.

14 (ad) “Tournament” means a competition in which registered
15 players play a series of authorized games to decide the winner.

16 (ae) "Tournament charge" means the amount charged by the
17 licensee for registered players to play in a tournament.
18 (f) "Tournament" means a competition for money or prizes.

18 (af) "Tournament winnings" means the amount of any prize
19 awarded to a registered player in a tournament.
20 (g) "Title," means a golf title or championship. California, Indiana

20 (ag) "Tribe" means a federally recognized California Indian
21 tribe, including, but not limited to, the governing body of that tribe
22 or any entity that is an affiliate of that tribe.

Article 3. Legal Authorized Games Offered Over the Internet in California

19990.10. Under the federal Unlawful Internet Gambling Enforcement Act of 2006, California is permitted to authorize games as long as all players and the online wagering activities are located within the state and the games are not played by minors.

31 19990.11. Notwithstanding any other law, a person in
32 California 21 years of age or older is hereby permitted to participate
33 as a registered player in an authorized game provided over the
34 Internet by a licensee as described in this chapter.

35 19990.12. (a) A person shall not offer any game on the Internet
36 in this state unless that person holds a valid license issued by the
37 state to offer the play of authorized games on an intrastate Internet
38 Web site pursuant to this chapter.

1 (b) It is unlawful for any person to offer or play any gambling
2 game provided on the Internet that is not authorized by the state
3 pursuant to this chapter.

4 (c) It is unlawful for any person to aggregate computers or other
5 access devices in a public setting principally for the purpose of
6 playing gambling games on the Internet, whether or not otherwise
7 authorized pursuant to this chapter, or to promote or market such
8 a facility.

9 (d) Any violation of this chapter is punishable as a misdemeanor.

10 19990.13. Chapter 5 (commencing with Section 19800) of
11 Division 8 does not apply to this chapter.

12 19990.14. (a) All games offered for play on an intrastate
13 Internet Web site pursuant to this chapter shall be approved by the
14 department.

15 (b) For the first two years following the initial issue date of any
16 license pursuant to this chapter, only games commonly referred
17 to as poker, the play of which is permitted as a controlled game
18 pursuant to Chapter 5 (commencing with Section 19800), shall be
19 authorized. After that two-year period, the department may phase
20 in other games allowed under the California Constitution and the
21 Penal Code.

22 (c) Within 90 days of the department's approval of any new
23 game, the Legislature may reject, by resolution adopted by majority
24 vote of either house, any new game approved by the department
25 after the initial two-year period of poker only games.

26 Article 4. Licensing of Intrastate Internet Gambling Web Sites

27 19990.20. (a) A license to operate an intrastate Internet
28 gambling Web site shall be issued for a term of 10 years, with a
29 review of that license initiated during year three of the initial term.

30 (b) All initial licenses issued pursuant to this chapter shall take
31 effect on the same date, as determined by the department, but not
32 later than January 1, 2014.

33 19990.21. (a) Each entity described in subdivision (b) is
34 eligible for a single intrastate Internet gambling Web site license.
35 There is no limit on the total number of licenses the state may
36 issue. Any of the eligible entities may jointly apply for a license.

1 (b) Entities eligible to apply for a license pursuant to this chapter
2 for the operation of an intrastate Internet gambling Web site include
3 all of the following:

4 (1) A holder of an owner license issued pursuant to subdivision
5 (a) of Section 19851 who has been subject to oversight by, and in
6 good standing with, the commission for the three years immediately
7 preceding its application for licensure.

8 (2) A federally recognized California Indian tribe operating a
9 casino pursuant to a tribal-state gaming compact under the federal
10 Indian Gaming Regulatory Act of 1988, that has been subject to
11 oversight by, and in good standing with, the commission and the
12 department for the three years immediately preceding its
13 application for licensure.

14 (3) A thoroughbred, quarter horse, or harness association
15 licensed by the California Horse Racing Board that has been subject
16 to oversight by, and in good standing with, the board for the three
17 years immediately preceding its application for licensure.

18 (4) An operator of an online advanced deposit wagering site
19 regulated by the California Horse Racing Board that has been
20 subject to oversight by, and in good standing with, the board for
21 the three years immediately preceding its application for licensure.

22 19990.22. (a) Factors to be considered in evaluating a license
23 applicant shall include, but are not limited to, quality, competence,
24 experience, past performance, efficiency, reliability, financial
25 viability, durability, adaptability, timely performance, integrity,
26 and security.

27 (b) (1) A license applicant, and all subcontractors of the
28 applicant, shall be a resident of California, or an entity organized
29 in California, and subject to state taxation, auditing, and
30 enforcement. All facilities and bank accounts of the license
31 applicant related to intrastate Internet gambling shall be located
32 in California.

33 (2) At all times, a license applicant or licensee shall be domiciled
34 in California and in good standing with the Secretary of State and
35 the Franchise Tax Board.

36 (3) All subcontractors of a license applicant or licensee, or
37 persons otherwise providing goods or performing services in
38 connection with the operation of authorized games for the license
39 applicant or licensee, or any of its subcontractors, shall be subject
40 to this subdivision. If a licensee desires to enter into an agreement

1 with a person to provide goods or services in connection with the
2 operation of authorized games, that person shall be subject to this
3 subdivision and investigation and a finding of suitability as set
4 forth in Section 19990.23.

5 (c) In addition to any other confidentiality protections afforded
6 to license applicants, the state and its agencies shall treat the
7 proprietary information of any license applicant as confidential to
8 protect the license applicant and to protect the security of any
9 prospective intrastate Internet gambling Web site. This chapter
10 shall not prohibit the exchange of confidential information among
11 state agencies considering a license application. The confidentiality
12 provisions in this chapter exempt proprietary information supplied
13 by a license applicant to a state agency from public disclosure
14 consistent with subdivision (b) of Section 6253 of the Government
15 Code.

16 (d) A license applicant that has been deemed suitable and
17 eligible shall submit to the department, together with its
18 application, an application fee of no less than one million dollars
19 (\$1,000,000), and no greater than five million dollars (\$5,000,000),
20 as determined by the department for the reasonably anticipated
21 costs to complete necessary background checks and evaluate the
22 suitability of the applicant. All fees shall be deposited into the
23 Internet Gambling Licensing Fund, as hereby created, and to be
24 administered by the department. Notwithstanding Section 13340
25 of the Government Code, all moneys in the fund are continuously
26 appropriated to the department, without regard to fiscal years, in
27 the amounts necessary for the department to perform its duties
28 under this section and Section 19990.23. Any funds associated
29 with the license applicant that remain after completion of
30 background checks and the finding of suitability shall be refunded
31 to the applicant. If additional moneys are needed to complete the
32 investigation of the license applicant, the applicant shall pay the
33 funds necessary to complete the investigation.

34 (e) A federally recognized California Indian tribe, including,
35 but not limited to, the governing body of that tribe or any entity
36 that is an affiliate of that tribe, that applies for a license pursuant
37 to this chapter shall waive its sovereignty for the purpose of
38 evaluation of its application. The application shall affirmatively
39 declare that the license applicant is subject to the state's jurisdiction
40 as set forth in this chapter and in the regulations adopted by state

1 agencies. Any license issued pursuant to this chapter to a federally
2 recognized California Indian tribe shall include that tribe's
3 affirmative agreement, in a form acceptable to the department, to
4 be subject to the jurisdiction of the state for all purposes under this
5 chapter.

6 19990.23. (a) The department shall review the suitability of
7 a license applicant to operate an intrastate Internet gambling Web
8 site.

9 (b) The department may establish a process to conduct a
10 preliminary determination of suitability based on a partial
11 investigation of license applicants. The partial investigation is
12 intended to screen out applicants that do not meet the suitability
13 requirements of this chapter. The partial investigation shall include
14 fingerprint-based state and federal criminal history checks, inquiries
15 into various public databases regarding credit history and any civil
16 litigation, and a review of the applicant's financial status, which
17 shall include the required submission of income statements and
18 balance sheets for the prior 12-month period. A full investigation
19 shall be conducted of only those persons that pass partial
20 investigation and that will undergo a full investigation pursuant
21 to subdivision (c). Those applicants that do not pass the partial
22 investigation may appeal the decision to the commission.

23 (c) The department shall conduct a full investigation into the
24 suitability of any license applicant to operate an intrastate Internet
25 gambling Web site. The investigation shall include all of the
26 following persons:

- 27 (1) The license applicant and all of its subcontractors.
- 28 (2) All officers of the license applicant.
- 29 (3) The owner or owners of the following:
 - 30 (A) The license applicant.
 - 31 (B) Any affiliate of the license applicant.

32 (C) Any subcontractors of a license applicant, or other persons
33 otherwise providing goods to, or performing services for, the
34 license applicant.

35 (d) (1) A department-approved, independent forensic accounting
36 firm shall prepare a report on each applicant undergoing a full
37 investigation, on a form developed by the department, and at the
38 applicant's expense. The report shall include the financial
39 information necessary for the department to make a determination

1 of suitability, as specified in regulation adopted by the department
2 for this purpose.

3 (2) The department may, by regulation, specify additional
4 requirements regarding the contents of the report described in
5 paragraph (1) and any other financial information or documentation
6 required to be submitted with the application.

7 (e) The department shall issue a finding of suitability for a
8 license applicant to operate an intrastate Internet gambling Web
9 site only if, based on all of the information and documents
10 submitted, the department is satisfied that each of the persons
11 subject to investigation pursuant to this section is both of the
12 following:

13 (1) A person of good character, honesty, and integrity, or, if an
14 entity, in good standing in its jurisdiction of organization and in
15 all other jurisdictions in which it is qualified, or should be qualified,
16 to do business.

17 (2) A person whose prior activities, criminal record, if any,
18 reputation, habits, and associations do not pose a threat to the
19 public interest of this state, or to the effective regulation and control
20 of controlled gambling, or create or enhance the dangers of
21 unsuitable, unfair, or illegal practices, methods, and activities in
22 the conduct of controlled gambling or in the carrying on of the
23 business and financial arrangements incidental thereto.

24 (f) The department shall issue a finding that a license applicant
25 is not suitable to operate an intrastate Internet gambling Web site
26 if it finds that any person subject to investigation pursuant to this
27 section has done any of the following:

28 (1) Failed to clearly establish eligibility and qualifications in
29 accordance with this chapter.

30 (2) Failed to timely provide information, documentation, and
31 assurances required by this chapter or requested by the department,
32 or, with respect to a license applicant, failed to reveal any fact
33 material to qualification, or supplied information that is untrue or
34 misleading as to a material fact pertaining to the suitability criteria.

35 (3) Been convicted of a felony, including a conviction by a
36 federal court or a court in another state or foreign jurisdiction for
37 a crime that would constitute a felony if committed in California.

38 (4) Been convicted of any misdemeanor involving dishonesty
39 or moral turpitude within the 10-year period immediately preceding
40 the submission of the application, unless the applicant has been

1 granted relief pursuant to Section 1203.4, 1203.4a, or 1203.45 of
2 the Penal Code. However, the granting of relief pursuant to Section
3 1203.4, 1203.4a, or 1203.45 of the Penal Code shall not constitute
4 a limitation on the discretion of the department or affect the
5 applicant's burden.

6 (5) Has associated with criminal profiteering activity or
7 organized crime, as defined in Section 186.2 of the Penal Code.

8 (6) Has contemptuously defied any legislative investigative
9 body, or other official investigative body of any state or of the
10 United States or any foreign jurisdiction, when that body is engaged
11 in the investigation of crimes relating to gambling, official
12 corruption related to gambling activities, or criminal profiteering
13 activity or organized crime, as defined in Section 186.2 of the
14 Penal Code.

15 (7) Is less than 21 years of age.

16 (8) Has accepted any wager from persons in the United States
17 on any form of Internet gaming that has not been affirmatively
18 authorized by law in this state or the United States after December
19 31, 2006, or has been the holder of a direct or indirect financial
20 interest in a person or entity that has accepted such a wager.

21 (g) The department shall request that the United States
22 Department of Justice or any other federal agency or agency of a
23 state other than California provide any information about any
24 license applicant or any of its subcontractors as part of its inquiry
25 as to the suitability of a license applicant to operate an intrastate
26 Internet gambling Web site.

27 (h) (1) The department shall reject the license application of
28 any applicant found to be unsuitable to be a licensee.

29 (2) The department shall provide to the applicant a written
30 explanation listing the reasons for denial of the license application.

31 (3) This section neither requires the department to divulge to
32 the applicant any confidential information received from any law
33 enforcement agency or any information received from any person
34 with assurances that the information would be maintained
35 confidential, nor to divulge any information that might reveal the
36 identity of any informant or jeopardize the safety of any person.

37 (4) Denial of an application shall be without prejudice to a new
38 and different application filed in accordance with any regulations
39 adopted by the department with respect to the submission of
40 applications.

1 19990.235. (a) A finding of suitability by a state gaming
2 agency within the United States with expertise recognized within
3 the gaming industry, and that is also recognized as meeting this
4 standard by the department, shall be grounds for a state provisional
5 finding of suitability with respect to a particular person or entity
6 until a permanent suitability finding is issued by the department
7 as to that person or entity.

8 (b) This section shall remain in effect only until January 1, 2016,
9 and as of that date is repealed, unless a later enacted statute, that
10 is enacted before January 1, 2016, deletes or extends that date.

11 19990.24. In addition to any other data that the department
12 shall request from license applicants as a matter of law and to
13 ensure that any license applicant is legally, technically, and
14 financially qualified to become a licensee, the department shall
15 request that any license applicant name, describe, or provide all
16 of the following:

17 (a) The license applicant's qualifications and the qualifications
18 of its executives and employees to receive an employee work
19 permit as set forth in Section 19990.31.

20 (b) The license applicant's experience and qualifications to
21 provide the services anticipated of a licensee as set forth in Article
22 5 (commencing with Section 19990.30).

23 (c) The names of all of the license applicant's owners,
24 executives, and employees, as well as sufficient personally
25 identifiable information on each of those persons to conduct
26 background checks as required by the department.

27 (d) The fingerprints of the owners, directors, managers,
28 executives, and employees of the licensee, its affiliates, and
29 subcontractors taken using live scan technology.

30 (e) Documentation and information relating to the license
31 applicant and its direct and indirect owners, including, but not
32 limited to, all of the following:

33 (1) With respect to the license applicant and any of its
34 subcontractors, proof of formation in California, including, as
35 applicable, articles of incorporation, articles of organization,
36 bylaws, operating agreement, partnership agreement, or other
37 formation or charter documents.

38 (2) Current and historical audited financial and accounting
39 records.

40 (3) Any documents relating to legal and regulatory proceedings.

1 (4) Any documents relating to the license applicant's business
2 history.

3 (5) Any documents relating to the nature and sources of the
4 license applicant's financing, including, but not limited to,
5 operating agreements, partnership agreements, stock purchase
6 agreements, pro forma cap tables, pro forma statements of profits
7 and loss, investor rights agreements, voting agreements, and
8 shareholder agreements. These materials may be submitted subject
9 to a request for confidentiality.

10 (6) Any documentation that demonstrates that the license
11 applicant is financially qualified to perform the obligations of a
12 licensee as described in this article.

13 (7) An independent financial audit report by a certified public
14 accountant.

15 (f) Documentation and information relating to all proposed
16 subcontractors of the license applicant, including, but not limited
17 to, all of the following:

18 (1) A description of the services to be provided by each
19 subcontractor.

20 (2) Information for each subcontractor as set forth in
21 subdivisions (b), (c), and (d).

22 (3) For subcontractors that are not formed in California, a
23 commitment in writing by the subcontractor to create a California
24 subsidiary prior to the commencement of authorized games
25 provided by the licensee. The commitment required pursuant to
26 this paragraph shall be subject to the cure provisions of Section
27 19990.61.

28 (g) A description of the games and services the license applicant
29 proposes to offer to registered players.

30 (h) A description of how the licensee's facilities will accomplish
31 the goals of this chapter, including, but not limited to:

32 (1) The licensee's location within the state.

33 (2) The licensee's security systems.

34 (i) The license applicant's proposal for how it will facilitate
35 compliance with all of the standards set forth in this chapter and
36 federal law, including, but not limited to, Section 5362(10)(B) of
37 Title 31 of the United States Code, including, but not limited to,
38 all of the following:

39 (1) Age and location verification requirements reasonably
40 designed to block access to minors and persons located out of state.

1 (2) Appropriate data security standards to prevent unauthorized
2 access by any persons whose age and current location have not
3 been verified in accordance with this chapter and applicable
4 regulations.

5 (3) The requirement that the licensee be located in California
6 and all bets be initiated and received or otherwise made exclusively
7 within California.

8 (j) The system requirements that the license applicant plans to
9 implement to achieve the state's goals under this chapter, including,
10 but not limited to:

11 (1) Connectivity.

12 (2) Hardware.

13 (3) Software.

14 (4) Antifraud systems.

15 (5) Virus prevention.

16 (6) Data protection.

17 (7) Access controls.

18 (8) Firewalls.

19 (9) Disaster recovery.

20 (10) Redundancy.

21 (11) Gaming systems, including, but not limited to, hardware
22 and software that ensure all of the following:

23 (A) The games are legal.

24 (B) The games are independent and fair and played by live
25 persons.

26 (C) Game and betting rules are available to all registered players.

27 (D) All data used for the conduct of each game is randomly
28 generated and unpredictable.

29 (12) Accounting systems, including but not limited to, those for
30 any of the following:

31 (A) Registered player accounts.

32 (B) Per hand charges.

33 (C) Transparency and reporting to all state agencies.

34 (D) Distribution of funds, pursuant to the license and this
35 chapter, to the state and registered players.

36 (E) Ongoing auditing.

37 (13) Facility security systems to protect the intrastate Internet
38 gambling Web site from either internal or external threats.

39 (k) The license applicant's proposal to facilitate the statutory
40 duties and responsibilities of the state agencies with jurisdiction

1 over aspects of the licensee's operations, including, but not limited
2 to, all of the following:
3 (1) The department.
4 (2) The commission.
5 (3) The Treasurer.
6 (4) The Franchise Tax Board.

7 (l) An acknowledgment by the license applicant that the terms
8 and conditions of the license issued by the state may be modified
9 by the state after three years, and at any time thereafter, at which
10 point the licensee may either agree to be subject to that
11 modification or relinquish the license.

12 (m) In addition to demonstrating that the license applicant is
13 legally, technically, and financially qualified to become a licensee,
14 a licensee shall describe how it will comply with the requirements
15 of this chapter.

16 19990.25. (a) A holder of an owner license issued pursuant to
17 subdivision (a) of Section 19851, and who is in good standing,
18 shall not be deemed unqualified to operate a land-based gambling
19 entity by reason of an investment in a license applicant or a
20 licensee.

21 (b) An official representative of the government of a federally
22 recognized California Indian tribe with a tribal-state gaming
23 compact with the state shall not be deemed unqualified to operate
24 a land-based gambling entity by reason of an investment in a
25 license applicant or a licensee.

26 (c) (1) A license applicant whose application is denied may
27 bring an action to appeal that decision to the Superior Court of the
28 County of Sacramento. The decision of the Superior Court of the
29 County of Sacramento is not appealable. No remedy other than an
30 injunction is available pursuant to this subdivision.

31 (2) The Superior Court of the County of Sacramento shall uphold
32 the decision by the department if there is any substantial evidence
33 to support the department's decision to deny the license application.

34 (3) If the Superior Court of the County of Sacramento finds for
35 the license applicant, it shall return the application to the
36 department for action consistent with the decision of the court.

37 19990.26. (a) At least two years after the initial issue date of
38 any license pursuant to this chapter, but no later than three years
39 after that date, the Bureau of State Audits shall issue a report to
40 the Legislature consistent with Section 19990.96.

1 (b) At least three years after the initial issue date of any license
2 pursuant to this chapter, but no later than four years after that date,
3 the department, the commission, the Legislature, and licensees
4 shall meet to review the operation of intrastate Internet gambling
5 Web sites pursuant to this chapter. The department may renegotiate
6 the terms and conditions of the licenses with the licensees, based
7 in large part on the report and recommendations of the Bureau of
8 State Audits to the Legislature pursuant to Section 19990.96 with
9 respect to all aspects of the licensees' operations, obligations, and
10 economics. The state reserves the right to make reasonable
11 modifications to the terms and conditions of the licenses after that
12 three-year review, and at any time thereafter, to balance the
13 relationship between the licensees and the state.

14 (c) If the Legislature statutorily approves new or modified
15 license terms and conditions relating to the rights and obligations
16 of the licensees, which modification may include amendment of
17 this chapter, the department shall notify existing licensees of the
18 new terms and conditions in accordance with the statutory changes
19 approved by the Legislature. A licensee shall indicate whether it
20 accepts the new or modified license terms and conditions within
21 30 days of receiving notification from the department. A licensee's
22 acceptance of the new or modified license terms and conditions
23 shall apply for the remaining term of the license, or until those
24 terms and conditions are subsequently modified by the Legislature.
25 The licensee also may decline to accept the new or modified license
26 terms and conditions, but, pursuant to that declination, shall
27 relinquish the license to the state without compensation.

28 (d) If the department recommends no changes to the terms and
29 conditions of the license, or if the Legislature does not approve
30 any changes to the terms or conditions of the license, the licensees
31 shall continue to operate under the existing terms and conditions
32 of the license, and the license shall remain in force for the
33 remainder of the term of the license, or until those terms and
34 conditions are subsequently renegotiated and are approved by the
35 Legislature.

36 (e) No relicensing shall be required upon modification.

1 Article 5. Rights and Obligations of Licensees
2

3 19990.30. (a) A licensee shall comply with the terms of this
4 chapter.

5 (b) In the event of commercial infeasibility created by a change
6 in federal law rendering the provision of intrastate Internet
7 gambling services illegal, or some other event, a licensee may
8 abandon its operations after providing the department with 90
9 days' advance notice of its intent and a statement explaining its
10 interpretation that continuing to operate the intrastate Internet
11 gambling Web site is commercially infeasible. In response to that
12 notice, the state may file an action in the Superior Court of the
13 County of Sacramento as it deems necessary to protect any state
14 interests, including, but not limited to, the interests of registered
15 players.

16 (c) In the event that any dispute arises between the state and the
17 licensee, either the department or a licensee may file an action in
18 the superior court of any county in which the department has an
19 office for an interpretation of the rights and responsibilities of the
20 state and the licensee pursuant to this chapter.

21 19990.31. (a) Prior to initiating operations and thereafter, a
22 licensee shall ensure that every employee has been issued an
23 employee work permit by the department, pursuant to standards
24 adopted by the department, prior to that person having access to
25 the licensee's facilities. The permit shall be renewed every two
26 years.

27 (b) An employee work permit shall not be issued unless, based
28 on all of the information and documents submitted, the department
29 is satisfied that the applicant is, at a minimum, all of the following:

30 (1) A person of good character, honesty, and integrity.

31 (2) A person whose prior activities, criminal record, if any,
32 reputation, habits, and associations do not pose a threat to the
33 public interest of this state, or to the effective regulation and control
34 of controlled gambling, or create or enhance the dangers of
35 unsuitable, unfair, or illegal practices, methods, and activities in
36 the conduct of controlled gambling or in the carrying on of
37 incidental business and financial arrangements.

38 (3) A person who is in all other respects qualified to hold an
39 employee work permit as provided in this chapter.

1 (c) The department shall disqualify an applicant for an employee
2 work permit for any of the following reasons:

3 (1) Failure of the applicant to clearly establish eligibility and
4 qualification in accordance with this chapter.

5 (2) Failure of the applicant to provide timely information,
6 documentation, and assurances required by this chapter or requested
7 by any state official, or failure of the applicant to reveal any fact
8 material to the qualification, or the supplying of information that
9 is untrue or misleading as to a material fact pertaining to the
10 qualification criteria.

11 (3) Conviction of a felony, including a conviction by a federal
12 court or a court in another state for a crime that would constitute
13 a felony if committed in California.

14 (4) Conviction of the applicant for any misdemeanor involving
15 dishonesty or moral turpitude within the 10-year period
16 immediately preceding the submission of the application, unless
17 the applicant has been granted relief pursuant to Section 1203.4,
18 1203.4a, or 1203.45 of the Penal Code. However, the granting of
19 relief pursuant to Section 1203.4, 1203.4a, or 1203.45 of the Penal
20 Code shall not constitute a limitation on the discretion of the
21 department or affect the applicant's burden under subdivision (b).

22 (5) Association of the applicant with criminal profiteering
23 activity or organized crime, as defined by Section 186.2 of the
24 Penal Code.

25 (6) Contemptuous defiance by the applicant of any legislative
26 investigative body, or other official investigative body of any state
27 or of the United States, when that body is engaged in the
28 investigation of crimes relating to gambling, official corruption
29 related to gambling activities, or criminal profiteering activity or
30 organized crime, as defined by Section 186.2 of the Penal Code.

31 (7) The applicant is less than 21 years of age.

32 (d) A licensee shall apply for an employee work permit on behalf
33 of each employee.

34 (e) A person shall not be issued an employee work permit unless
35 the person meets the qualification standards adopted by the
36 department.

37 (f) The department shall establish a fee to be paid by a licensee
38 in submitting applications for employee work permits on behalf
39 of that licensee's employees. The department shall establish
40 processes for the revocation or suspension of an intrastate Internet

1 gambling Web site license or employee work permit, and to
2 withdraw an application for an intrastate Internet gambling Web
3 site license or employee work permit.

4 (g) (1) A licensee or subcontractor of a licensee shall not enter
5 into, without prior approval of the department, any contract or
6 agreement with a person who is denied a gambling license or
7 employee work permit pursuant to Chapter 5 (commencing with
8 Section 19800), or whose gambling license or employee work
9 permit is suspended or revoked by the department, or with any
10 business enterprise under the control of that person, after the date
11 of receipt of notice of the department's action.

12 (2) A licensee or subcontractor of a licensee shall not enter into
13 any contract or agreement with a person or entity that has accepted
14 any wager from persons in the United States on any form of
15 Internet gaming that has not been affirmatively authorized by law
16 in this state or the United States after December 31, 2006, or has
17 been the holder of a direct or indirect financial interest in a person
18 or entity that has accepted such a wager.

19 (h) A licensee or subcontractor of a licensee shall not employ,
20 without prior approval of the department, any person in any
21 capacity for which he or she is required to have an employee work
22 permit, if the person has been denied a gambling license or an
23 employee work permit pursuant to Chapter 5 (commencing with
24 Section 19800), or if his or her gambling license or employee work
25 permit has been suspended or revoked after the date of receipt of
26 notice of the action by the department. A licensee or subcontractor
27 of a licensee shall not enter into a contract or agreement with a
28 person whose application for a gambling license or an employee
29 work permit has been withdrawn with prejudice, or with any
30 business enterprise under the control of that person, for the period
31 of time during which the person is prohibited from filing a new
32 application for a gambling license or an employee work permit.

33 (i) If an employee who is required to hold an employee work
34 permit pursuant to this chapter is denied an employee work permit,
35 or has his or her employee work permit revoked by the department,
36 the employee shall be terminated in all capacities. The employee
37 shall not be permitted to exercise a significant influence over the
38 gambling operation, or any part thereof, upon notification of the
39 licensee of the department's action.

1 (1) If an employee who is required to hold an employee work
2 permit pursuant to this chapter has his or her employee work permit
3 suspended, the employee shall be suspended in all capacities. The
4 employee shall not be permitted to exercise a significant influence
5 over the gambling operation, or any part thereof, during the period
6 of suspension, upon notification of the licensee of the department's
7 action.

8 (2) If a licensee or subcontractor of a licensee designates another
9 employee to replace the employee whose employment was
10 terminated or suspended, the licensee or subcontractor shall
11 promptly notify the department and shall apply for an employee
12 work permit on behalf of the newly designated employee.

13 (j) A licensee or subcontractor of a licensee shall not pay to a
14 person whose employment has been terminated or suspended
15 pursuant to subdivision (i) any remuneration for any service
16 performed in any capacity in which the person is required to hold
17 an employee work permit, except for amounts due for services
18 rendered before the date of receipt of notice of the department's
19 action of suspension or termination.

20 (k) Except as provided in subdivision (i), a contract or agreement
21 for the provision of services or property to a licensee or
22 subcontractor or for the conduct of any activity pertaining to the
23 operation of an intrastate Internet gambling Web site, which is to
24 be performed by a person required by this chapter or by regulations
25 adopted pursuant to this chapter, to hold an employee work permit,
26 shall be terminated upon a suspension or revocation of the person's
27 employee work permit.

28 (l) In any case in which a contract or agreement for the provision
29 of services or property to a licensee or an affiliate thereof, or for
30 the conduct of any activity at an intrastate Internet gambling Web
31 site, is to be performed by a person required by this chapter or by
32 regulations adopted by the department to hold an employee work
33 permit, the contract shall be deemed to include a provision for its
34 termination without liability on the part of the licensee, affiliate,
35 or subcontractor upon a suspension or revocation of the person's
36 employee work permit. In any action brought by the department
37 to terminate a contract pursuant to subdivision (k) or this
38 subdivision, it shall not be a defense that the agreement does not
39 expressly include the provision described in this subdivision, and
40 the lack of express inclusion of the provision in the agreement

1 shall not be a basis for enforcement of the contract by a party
2 thereto.

3 (m) If a licensee does not comply with the requirements of this
4 section, the department may impose a civil fine of not more than
5 ____ dollars (\$____) per occurrence. In the event that a licensee
6 negligently, willfully, or wantonly fails to comply with these
7 requirements, the department may initiate an enforcement action
8 and subject a licensee to a civil fine of ____ dollars (\$____) and
9 may begin proceedings to suspend or revoke the licensee's license.

10 19990.32. The licensee shall be responsible for providing
11 current and accurate documentation on a timely basis to all state
12 agencies as provided in this chapter.

13 (a) In addition to any other confidentiality protections provided
14 to persons licensed by the state, the state and its agencies shall
15 treat the proprietary information provided by a licensee as
16 confidential to protect the licensee and to protect the security of
17 the intrastate Internet gambling Web site.

18 (b) The confidentiality provisions of this chapter exempt
19 proprietary information supplied by a licensee to a state agency
20 from public disclosure consistent with subdivision (b) of Section
21 6253 of the Government Code.

22 19990.33. (a) Changes in ownership of the licensee shall be
23 approved by the department prior to the closing of any proposed
24 transaction.

25 (b) The department shall investigate to ensure that any person
26 acquiring interest in a licensee is suitable and otherwise financially,
27 technically, and legally qualified to be a licensee consistent with
28 the provisions of this chapter. If an acquiring person is found to
29 be unsuitable to be a licensee or otherwise not financially,
30 technically, or legally qualified to be a licensee, the licensee or
31 the acquiring person may challenge that determination consistent
32 with subdivision (c) of Section 19990.25.

33 19990.34. All facilities, software, including downloadable
34 programs, and any other property, both tangible and intangible,
35 used by the licensee in offering authorized games for play on an
36 intrastate Internet gambling Web site shall be the property of the
37 licensee or its subcontractors, and shall be approved by the
38 department.

39 19990.35. (a) A licensee shall ensure that registered players
40 are eligible to play authorized games and implement appropriate

1 data security standards to prevent access by a person whose age
2 and location has not been verified in accordance with this chapter.

3 (b) A registered player shall be physically located within the
4 State of California at the time of gambling.

5 (c) A registered player shall not be less than 21 years of age.

6 (1) Online games shall not be provided, directly or indirectly,
7 to any person under 21 years of age.

8 (2) Each licensee shall do all of the following:

9 (A) Prior to registering a person as a registered player or
10 permitting a person to play an authorized game, the licensee shall
11 verify that the person is 21 years of age or older. The licensee or
12 seller shall attempt to match the name, address, and date of birth
13 provided by the person to information contained in records in a
14 database of individuals who have been verified to be 21 years of
15 age or older by reference to an appropriate database of government
16 records. The licensee also shall verify that the billing address on
17 the check or credit card offered for payment by the person matches
18 the address listed in the database.

19 (B) If the licensee is unable to verify that the person is 21 years
20 of age or older pursuant to subparagraph (A), the licensee shall
21 require the person to submit an age-verification kit consisting of
22 an attestation signed by the person that he or she is 21 years of age
23 or older and a copy of a valid form of government identification.
24 For the purposes of this section, a valid form of government
25 identification includes a driver's license, state identification card,
26 passport, official naturalization or immigration document, such as
27 an alien registration receipt card or an immigrant visa, or United
28 States military identification. The licensee also shall verify that
29 the billing address on the check or credit card provided by the
30 person matches the address listed in the government identification.

31 (C) The licensee shall not permit registered players to make
32 payments by money order or cash. The licensee shall submit to
33 each credit card company with which it has credit card sales,
34 information in an appropriate form and format so that the words
35 "Internet gambling" may be printed on the purchaser's credit card
36 statement when a payment to a licensee is made by credit card
37 payment.

38 (3) If a licensee complies with the requirements of paragraph
39 (2), and a person under 21 years of age participates in an authorized

1 game provided by the licensee, the licensee is not in violation of
2 this section.

3 (4) The department may assess civil penalties against a person
4 that violates this section, according to the following schedule:

5 (A) Not less than one thousand dollars (\$1,000) and not more
6 than two thousand dollars (\$2,000) for the first violation.

7 (B) Not less than two thousand five hundred dollars (\$2,500)
8 and not more than three thousand five hundred dollars (\$3,500)
9 for the second violation.

10 (C) Not less than four thousand dollars (\$4,000) and not more
11 than five thousand dollars (\$5,000) for the third violation.

12 (D) Not less than five thousand five hundred dollars (\$5,500)
13 and not more than six thousand five hundred dollars (\$6,500) for
14 the fourth violation.

15 (E) Ten thousand dollars (\$10,000) for a fifth or subsequent
16 violation.

17 (d) The department shall, by regulation, provide a process for
18 a licensee to exclude from play any person who has filled out an
19 online self-exclusion form.

20 (1) The department shall develop an online self-exclusion form
21 within six months of the operative date of this chapter.

22 (2) The department shall deliver the form to each licensee.

23 (3) A licensee shall prominently display a link to the
24 department's Responsible Gambling Internet Web page and the
25 online self-exclusion form on the Internet Web page that is
26 displayed when either of the following occurs:

27 (A) A person registers as a registered player.

28 (B) Each time a registered player accesses the intrastate Internet
29 gambling Web site prior to playing.

30 (4) A licensee shall retain the online self-exclusion form to
31 identify persons who want to be excluded from play.

32 (5) A licensee that has made commercially reasonable efforts
33 to comply with this subdivision shall not be held liable in any way
34 if a person who has filled out an online self-exclusion form plays
35 despite that person's request to be excluded.

36 19990.36. A licensee shall only offer authorized games and
37 process bets in accordance with the specified game and betting
38 rules established by the licensee and approved by the department
39 pursuant to Section 19990.14.

1 19990.37. (a) In order to propose a game for play, a licensee
2 shall provide the department with both of the following:

3 (1) Game rules and betting rules it proposes to offer to
4 registered players.

5 (2) Documentation relating to development and testing of the
6 game's software.

7 (b) The department shall approve the game rules and betting
8 rules before a licensee may offer the game to registered players.

9 19990.38. (a) A licensee shall ensure that games are fair.

10 (b) The gaming system shall display for each game the following
11 information:

12 (1) The name of the game.

13 (2) Any restrictions on play.

14 (3) The rules of the game.

15 (4) All instructions on how to play.

16 (5) The unit and total bets permitted.

17 (6) The registered player's current account balance which shall
18 be updated in real time.

19 (7) Any other information that a licensee determines is necessary
20 for the registered player to have in real time to compete fairly in
21 the game.

22 (c) Data used to create game results shall be unpredictable so
23 that it is infeasible to predict the next occurrence in a game, given
24 complete knowledge of the algorithm or hardware generating the
25 sequence and all previously generated numbers.

26 (d) A licensee shall deploy controls and technology to minimize
27 fraud or cheating through collusion, including external exchange
28 of information between different players, robotic play, or any other
29 means.

30 (1) If a licensee becomes aware that fraud or cheating is taking
31 place or has taken place, it shall take steps to stop those activities
32 immediately and inform the department of all relevant facts.

33 (2) The department shall not impose liquidated damages against
34 a licensee to prevent fraud or cheating if the licensee can
35 demonstrate that it acted responsibly to prevent those activities as
36 soon as the licensee became aware of them.

37 (e) In a per hand game, if the gaming server or software does
38 not allow a game to be completed, the game shall be void and all
39 funds relating to the incomplete game shall be returned to the
40 registered player's account.

1 (f) In a tournament, if the gaming server or software does not
2 allow the tournament to be completed, all prize money shall be
3 distributed among players in accordance with the procedure
4 published by the licensee prior to the commencement of the
5 tournament.

6 19990.39. (a) A licensee shall register players and establish
7 player accounts prior to play.

8 (b) A person shall not participate in any game provided by a
9 licensee unless the person is a registered player and holds an
10 account.

11 (c) Accounts shall be established in person, by mail, telephone,
12 or by any electronic means.

13 (d) To register and establish an account, a person shall provide
14 the following registration information:

15 (1) First name and surname.

16 (2) Principal residence address.

17 (3) Telephone number.

18 (4) Social security number.

19 (5) Identification or certification to prove that person is at least
20 21 years of age.

21 (6) Valid e-mail address.

22 (e) A licensee shall provide registered players with the means
23 to update the registration information provided to the licensee.

24 (f) Nothing in this section shall prevent a licensee from entering
25 into a marketing agreement with any third party to recruit people
26 to become registered players if the registration process described
27 in this section is under the sole control of the licensee.

28 19990.40. (a) A licensee shall provide a means for registered
29 players to put funds into a registered player account and transfer
30 funds out of that account.

31 (b) A registered player shall identify the source of funds to be
32 used to put money into the account established once the registration
33 process is complete, and a licensee shall provide a means for a
34 registered player to transfer money into and out of the player's
35 intrastate Internet gambling Web site account.

36 (c) At the time of establishing an intrastate Internet gambling
37 Web site account, a registered player shall designate the bank
38 account into which funds from the registered player's intrastate
39 Internet gambling Web site account are to be transferred.

1 (d) A registered player shall establish only one account on any
2 intrastate Internet gambling Web site.

3 (e) While playing an authorized game, a licensee shall not permit
4 a registered player to increase the amount of money in that
5 registered player's account after that hand has started and before
6 its completion.

7 (f) A licensee shall maintain records on the balance of each
8 registered player's account.

9 (g) A licensee shall not permit a registered player to place a
10 wager unless the registered player's account has sufficient funds
11 to cover the amount of the wager.

12 (h) A licensee shall not provide credit to a registered player's
13 account or act as agent for a credit provider to facilitate the
14 provision of funds.

15 (i) No interest shall be paid by a licensee with respect to
16 registered player accounts.

17 19990.41. (a) A licensee shall segregate funds it holds in all
18 registered player accounts from all of its other assets.

19 (b) A licensee shall not commingle funds in the segregated
20 account containing funds paid by registered players with any other
21 funds held by the licensee, including, but not limited to, operating
22 funds of the licensee. Both the accounts of the licensee and its
23 segregated registered player accounts shall be held in financial
24 institutions located in the state.

25 (c) Funds held in a registered player's account shall only be
26 used for the following purposes:

27 (1) To pay per hand or tournament charges owed by a registered
28 player to the licensee for play of authorized games.

29 (2) To transfer funds from one registered player's account to
30 the account of another registered player to reconcile the result of
31 a loss in the play of an authorized game.

32 (3) To transfer funds from a registered player's account to a
33 temporary account to be held by a licensee pending the outcome
34 of an authorized game.

35 (4) To remit tax proceeds due and owing from a registered player
36 to the Franchise Tax Board.

37 (5) To transfer funds from a registered player's account with
38 the licensee to an account specified by a registered player upon
39 that registered player's request.

1 19990.42. Prior to completing the registration process, a
2 licensee shall explain to the person who is registering in a
3 conspicuous fashion the privacy policies of the intrastate Internet
4 gambling Web site, and a person shall assent to the following
5 policies:

6 (a) No personally identifiable information shall be shared with
7 any nongovernment third parties except as provided in subdivision
8 (j) of Section 19990.47.

9 (b) All personally identifiable information about registered
10 players shall be shared with state agencies, including, but not
11 limited to, the department, the commission, and the Franchise Tax
12 Board, as necessary to assist them in fulfilling their obligations
13 under this chapter.

14 (c) Personally identifiable information may be shared with
15 government agencies only as set forth in subdivision (b) or subject
16 to court order as provided in subdivision (j) of Section 19990.47.

17 19990.43. A licensee may require that a registered player, or
18 a person registering as a player, agree to a Terms of Use Registered
19 Player's Agreement.

20 19990.44. A licensee may suspend or revoke the account of a
21 registered player for any of the following reasons:

22 (a) A person or registered player provided false information to
23 the licensee, including, but not limited to, in the registration
24 process.

25 (b) The registered player has not updated registration
26 information to keep it current.

27 (c) The registered player has violated the intrastate Internet
28 gambling Web site's Terms of Use Registered Player's Agreement.

29 (d) The person has already been registered.

30 (e) The licensee suspects that the registered player has
31 participated in an illegal or unauthorized activity on the intrastate
32 Internet gambling Web site.

33 (f) The licensee is directed by a state agency to suspend or
34 revoke the registered player's account.

35 19990.45. (a) Upon registration, and each time a registered
36 player logs into an intrastate Internet gambling Web site, the
37 licensee shall permit a registered player to adjust his or her play
38 settings to:

39 (1) Set a limit on the deposits that can be made per day.

1 (2) Set a limit on the aggregate losses in a registered player's
2 account within a specified period of time.

3 (b) During play, in order to assist a registered player to decide
4 whether to suspend play, the registered player's screen shall do
5 all of the following:

6 (1) Indicate how long the player has been playing.

7 (2) Indicate the net change in value to a registered player's
8 account since the time of last logging in.

9 (3) At least once every six hours require the registered player
10 to confirm that the player has read the message or give an option
11 to the player to end the session or return to the game.

12 19990.46. A licensee shall establish a toll-free telephone
13 customer service hotline that shall be available to registered players
14 24 hours per day, 365 days a year. All employees shall be
15 physically present in the state while in contact with registered
16 players. However, the licensee shall have discretion to use the
17 expertise of personnel not physically present in the state when
18 necessary to protect registered players and state interests, including,
19 but not limited to, for the purposes of diagnosing and addressing
20 technological problems, investigating fraud and collusion, and
21 supervising software and configuration changes. The licensee shall
22 give notice to the department when using personnel who are out
23 of state.

24 19990.47. (a) A licensee shall protect the privacy of registered
25 players and their personally identifiable information.

26 (b) A licensee shall comply with all state and federal privacy
27 and data protection laws.

28 (c) At the time of registration with a licensee as a registered
29 player, and at least once a year thereafter, a licensee shall provide
30 notice in the form of a separate, written statement, delivered via
31 postal service or electronic mail, to the registered player that clearly
32 and conspicuously informs the registered player of all of the
33 following:

34 (1) The nature of personally identifiable information collected
35 or to be collected with respect to the registered player and the
36 nature of the use of that information.

37 (2) The nature, frequency, and purpose of any disclosure that
38 may be made of personally identifiable information, including an
39 identification of the types of persons to whom the disclosure may
40 be made.

1 (3) The period during which personally identifiable information
2 will be maintained by the licensee.

3 (4) The times and place at which the registered player may have
4 access to personally identifiable information in accordance with
5 subdivision (h).

6 (5) The limitations provided by this section with respect to the
7 collection and disclosure of personally identifiable information by
8 a licensee and the right of the registered player under subdivision
9 (j) or (k) to enforce those limitations.

10 (d) A licensee shall not collect personally identifiable
11 information concerning any registered player without the prior
12 written or electronic consent of the registered player concerned.

13 (e) A licensee may collect personally identifiable information
14 in order to do both of the following:

15 (1) Obtain information necessary to operate the intrastate
16 Internet gambling Web site and offer authorized games to registered
17 players pursuant to this chapter.

18 (2) Detect unauthorized play, activities contrary to a licensee's
19 Terms of Use Registered Player's Agreement, or activities contrary
20 to state or federal law.

21 (f) Except as provided in subdivision (g), a licensee shall not
22 disclose personally identifiable information concerning any
23 registered player without the prior written or electronic consent of
24 the registered player concerned and shall take actions necessary
25 to prevent unauthorized access to that information by a person
26 other than the registered player or licensee.

27 (g) A licensee may disclose personally identifiable information
28 if the disclosure is any of the following:

29 (1) Necessary to render, or conduct a legitimate business activity
30 related to, the provision of authorized games to the registered
31 player by the licensee.

32 (2) Subject to subdivision (k), made pursuant to a court order
33 authorizing the disclosure, if the registered player is notified of
34 the order by the person to whom the order is directed.

35 (3) A disclosure of the names and addresses of registered players
36 to any tournament third party, if both of the following apply:

37 (A) The licensee has provided the registered player the
38 opportunity to prohibit or limit the disclosure.

1 (B) The disclosure does not reveal, directly or indirectly, the
2 nature of any transaction made by the registered player over the
3 intrastate Internet gambling Web site.

4 (4) To the department to fulfill its obligations under this chapter
5 or a state agency as authorized in this chapter.

6 (h) A registered player shall be provided access to all personally
7 identifiable information regarding that registered player that is
8 collected and maintained by a licensee. The information shall be
9 made available to the registered player at reasonable times and at
10 a place designated by the licensee. A registered player shall be
11 provided reasonable opportunity to correct any error in the
12 information.

13 (i) A licensee shall destroy personally identifiable information
14 if the information is no longer necessary for the purpose for which
15 it was collected, and there are no pending requests or orders for
16 access to the information under subdivision (k).

17 (j) Any person aggrieved by any act of a licensee in violation
18 of this section may bring a civil action in any superior court. The
19 court may award:

20 (1) Actual damages but not less than the rate of ____ a day for
21 each day of violation or ____, whichever is higher.

22 (2) Punitive damages.

23 (3) Reasonable attorney's fees and other litigation costs
24 reasonably incurred.

25 (k) Except as provided in subdivision (g), a governmental or
26 nongovernmental third party may obtain personally identifiable
27 information concerning a registered player pursuant to a court
28 order only if, in the court proceeding relevant to the court order,
29 both of the following apply:

30 (1) The third party offers clear and convincing evidence that
31 the subject of the information is reasonably suspected of engaging
32 in criminal activity or otherwise relevant to a pending civil action
33 and that the information sought would be material evidence in the
34 case.

35 (2) The registered player about whom the information is
36 requested is afforded the opportunity to appear and contest the
37 third-party's claim.

38 19990.48. A licensee shall establish a book of accounts and
39 regularly audit all of its financial records and reports, which shall,
40 at a minimum, include all of the following:

1 (a) Monthly auditable and aggregate financial statements of
2 gambling transactions.

3 (b) Monthly calculation of all amounts payable to the state.

4 (c) The identity of registered players.

5 (d) The balance on each registered player's account at the start
6 of a session of play, the amount won or lost by each registered
7 player during a game, and the balance on the registered player's
8 account.

9 (e) The wagers placed on each game, time stamped by the games
10 server.

11 (f) The result of each game, time stamped by the games server.

12 (g) The amount, if any, as determined by the registered player,
13 withheld from winnings for federal or state income tax purposes.

14 19990.49. (a) A licensee shall make all financial records
15 established and maintained pursuant to Section 19990.48,
16 including, but not limited to, all books, records, documents,
17 financial information, and financial reports, available on both an
18 electronic basis and in hard copy, as required by the department
19 or other state agencies so that those state agencies can fulfill their
20 responsibilities under this chapter.

21 (b) The licensee's data shall be retained in a manner by which
22 it may be accessed by the state agencies online.

23 (c) Notwithstanding subdivision (b), data covered by
24 subdivisions (d), (e), and (f) of Section 19990.48 shall be accessible
25 to the state agencies online for 120 days, and, thereafter, archived
26 and retained for one year.

27 19990.50. (a) A licensee shall implement technical systems
28 that materially aid the department in the protection of registered
29 players.

30 (b) A licensee shall define and document its methodology for
31 developing software and applications and describe the manner in
32 which software protects registered players from fraud and other
33 risks in the play of authorized games and in the management of
34 registered player accounts.

35 (c) A licensee shall meet minimum game server connectivity
36 requirements to ensure that registered players are protected from
37 losses due to connectivity problems.

38 (d) A licensee shall ensure that all transactions involving
39 registered players' funds shall be recoverable by the system in the
40 event of a failure or malfunction.

1 (e) All information required for reviewing a game interrupted
2 due to loss of connectivity shall be recoverable by the licensee.

3 (f) Preventative and detective controls addressing money
4 laundering and fraud risks shall be documented and implemented
5 by the licensee.

6 19990.51. (a) A licensee may charge registered players to play
7 in authorized games.

8 (b) Per hand charges are permitted.

9 (1) A per hand charge shall be designated and conspicuously
10 posted on the screen prior to the start of each authorized game.

11 (2) A licensee may vary the per hand charges to registered
12 players based on betting limits or other factors.

13 (c) Tournament charges shall be permitted.

14 (1) A tournament charge shall be designated and conspicuously
15 posted on the screen prior to the start of the first authorized game
16 of any tournament.

17 (2) A licensee may vary tournament charges based on
18 tournament prizes or other factors.

19 (d) A licensee shall provide notice to the department of the
20 charges to registered players prior to initiating play.

21 19990.52. A licensee may enter into an agreement with any
22 third party to sponsor or underwrite prizes for a tournament, subject
23 to the approval of the department.

24 19990.53. A licensee may enter into an agreement to sell
25 advertisement space on any Internet Web site it controls, subject
26 to the approval of the department.

27 19990.535. (a) A licensee may enter into an agreement with
28 a third party for marketing, or any other purpose consistent with
29 this chapter, including, but not limited to, displaying the name of
30 a marketing partner on a screen viewed by a registered player.

31 (b) A licensee shall not utilize any brand or business name, trade
32 or service mark, software, customer information, or other data
33 acquired, derived, or developed directly or indirectly from any
34 operation that has accepted any wager from persons in the United
35 States on any form of Internet gaming that has not been
36 affirmatively authorized by law in this state or the United States
37 after December 31, 2006. To the extent any business relationships
38 or financial arrangements were utilized or existed to further any
39 such illegal Internet gambling, those relationships and arrangements
40 shall be discontinued.

1 19990.54. A licensee may enable a chat function between
2 registered players if it has in place effective controls against
3 collusion, subject to the approval of the department.

4 19990.55. A licensee may post Internet Web links on the
5 Internet Web sites it controls to permit registered players to access
6 remote Internet Web sites, subject to the approval of the
7 department.

8 19990.56. A licensee may enter into contractual agreements
9 with one or more licensees for the purpose of ensuring adequate
10 player liquidity, subject to the approval of the department.

11 19990.57. A licensee may allow a registered player to
12 participate simultaneously in multiple games or tournaments, if
13 the licensee has demonstrated to the department that it has technical
14 controls that prohibit a registered player from playing multiple
15 hands simultaneously in the same game, subject to the approval
16 of the department.

17 19990.58. (a) Any entity licensed to operate an intrastate
18 Internet gambling Web site shall remit to the Treasurer for deposit
19 in the General Fund a nonrefundable license fee in the amount of
20 thirty million dollars (\$30,000,000). This amount shall be credited
21 against fees imposed pursuant to subdivision (b) on the licensee's
22 gross gaming revenue proceeds for the first three years of operation.
23 Upon depletion of the license fee, the department shall notify the
24 licensee to commence monthly payments to the state in accordance
25 with subdivision (b).

26 (b) A licensee shall remit to the Treasurer on a monthly basis
27 for deposit in the General Fund, an amount equal to 10 percent of
28 its gross revenues.

29 (1) Each monthly payment shall be due on the 10th day of the
30 following month.

31 (2) A licensee shall make all electronic and written financial
32 records available to the Treasurer, the commission, and the
33 department on an electronic basis.

34 (3) For the purposes of determining gross revenues, the licensee
35 and the Treasurer shall use generally accepted accounting
36 principles.

37 (c) Each licensee shall pay a regulatory fee, to be deposited in
38 the Internet Gambling Fund as established by Section 19990.86,
39 in an amount to be determined by the department for the actual
40 costs of license oversight, consumer protection, state regulation,

1 problem gambling programs, and other purposes related to this
2 chapter.

3 19990.59. (a) The licensee shall facilitate the collection of
4 personal income taxes from registered players by the Franchise
5 Tax Board.

6 (b) The licensee shall withhold 5 percent of tournament winnings
7 for state income tax if the winnings less the tournament charge are
8 more than six hundred dollars (\$600) and are at least 300 times
9 the tournament charge.

10 (1) The licensee shall transfer that withheld income to the
11 Franchise Tax Board.

12 (2) Winnings and losses of the registered player from other
13 tournaments sponsored by the licensee during the year are not
14 taken into account in arriving at the six-hundred-dollar (\$600)
15 amount. Required withholding is determined on a
16 tournament-by-tournament basis.

17 (c) Within six months of the operative date of this chapter, the
18 Franchise Tax Board shall publish a form to be used annually by
19 a licensee to ensure that the state is able to collect income tax
20 revenues from registered players. The Franchise Tax Board shall
21 provide a date by which the form is required to be filed. The form
22 shall include, but shall not be limited to, the following information:

23 (1) The registered player's first name and surname.

24 (2) Social security number.

25 (3) The total amount the registered player deposited in his or
26 her account during the year.

27 (4) The registered player's total winnings, if any, during the
28 year.

29 (5) The registered player's total losses, if any, during the year.

30 (6) The total amount withheld by the licensee, if any, during
31 the year for purposes of federal or state income taxes.

32 (7) Whether the registered player opened or closed his or her
33 account during the year.

34 (d) The licensee shall electronically file a copy of the form with
35 the Franchise Tax Board for each registered player who held an
36 account with the licensee for all, or any portion of, the taxable
37 year. The licensee shall electronically provide each registered
38 player with a copy of the form.

39 19990.60. (a) A security interest in a licensee shall not be
40 enforced without the prior approval of the department.

1 (b) It is unlawful for any person to sell, purchase, lease,
2 hypothecate, borrow, or loan money, or create a voting trust
3 agreement or any other agreement of any sort with a licensee or
4 with respect to any portion of the provision of authorized games,
5 except in accordance with the department.

6 (c) Every licensee that is involved in a transaction for the
7 extension or redemption of credit by the licensee, or for the
8 payment, receipt, or transfer of coin, currency, or other monetary
9 instruments, as specified by the department, in an amount,
10 denomination, or amount and denomination, or under
11 circumstances prescribed by regulation, and any other participant
12 in the transaction, as specified by the department, shall, if required
13 by regulation, make and retain a record of, or file with the
14 department a report on, the transaction, at the time and in the
15 manner prescribed by regulation.

16 19990.61. (a) A licensee shall act expeditiously to cure any
17 violation of this chapter, or any regulation adopted pursuant to this
18 chapter, in the offer or administration of authorized games that
19 interferes with its obligations to the state or registered players
20 under this chapter.

21 (b) If a licensee becomes aware of any violation, it shall notify
22 the department immediately and work with the department to
23 develop a plan to rectify the violation.

24 (c) If the department becomes aware of any violation, or if it
25 becomes aware of any activities that might lead to a violation, the
26 department shall provide notice of that violation to the licensee
27 and a reasonable opportunity to cure the violation.

28 (d) All state agencies with responsibilities under this chapter
29 shall report any actual or suspected violation of this chapter, or
30 any regulation adopted pursuant to this chapter, or activities that
31 may lead to such a violation, to the department immediately so
32 that the department can assess whether it needs to commence an
33 investigation or enforcement action.

34 (e) A licensee shall be afforded a reasonable time period to cure
35 any reported violation. The department may assess penalties for
36 any violation of this chapter, or any regulation adopted pursuant
37 to this chapter.

38 (f) The department shall have the subpoena power in an
39 investigation of any violation of this chapter, or any regulation
40 adopted pursuant to this chapter.

1 (g) The department may revoke or suspend any license or work
2 permit under this chapter upon reaching a finding that the licensee
3 or employee is in violation of any provision of this chapter, or any
4 regulation adopted pursuant to this chapter.

5 (h) A licensee may appeal any decision of the department
6 pursuant to this section to the superior court. The superior court
7 shall hear any appeal de novo.

8 19990.62. The department shall protect the rights and assets
9 of registered players on an intrastate Internet gambling Web site
10 if the licensee's license pursuant to this chapter is revoked or the
11 licensee becomes bankrupt.

12 19990.63. (a) A licensee shall at all times indemnify, defend,
13 and hold harmless the state and its agencies from and against any
14 claims, damages, liabilities, costs, and expenses, including, but
15 not limited to, reasonable attorney's fees and expenses arising out
16 of any third-party claim made against the state or any of its
17 agencies relating to actions of the licensee and this chapter.
18 However, the state shall not enter into a settlement agreement
19 related to any of those claims, damages, liabilities, costs, or
20 expenses without the prior written approval of the licensee.

21 (b) The state and its agencies shall promptly notify a licensee
22 of any claim or litigation to which the indemnity set forth in Section
23 19990.62 applies.

24 (c) At the option of a licensee, it may assume the defense of
25 any claim or litigation. If a licensee assumes the defense of any
26 claim or litigation, the licensee's obligation with respect thereto
27 shall be limited to the payment of any settlement approved by the
28 licensee, or any judgment in connection with that claim or
29 litigation.

Article 6. Authority of State Agencies

33 19990.70. (a) (1) The department, and any other state agency
34 with a duty pursuant to this chapter, shall adopt regulations, in
35 consultation with the commission, to implement this chapter and
36 facilitate the operation of intrastate Internet gambling Web sites
37 in compliance with this chapter no later than 12 months after the
38 operative date of this chapter.

(2) The regulations adopted by the department shall address underage gambling and problem gambling.

1 (b) (1) Each state agency with a duty pursuant to this chapter
2 shall identify a contact person at that agency and describe the
3 responsibility of the contact with respect to the state agency's duty.

4 (2) Any notice provided by a licensee to a state agency pursuant
5 to this chapter shall be addressed to the contact identified by the
6 state agency pursuant to paragraph (1).

7 (3) Unless otherwise provided by this chapter, notice by a
8 licensee to the state shall be deemed effectively given upon
9 personal delivery, three days after deposit in the United States mail
10 by certified or registered mail, return receipt requested, one
11 business day after its deposit with any return receipt express
12 courier, prepaid, or one business day after electronically confirmed
13 transmission by facsimile.

14 19990.71. The Legislature may, by a statute adopted by a
15 majority vote of both houses, do either of the following:

16 (a) Opt out of, or opt into, any federal framework for Internet
17 gambling.

18 (b) If the United States Department of Justice notifies the
19 department in writing that it is permissible under federal law, enter
20 into any agreement with other states to provide Internet gambling.

21 19990.72. The department may outsource its regulatory
22 functions under this chapter where optimal to provide efficient,
23 effective, and robust regulation with access to worldwide expertise
24 tested and proven in the gambling industry.

25
26 Article 7. Protection of Registered Players
27

28 19990.75. A licensee shall use its best efforts to protect
29 registered players. Subject to the approval of the department, and
30 consistent with uniform standards established by the department
31 by regulation, each licensee shall establish administrative
32 procedures to resolve registered player complaints.

33 19990.76. In the event a registered player has a complaint
34 against a licensee, the exclusive remedy shall be to register the
35 complaint with the department, unless an action is brought pursuant
36 to the remedies described in subdivision (j) of Section 19990.47.

37 19990.77. (a) The department, in consultation with the
38 commission, shall establish regulations with respect to registered
39 player complaints.

1 (b) Under the regulations, the department shall do all of the
2 following:

3 (1) Investigate registered player complaints to determine if a
4 licensee has failed to meet its obligations to a registered player.

5 (2) Attempt to resolve complaints by registered players if a
6 licensee fails to meet an obligation to a registered player.

7 (3) Initiate enforcement actions to require specific performance
8 of any obligation that a licensee has to a registered player and
9 payment by the licensee of restitution to a registered player for
10 actual losses and interest thereon.

11 19990.78. A licensee may appeal any action by the department
12 pursuant to this article to the superior court, which shall review
13 the appeal de novo.

14
15 Article 8. Disposition of State Regulatory Proceeds
16

17 19990.86. (a) The Treasurer shall transfer all amounts received
18 from a licensee pursuant to subdivision (c) of Section 19990.58
19 to the Controller for deposit in the Internet Gambling Fund, which
20 is created in the State Treasury, to be administered by the
21 Controller subject to annual appropriation by the Legislature. These
22 amounts shall not be subject to the formulas established by statute
23 directing expenditures from the General Fund.

24 (b) The state agencies shall submit revenue needs to fulfill their
25 obligations under this chapter for the upcoming fiscal year to the
26 Senate Committee on Budget and Fiscal Review and the Assembly
27 Committee on Budget, as well as the Senate and Assembly
28 Committees on Governmental Organization and the Department
29 of Finance on or before March 31 of the preceding fiscal year. A
30 justification of those costs shall be provided with each submission
31 of revenue needs.

32 (c) The State Department of Alcohol and Drug Programs, Office
33 of Problem Gambling, shall submit revenue needs for programs
34 to alleviate problem gambling that results from the offering of
35 authorized games for the upcoming fiscal year to the Senate
36 Committee on Budget and Fiscal Review and the Assembly
37 Committee on Budget, as well as the Senate and Assembly
38 Committees on Governmental Organization, the Senate and
39 Assembly Committees on Human Services, and the Department
40 of Finance on or before March 31 of the preceding fiscal year. A

1 justification of those costs shall be provided with each submission
2 of revenue needs.

3 (d) All remaining proceeds not allocated to subdivisions (b) and
4 (c) shall remain in the Internet Gambling Fund subject to
5 appropriation by the Legislature.

6

7 Article 9. Preemption of Local Regulation

8

9 19990.90. A city, county, or city and county shall not regulate,
10 tax, or enter into a contract with respect to any matter related to
11 this chapter. This section shall not prohibit or limit the investigation
12 and prosecution of any violation of this chapter.

13

14 Article 10. Reports to the Legislature

15

16 19990.95. Notwithstanding Section 10231.5 of the Government
17 Code, within one year of the operative date of this chapter and,
18 annually thereafter, the department, in consultation with the
19 commission, the Treasurer, and the Franchise Tax Board, shall
20 issue a report to the Legislature describing the state's efforts to
21 meet the policy goals articulated in this chapter. The report shall
22 be submitted in compliance with Section 9795 of the Government
23 Code.

24 19990.96. (a) At least two years after the issue date of any
25 license pursuant to this chapter, but no later than three years after
26 that date, the Bureau of State Audits shall issue a report to the
27 Legislature detailing the implementation of this chapter. The State
28 Auditor may advise the Legislature on any recommendations
29 regarding the terms of licensure, including the consideration paid
30 to the state, the economic and operational impacts upon the licensee
31 and the state, and any other issues that may be relevant to the state's
32 decision whether to impose modifications on existing licensees.
33 The report may also advise the Legislature as to any proposed
34 changes to Article 5 (commencing with Section 19990.30) of this
35 chapter. The State Auditor shall advise the Legislature whether
36 continuation of the moratorium on state gaming contained in
37 Section 19962 is justified, given statewide competition with
38 legalized Internet gambling.

1 (b) A report submitted pursuant to subdivision (a) shall be
2 submitted in compliance with Section 9795 of the Government
3 Code.

4 (c) Pursuant to Section 10231.5 of the Government Code, this
5 section is repealed on January 1, 2019.

6 SEC. 2. The Legislature finds and declares that Section 1 of
7 this act, which adds Chapter 5.2 (commencing with Section
8 19990.01) to Division 8 of the Business and Professions Code,
9 imposes a limitation on the public's right of access to the meetings
10 of public bodies or the writings of public officials and agencies
11 within the meaning of Section 3 of Article I of the California
12 Constitution. Pursuant to that constitutional provision, the
13 Legislature makes the following findings to demonstrate the interest
14 protected by this limitation and the need for protecting that interest:

15 The limitations on the people's rights of access set forth in this
16 chapter are necessary to protect the privacy and integrity of
17 information submitted by the registered players as well as the
18 proprietary information of the license applicants and licensees.

19 SEC. 3. No reimbursement is required by this act pursuant to
20 Section 6 of Article XIIIIB of the California Constitution because
21 the only costs that may be incurred by a local agency or school
22 district will be incurred because this act creates a new crime or
23 infraction, eliminates a crime or infraction, or changes the penalty
24 for a crime or infraction, within the meaning of Section 17556 of
25 the Government Code, or changes the definition of a crime within
26 the meaning of Section 6 of Article XIII B of the California
27 Constitution.

28 SEC. 4. This act is an urgency statute necessary for the
29 immediate preservation of the public peace, health, or safety within
30 the meaning of Article IV of the Constitution and shall go into
31 immediate effect. The facts constituting the necessity are:

32 In order to protect the interests of Californians who play online
33 gambling games and to ensure that people play fair games, that
34 the state realizes the revenues, and that suitable persons operate
35 online gambling Internet Web sites, it is necessary that this act
36 take effect immediately.

AMENDED IN SENATE APRIL 19, 2012

AMENDED IN SENATE APRIL 9, 2012

AMENDED IN SENATE MARCH 28, 2012

SENATE BILL

No. 1390

Introduced by Senator Wright
(*Coauthor: Senator Anderson*)

February 24, 2012

An act to amend Section 19868 of, and to add Chapter 4.7 (commencing with Section 19750) to Division 8 of, the Business and Professions Code, and to amend Sections 336.9 and 337a of the Penal Code, relating to sports wagering gambling.

LEGISLATIVE COUNSEL'S DIGEST

SB 1390, as amended, Wright. *Sports-Gambling: sports wagering.*

The

(1) The California Constitution prohibits various gaming activities within the state, including casino-style gaming, but authorizes the Governor, subject to ratification by the Legislature, to negotiate and conclude compacts for the operation of slot machines and the conduct of lottery games and banking and percentage card games by federally recognized Indian tribes on Indian lands in California in accordance with federal law. The California Constitution also authorizes the Legislature to provide for the regulation of horse racing, charitable bingo games, the California State Lottery, and charitable raffles.

Existing law prohibits a person, whether or not for gain, hire, or reward, from making a betting pool or placing a bet or wager on the result of any contest or event, including a sporting event, as specified.

The Gambling Control Act provides for the licensure of certain individuals and establishments that conduct controlled games, as defined, and for the regulation of these gambling activities by the California Gambling Control Commission. Existing law provides for the enforcement of those regulations by the Department of Justice. Any violation of these provisions is punishable as a misdemeanor, as specified.

The Horse Racing Law provides for the licensure of every person who participates in, or has anything to do with, the racing of horses, and every employee of a parimutuel department by the California Horse Racing Board. The board is responsible for adopting rules and regulations for the protection of the public, the control of horse racing, and parimutuel wagering, as well as enforcing all laws, rules, and regulations dealing with horse racing and parimutuel wagering. The law permits the board to authorize an association licensed to conduct a racing meeting to also operate a satellite wagering facility at its racetrack inclosure, and for fairs to locate a satellite wagering facility at their fairgrounds, under specified conditions. Any violation of these provisions is punishable as a misdemeanor.

This bill would authorize the owner or operator of a gambling establishment, horse racing track, or satellite wagering facility, with a current license, to conduct wagering on professional and collegiate sports or athletic events by applying to the California Gambling Control Commission or the California Horse Racing Board, as specified, for authorization to conduct sports wagering. The bill would require the commission and the board to adopt regulations to implement these provisions. The bill would require the department to, among other things, investigate any request made by the board or the commission in connection with an application for authorization, and to investigate alleged violations of the above provisions. Any violation of these provisions would be punishable as a crime. By creating a new crime, the bill would impose a state-mandated local program.

Existing

(2) *Existing* federal law, the Indian Gaming Regulatory Act of 1988, provides for the negotiation and execution of tribal-state gaming compacts for the purpose of authorizing certain types of gaming on Indian lands within a state. The California Constitution authorizes the Governor to negotiate and conclude compacts, subject to ratification by the Legislature. Existing law expressly ratifies a number of

tribal-state gaming compacts, and amendments of tribal-state gaming compacts, between the State of California and specified Indian tribes.

This bill would provide that a federally recognized Indian tribe may conduct sports wagering on Indian lands consistent with the requirements of the federal Indian Gaming Regulatory Act of 1988, and under terms no more stringent than those applicable to any other owner or operator in the state.

(3) *The Gambling Control Act requires the Department of Justice to investigate an applicant for a gambling license. Existing law provides that, if denial of the application, or approval of the license with restrictions or conditions on the license, is recommended, the chief of the entity within the department that is responsible for enforcing these provisions shall prepare and file with the commission his or her written reasons upon which the recommendation is based.*

This bill would require the chief of that entity within the department to file with the commission the written reasons upon which the recommendation is based, together with all relevant documents and information.

The

(4) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Chapter 4.7 (commencing with Section 19750)
2 is added to Division 8 of the Business and Professions Code, to
3 read:
4

5 **CHAPTER 4.7. SPORTS WAGERING**
6

7 19750. The following entities may conduct wagering on
8 professional and collegiate sports or athletic events as authorized
9 pursuant to this chapter:

10 (a) The owner or operator of a gambling establishment with a
11 current license issued by the California Gambling Control

1 Commission pursuant to Chapter 5 (commencing with Section
2 19800).

3 (b) The owner or operator of a horse racing track or satellite
4 wagering facility with a current license issued by the California
5 Horse Racing Board pursuant to Chapter 4 (commencing with
6 Section 19400).

7 19751. A federally recognized Indian tribe may conduct sports
8 wagering on Indian lands consistent with the requirements of the
9 *federal* Indian Gaming Regulatory Act of 1988 (18 U.S.C. Secs.
10 1166 to 1168, incl., and 25 U.S.C. Sec. 2701 et seq.), and under
11 terms no more stringent than those applicable to any other owner
12 or operator in the state.

13 19752. As used in this chapter, the following definitions shall
14 apply:

15 (a) “Board” means the California Horse Racing Board.

16 (b) “Commission” means the California Gambling Control
17 Commission.

18 (c) “Department” means the Department of Justice.

19 (d) “Licensed operator” means any of the entities listed in
20 Section 19750 that is authorized pursuant to this chapter to conduct
21 sports wagering.

22 (e) “Sports event” shall include any professional sports or
23 athletic event, and any collegiate sports or athletic event.

24 (f) “Sports wagering” means the business of accepting wagers
25 on a sports event by any legal system or method of wagering,
26 including, but not limited to, exchange wagering, parlays, over
27 and under, money line, and straight bets.

28 19754. (a) (1) An owner or operator of a gambling
29 establishment seeking to conduct sports wagering shall apply to
30 the commission for authorization to conduct sports wagering.

31 (2) An owner or operator of a horse racing track or satellite
32 wagering facility seeking to conduct sports wagering shall apply
33 to the board for authorization to conduct sports wagering.

34 (b) The board or the commission, as the case may be, shall hear
35 and decide promptly, and in reasonable order, all applications to
36 conduct sports wagering from owners and operators of licensed
37 gambling establishments, licensed horse racing tracks, and satellite
38 wagering facilities. Authorization to conduct sports wagering shall
39 not be unreasonably withheld for any applicant that is in good
40 standing and has a current license issued pursuant to Chapter 4

1 (commencing with Section 19400) or Chapter 5 (commencing with
2 Section 19800).

3 19756. (a) Application for authorization to conduct sports
4 wagering shall be made on forms furnished by the board and the
5 commission.

6 (b) The application for authorization to conduct sports wagering
7 shall include all of the following:

8 (1) The name of the licensee.

9 (2) The name and location of the gambling establishment, horse
10 racing track, or satellite wagering facility.

11 (3) The names of all persons directly or indirectly interested in
12 the business and the nature of the interest.

13 (4) A description of the proposed sports wagering operation.

14 (5) Any other information and details the board or the
15 commission may require in order to discharge its duty properly.

16 19758. (a) The board and the commission shall adopt
17 regulations for the administration and enforcement of this chapter.

18 (b) The board and the commission shall consult with each other,
19 and the department, in the adoption of regulations pursuant to this
20 section, and may adopt joint regulations.

21 19760. The regulations adopted by the board and the
22 commission shall do all of the following:

23 (a) Provide for the approval of wagering rules and equipment
24 by the department to ensure fairness to the public and compliance
25 with state law, including, but not limited to, all of the following:

26 (1) Acceptance of wagers on a series of sports events.

27 (2) Types of wagering tickets that may be used.

28 (3) The method of issuing tickets.

29 (b) Govern all of the following:

30 (1) The extension of credit.

31 (2) The cashing, deposit, and redemption of checks or other
32 negotiable instruments.

33 (3) The amount of cash reserves to be maintained by licensed
34 operators to cover winning wagers.

35 (4) The provision of reliable records, accounts, and reports of
36 transactions, operations, and events, including reports to the
37 department, the method of accounting to be used by licensed
38 operators, and the types of records required to be maintained.

39 19762. (a) The sports wagering authorized pursuant to this
40 chapter may be conducted only at the gambling establishment,

1 horse racing track, or satellite facility of the licensed operator, or
2 on Indian lands consistent with the federal Indian Gaming
3 Regulatory Act of 1988 (18 U.S.C. Secs. 1166 to 1168, incl., and
4 25 U.S.C. Sec. 2701 et seq.).

5 (b) The licensed operators of horse racing tracks, satellite
6 wagering facilities, and gambling establishments may enter into
7 an agreement to jointly conduct a sports wagering operation. Any
8 joint sports wagering operation authorized pursuant to this
9 subdivision shall be conducted only at a horse racing track.

10 19764. A licensed operator shall not accept a wager on a sports
11 event from any person who is not physically present at the facility
12 where the sports wagering is conducted.

13 19766. A licensed operator shall establish the odds it will pay
14 on wagers placed on sports events.

15 19768. (a) A licensed operator shall not conduct any sports
16 wagering in violation of any provision of this chapter, any
17 regulation adopted pursuant to this chapter, or any governing local
18 ordinance.

19 (b) Any person who willfully violates any provision of this
20 chapter is guilty of a misdemeanor.

21 19770. (a) The department shall have all of the following
22 responsibilities:

23 (1) To investigate any request made by the board or the
24 commission in connection with an application for authorization
25 pursuant to this chapter. The department may recommend the
26 denial or the limitation, conditioning, or restriction of any
27 authorization.

28 (2) To monitor the conduct of all licensed operators and other
29 persons having a material involvement, directly or indirectly, with
30 a sports wagering operation.

31 (3) To investigate suspected violations of this chapter.

32 (4) To investigate complaints that are lodged against licensed
33 operators, or other persons associated with a sports wagering
34 operation, by members of the public.

35 (5) To initiate, where appropriate, disciplinary actions. In
36 connection with any disciplinary action, the department may seek
37 restriction, limitation, suspension, or revocation of any license,
38 permit, authorization, or approval pursuant to this chapter, Chapter
39 4 (commencing with Section 19400), or Chapter 5 (commencing
40 with Section 19800), or the imposition of any fine upon any person

1 licensed, permitted, authorized, or approved pursuant to those
2 chapters.

3 (6) To adopt regulations reasonably related to its functions and
4 duties as specified in this chapter.

5 (b) The department has all powers necessary and proper to
6 enable it to carry out fully and effectually its duties and
7 responsibilities specified in this chapter.

8 19772. (a) The department shall make appropriate
9 investigations as follows:

10 (1) To determine whether there has been any violation of this
11 chapter or any regulations adopted under this chapter.

12 (2) To determine any facts, conditions, practices, or matters that
13 it may deem necessary or proper to aid in the enforcement of this
14 chapter or any regulation adopted under this chapter.

15 (3) To aid in adopting regulations.

16 (b) If, after any investigation, the department is satisfied that a
17 license, permit, authorization, or approval pursuant to this chapter,
18 Chapter 4 (commencing with Section 19400), or Chapter 5
19 (commencing with Section 19800) should be suspended or revoked,
20 it shall file an accusation in accordance with Chapter 5
21 (commencing with Section 11500) of Part 1 of Division 3 of Title
22 2 of the Government Code.

23 (c) In addition to any action that the board or commission may
24 take against a license, permit, finding of suitability, or approval,
25 the board or commission may also require the payment of fines or
26 penalties. However, no fine imposed shall exceed twenty thousand
27 dollars (\$20,000) for each separate violation of any provision of
28 this chapter or any regulation adopted under this chapter.

29 *SEC. 2. Section 19868 of the Business and Professions Code
30 is amended to read:*

31 19868. (a) Within a reasonable time after the filing of an
32 application and any supplemental information the department may
33 require, and the deposit of any fee required pursuant to Section
34 19867, the department shall commence its investigation of the
35 applicant and, for that purpose, may conduct any proceedings it
36 deems necessary. To the extent practicable, all applications shall
37 be acted upon within 180 calendar days of the date of submission
38 of a completed application. If an investigation has not been
39 concluded within 180 days after the date of submission of a
40 completed application, the department shall inform the applicant

1 in writing of the status of the investigation and shall also provide
2 the applicant with an estimated date on which the investigation
3 may reasonably be expected to be concluded.

4 (b) If denial of the application, or approval of the license with
5 restrictions or conditions on the license, is recommended, the chief
6 shall prepare and file with the commission his or her written
7 reasons upon which the recommendation is based, *together with*
8 *all relevant documents and information.*

9 (1) Prior to filing his or her recommendation with the
10 commission, the chief shall meet with the applicant, or the
11 applicant's duly authorized representative, and inform him or her
12 generally of the basis for any proposed recommendation that the
13 application be denied, restricted, or conditioned.

14 (2) Not less than 10 business days prior to the meeting of the
15 commission at which the application is to be considered, the
16 department shall deliver to the applicant a summary of the chief's
17 final report and recommendation.

18 (3) This section requires the department neither to divulge to
19 the applicant any confidential information received from any law
20 enforcement agency or any information received from any person
21 with assurances that the information would be maintained
22 confidential, nor to divulge any information that might reveal the
23 identity of any informer or jeopardize the safety of any person.

24 (c) If a restriction or condition on the license is recommended,
25 the chief shall prepare and file with the commission his or her
26 written reasons upon which the recommendation is based, *together*
27 *with all relevant documents and information.*

28 (1) Prior to filing his or her recommendation with the
29 commission, and not less than 10 business days prior to the meeting
30 of the commission at which the application is to be considered,
31 the chief shall inform the applicant in writing generally of the basis
32 for any proposed recommendation that the application be restricted
33 or conditioned, including the legal and factual grounds on which
34 the recommendation is based.

35 (2) This section does not require the department to divulge to
36 the applicant any confidential information received from any law
37 enforcement agency or any information received from any person
38 with assurances that the information would be maintained
39 confidential, or to divulge any information that might reveal the
40 identity of any informer or jeopardize the safety of any person.

1 (d) A recommendation of denial of an application shall be
2 without prejudice to a new and different application filed in
3 accordance with applicable regulations.

4 **SEC. 2.**

5 *SEC. 3.* Section 336.9 of the Penal Code is amended to read:
6 336.9. (a) Notwithstanding Section 337a, and except as
7 provided in subdivision (b), any person who, not for gain, hire, or
8 reward other than that at stake under conditions available to every
9 participant, knowingly participates in any of the ways specified in
10 paragraph (2), (3), (4), (5), or (6) of subdivision (a) of Section
11 337a in any bet, bets, wager, wagers, or betting pool or pools made
12 between the person and any other person or group of persons who
13 are not acting for gain, hire, or reward, other than that at stake
14 under conditions available to every participant, upon the result of
15 any lawful trial, or purported trial, or contest, or purported contest,
16 of skill, speed, or power of endurance of person or animal, or
17 between persons, animals, or mechanical apparatus, is guilty of
18 an infraction, punishable by a fine not to exceed two hundred fifty
19 dollars (\$250).

20 (b) Subdivision (a) does not apply to any of the following
21 situations:

22 (1) Any bet, bets, wager, wagers, or betting pool or pools made
23 online.

24 (2) Betting pools with more than two thousand five hundred
25 dollars (\$2,500) at stake.

26 (3) Any sports wagering authorized pursuant to Chapter 4.7
27 (commencing with Section 19750) of Division 8 of the Business
28 and Professions Code.

29 **SEC. 3.**

30 *SEC. 4.* Section 337a of the Penal Code is amended to read:

31 337a. (a) Except as provided in Section 336.9 and as authorized
32 pursuant to Chapter 4.7 (commencing with Section 19750) of
33 Division 8 of the Business and Professions Code, every person
34 who engages in one of the following offenses; shall be punished
35 for a first offense by imprisonment in a county jail for a period of
36 not more than one year or in the state prison, or by a fine not to
37 exceed five thousand dollars (\$5,000), or by both imprisonment
38 and fine:

39 (1) Pool selling or bookmaking, with or without writing, at any
40 time or place.

1 (2) Whether for gain, hire, reward, or gratuitously, or otherwise,
2 keeps or occupies, for any period of time whatsoever, any room,
3 shed, tenement, tent, booth, building, float, vessel, place, stand,
4 or enclosure, of any kind, or any part thereof, with a book or books,
5 paper or papers, apparatus, device, or paraphernalia, for the purpose
6 of recording or registering any bet or bets, any purported bet or
7 bets, wager or wagers, any purported wager or wagers, selling
8 pools, or purported pools, upon the result, or purported result, of
9 any trial, purported trial, contest, or purported contest, of skill,
10 speed, or power of endurance of person or animal, or between
11 persons, animals, or mechanical apparatus, or upon the result, or
12 purported result, of any lot, chance, casualty, unknown, or
13 contingent event whatsoever.

14 (3) Whether for gain, hire, reward, or gratuitously, or otherwise,
15 receives, holds, or forwards, or purports or pretends to receive,
16 hold, or forward, in any manner whatsoever, any money, thing, or
17 consideration of value, or the equivalent or memorandum thereof,
18 staked, pledged, bet, or wagered, or to be staked, pledged, bet, or
19 wagered, or offered for the purpose of being staked, pledged, bet,
20 or wagered, upon the result, or purported result, of any trial, or
21 purported trial, or contest, or purported contest, of skill, speed, or
22 power of endurance of person or animal, or between persons,
23 animals, or mechanical apparatus, or upon the result, or purported
24 result, of any lot, chance, casualty, unknown, or contingent event
25 whatsoever.

26 (4) Whether for gain, hire, reward, or gratuitously, or otherwise,
27 at any time or place, records, or registers any bet or bets, wager
28 or wagers, upon the result, or purported result, of any trial, or
29 purported trial, or contest, or purported contest, of skill, speed, or
30 power of endurance of person or animal, or between persons,
31 animals, or mechanical apparatus, or upon the result, or purported
32 result, of any lot, chance, casualty, unknown, or contingent event
33 whatsoever.

34 (5) Being the owner, lessee, or occupant of any room, shed,
35 tenement, tent, booth, building, float, vessel, place, stand,
36 enclosure, or grounds, or any part thereof, whether for gain, hire,
37 reward, or gratuitously, or otherwise, permits that space to be used
38 or occupied for any purpose, or in any manner prohibited by
39 paragraph (1), (2), (3), or (4).

1 (6) Lays, makes, offers, or accepts any bet or bets, or wager or
2 wagers, upon the result, or purported result, of any trial, or
3 purported trial, or contest, or purported contest, of skill, speed, or
4 power of endurance of person or animal, or between persons,
5 animals, or mechanical apparatus.

6 (b) In any accusatory pleading charging a violation of this
7 section, if the defendant has been once previously convicted of a
8 violation of any subdivision of this section, the previous conviction
9 shall be charged in the accusatory pleading, and, if the previous
10 conviction is found to be true by the jury, upon a jury trial, or by
11 the court, upon a court trial, or is admitted by the defendant, the
12 defendant shall, if he or she is not imprisoned in the state prison,
13 be imprisoned in the *a* county jail for a period of not more than
14 one year and pay a fine of not less than one thousand dollars
15 (\$1,000) and not to exceed ten thousand dollars (\$10,000). Nothing
16 in this paragraph shall prohibit a court from placing a person
17 subject to this subdivision on probation. However, that person
18 shall be required to pay a fine of not less than one thousand dollars
19 (\$1,000) nor more than ten thousand dollars (\$10,000) or be
20 imprisoned in the *a* county jail for a period of not more than one
21 year, as a condition thereof. In no event does the court have the
22 power to absolve a person convicted pursuant to this subdivision
23 from either being imprisoned or from paying a fine of not less than
24 one thousand dollars (\$1,000) and not more than ten thousand
25 dollars (\$10,000).

26 (c) In any accusatory pleading charging a violation of this
27 section, if the defendant has been previously convicted two or
28 more times of a violation of any subdivision of this section, each
29 previous conviction shall be charged in the accusatory pleadings.
30 If two or more of the previous convictions are found to be true by
31 the jury, upon a jury trial, or by the court, upon a court trial, or are
32 admitted by the defendant, the defendant shall, if he or she is not
33 imprisoned in the state prison, be imprisoned in the county jail for
34 a period of not more than one year or pay a fine of not less than
35 one thousand dollars (\$1,000) nor more than fifteen thousand
36 dollars (\$15,000), or be punished by both imprisonment and fine.
37 Nothing in this paragraph shall prohibit a court from placing a
38 person subject to this subdivision on probation. However, that
39 person shall be required to pay a fine of not less than one thousand
40 dollars (\$1,000) nor more than fifteen thousand dollars (\$15,000),

1 or be imprisoned in the county jail for a period of not more than
2 one year as a condition thereof. In no event does the court have
3 the power to absolve a person convicted and subject to this
4 subdivision from either being imprisoned or from paying a fine of
5 not more than fifteen thousand dollars (\$15,000).

6 (d) Except where the existence of a previous conviction of any
7 subdivision of this section was not admitted or not found to be true
8 pursuant to this section, or the court finds that a prior conviction
9 was invalid, the court shall not strike or dismiss any prior
10 convictions alleged in the information or indictment.

11 (e) This section applies not only to persons who commit any of
12 the acts designated in paragraphs (1) to (6), inclusive, of
13 subdivision (a), as a business or occupation, but also applies to
14 every person who in a single instance engages in any one of the
15 acts specified in paragraphs (1) to (6), inclusive, of subdivision
16 (a).

17 **SEC. 4.**

18 *SEC. 5.* No reimbursement is required by this act pursuant to
19 Section 6 of Article XIIIIB of the California Constitution because
20 the only costs that may be incurred by a local agency or school
21 district will be incurred because this act creates a new crime or
22 infraction, eliminates a crime or infraction, or changes the penalty
23 for a crime or infraction, within the meaning of Section 17556 of
24 the Government Code, or changes the definition of a crime within
25 the meaning of Section 6 of Article XIIIIB of the California
26 Constitution.



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License Application Deadlines

Fair	License Application Due to CHRB	Date documents must be Received by CHRB for Inclusion in Board Package	CHRB Meeting Date for approval of license
Alameda	March 17, 2012	April 11, 2012	April 26, 2012 at Hol
Cal Expo	April 12, 2012	May 9, 2012	May 24, 2012 at GG
Santa Rosa	April 26, 2012	May 9, 2012	May 24, 2012 at GG
Humboldt	May 17, 2012	June 13, 2012	June 28, 2012 at Hol
Stockton	June 21, 2012	July 3, 2012	July 19, 2012 at Dmr
Fresno	July 5, 2012	August 8, 2012	August 23, 2012 at Dmr

**CHRB Racing License
Applications prepared by
CARF for:**

**Alameda County Fair
Cal Expo
Sonoma County Fair**

From: Christopher Korby [korby@calfairs.net]
Sent: Sunday, April 22, 2012 7:10 PM
To: 'Amelia M. White'
Cc: Heather Haviland
Subject: Fw: TOTAL MUTUEL HANDLE SHOWS SIGNIFICANT INCREASE, ON-TRACK ATTENDANCE, HANDLE UP AT SANTA ANITA, POSITIVE INDICATORS BODE WELL FOR 2012 BREEDERS' CUP (Sunday April 22, 2012)
Attachments: Santa Anita Paddock 72.jpg

Print for meeting packets. ExDir Reports Thanks.

----- Original Message -----

From: Olsen, Debbie
Sent: April 22, 2012 5:57 PM
Subject: TOTAL MUTUEL HANDLE SHOWS SIGNIFICANT INCREASE, ON-TRACK ATTENDANCE, HANDLE UP AT SANTA ANITA, POSITIVE INDICATORS BODE WELL FOR 2012 BREEDERS' CUP (Sunday April 22, 2012)

**FOR IMMEDIATE RELEASE CONTACT: Mike Willman
(626) 574-6417**

**TOTAL MUTUEL HANDLE SHOWS SIGNIFICANT INCREASE,
ON-TRACK ATTENDANCE, HANDLE UP AT SANTA ANITA,
POSITIVE INDICATORS BODE WELL FOR 2012 BREEDERS' CUP**



ARCADIA, Calif. (April 22, 2012)—Santa Anita Park, which will host the Breeders' Cup World Thoroughbred Championships on Nov. 2 and 3, capped its 75th winter/spring season on Sunday with gains in on-track attendance, handle and overall pari-mutuel handle. Santa Anita's out-of-state business was robust, propelling The Great Race Place to finish up with a seven percent increase in total pari-mutuel handle. On-track handle and attendance were up one percent over 2011, as more than 580,000 fans attended the races at Santa Anita this meet.

"This is our first winter/spring meet under the direction of the Stronach Group," said Santa Anita C.E.O. Mark Verge. "Our Chairman, Frank Stronach has laid the groundwork for an exciting, vibrant future and we will continue to demonstrate that."

"We promoted very aggressively at this meet and it paid off. Our initial goal was to showcase our five big days and make them bigger, and we did that."

"We had 44,579 here on opening day (Dec. 26) which was a 10 percent increase over the previous year and it was the first time we've had more than 40,000 people out for opening day since 1999."

"Sunshine Millions Day (Jan. 28) was also big for us. We had an on-track crowd of 30,514, which far outdid what any other track in the country did on that day."

"Strub Stakes Day (Feb. 4) was a home run as well," continued Verge. "Our all-sources handle was \$15 million, which was three percent increase over last year. The Santa Anita Handicap Day (March 3) on-track crowd was up 10 percent over last year."

"Santa Anita Derby Day (April 7) was outstanding and people were impressed with the energy and the excitement we had throughout the track. The Derby itself was an incredible race and we want to congratulate (owner) Paul Reddam, (trainer) Doug O'Neill and their entire team on the job they did with the winner I'll Have Another. This is what people expect when they come to Santa Anita--great racing, great customer service and a feeling that we've got something very special going on here."

"We got very aggressive with our Late Pick Four guarantee of \$750,000 on Derby Day and the result was a total pool of \$992,000, which was the biggest Pick Four pool of the meet and our overall handle of \$17.8 million was very strong as well."

The 72-day meet produced a total of 22 Pick Six carryovers, the largest being a two-day carryover of \$430,581 on Big 'Cap Day, which resulted in a massive total Pick Six pool on Sunday, March 5, of \$3,110,484. Santa Anita continues to be the nation's Pick Six leader, evidenced by the closing day Pick Six pool of \$575,980.

Jockey Joel Rosario dominated his competition in the rider standings, winning his second consecutive Santa Anita title with 89 wins, 17 clear of Rafael Bejarano. Rosario finished second in stakes-won with nine added money tallies. Mike Smith finished on top with 10 stakes wins, including the Grade II Potrero Grande Handicap, which provided him with his 5,000th career win.

Hall of Fame trainer Bob Baffert breezed to his record 10th Santa Anita training title, winning 48 races, nine more than runner up John Sadler. Baffert was also the leading stakes-winning trainer, winning eight, three more than Sadler and Ron Ellis.

Hronis Racing LLC led all owners by races won, with 10 victories.

"We'd like to congratulate our leading owners, trainers and jockeys and thank them for their commitment during this meet," said Verge. "We'd also like to sincerely thank our fans for all of their support and commitment. They are the reason we are in business and our customers will continue to be our top priority."

"We have the most beautiful racing venue in the world and we're proud of the fact we made many new friends at this meet. We're continually striving to make the on-track experience here at Santa Anita an unforgettable one—each and every time our fans visit us."

"We look forward to our Autumn Meet and to hosting the Breeders' Cup for the sixth time in November. It'll be an honor to showcase this magnificent facility and to put on another world-class show on NBC."

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CALIFORNIA HORSE RACING BOARD



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CHRB ADVISORY

APRIL 18, 2012

CHRB Advisory Regarding Website Links to Racing Injury Prevention Pamphlets

The California Horse Racing Board recently issued a news release announcing an equine injury education program for trainers and others responsible for the health and welfare of horses. That news release is attached and pasted below for easy reference. The release mentioned pamphlets developed for the Racing Injury Prevention Program. Links to those pamphlets as well as a link to the Racing Injury Prevention Program have now been placed on the CHRB Website under the “Veterinary” tab or by clicking the links below.

Racing Injury Prevention Program

Humeral fractures and stress fractures in the racehorse

(Link:http://www.vetmed.ucdavis.edu/vorl/local-assets/pdfs/humeral_fractures_040912.pdf)

Scapular fractures and stress fractures in the racehorse

(Link: http://www.vetmed.ucdavis.edu/vorl/local-assets/pdfs/scapular_fractures_040912.pdf)

UC Davis School of Veterinary Medicine Veterinary Orthopedic Research Laboratory (VORL) Racing Injury Prevention Program website:

(Link: http://www.vetmed.ucdavis.edu/vorl/research_programs/musculoskeletal_disease_injuries/racehorse_injury_prevention.cfm

CHRB NEWS RELEASE

APRIL 13, 2012

EQUINE INJURY EDUCATION FOR TRAINERS AMONG SAFETY MEASURES PROMOTED BY CHRB COMMITTEE

ARCADIA, CA – A comprehensive education program for trainers designed to prevent injuries to racehorses was unveiled Wednesday at a meeting of the Medication and Track Safety Committee of the California Horse Racing Board. The Committee also advanced several other proposals relating to the safety of racehorses and the integrity of racing.

The education program is being jointly developed by the CHRB and the University of California-Davis principally for trainers but also for veterinarians and other licensees to help identify racehorses at risk for catastrophic injury and as a resource for management of racehorses for injury prevention. This is an offshoot of the CHRB-UC Davis Racing Injury Prevention Program. Viewing the education modules could become a requirement of the initial licensing process as well as the centerpiece of a continuing education program.

The Committee viewed excerpts from the first completed education module dealing with injuries to the scapula (shoulder). The PowerPoint presentation, which can be converted to DVD and formatted for an online computer-based program, walked viewers through the process of first understanding how such injuries occur and then providing methods of early detection and proper treatment of mild injuries before they develop into catastrophic fractures.

Dr. Sue Stover, professor and director of the Veterinary Orthopedic Research Laboratory at UC Davis, said the next installments of the education series focusing on the humerus and the fetlock are currently being developed. The fetlock is the most common anatomical location for catastrophic racing injuries. Additional education modules are planned that will focus on other specific injuries and will include information on racehorse management, track surfaces, and other key factors in injury prevention. In concert with the education modules, the program has developed two pamphlets on specific injuries (the scapula and humerus), with additional pamphlets planned for the program.

CHRB Executive Director Kirk Breed said the Board has not yet decided precisely how the program will be implemented. He said it should be educational for any trainer of a horse that has suffered a catastrophic injury. He also said there has been discussion of possibly selling the training modules to other racing jurisdictions and national organizations for their own continuing education programs in order to recoup some of the costs of developing the program.

In other business, Commissioner Bo Derek, who chairs the Committee, and Commissioner Chuck Winner agreed to recommend that the full Board invoke CHRB Rule 1844.1 to suspend the use of clenbuterol in California thoroughbred racing. If the Board adopts the recommendation, the ban would go into effect 10 days later. Clenbuterol is a beta-2 agonist, an FDA approved bronchodilator for horses. It also has adrenergic side effects that can mimic anabolic steroids at higher doses.

Last year the Board suspended the use of clenbuterol in quarter horse racing at Los Alamitos, a move the quarter horse industry requested in order to combat the widespread use of clenbuterol, including illegal forms of the drug used to promote muscle growth. Dino Perez, business manager for the Pacific Coast Quarter Horse Racing Association (PCQHRA) representing horsemen at Los Alamitos, testified Wednesday there is “overall satisfaction” with the ban. PCQHRA and the California Authority of Racing Fairs have asked the Board to extend the suspension for authorization of clenbuterol to quarter horses running at the fairs this summer.

The organizations representing thoroughbred owners and thoroughbred trainers have not stated their positions on the proposal to ban clenbuterol at their tracks. But trainer John Shirreffs, who chairs the advisory panel to the Committee, said clenbuterol is being abused in the thoroughbred industry and poses a danger to horses. He advocates a ban on its use and assured the commissioners that many other trainers feel the same way.

Dr. Rick Arthur, the Board’s equine medical director, and Dr. Scott Stanley, head of the Ken Maddy Laboratory at UC Davis, reported that 58 percent of the samples collected from thoroughbreds in the Board’s out-of-competition testing program in March contained clenbuterol. More in-depth research involving plasma samples currently being conducted at UC Davis should be completed within 60 days. They do not believe the use of illegal, high-strength clenbuterol in thoroughbred racing is anywhere near as widespread as in quarter horse racing.

The Committee agreed to recommend to the full Board several other proposals dealing with racehorse safety and racing integrity, including proposed rule amendments to:

- Add zilpaterol and ractopamine to the prohibited practices list. If approved by the Board, these drugs would not be permitted on the premises of any facility within the Board’s jurisdiction. As such, positive findings in the Board’s out-of-competition testing program could be prosecuted as if the horse was in a race.
- Allow a claim to be voided if the post-race test sample contains a prohibited substance. A similar rule already is in effect in New York.
- Adoption of the international welfare guidelines prohibiting the racing of pregnant mares beyond 120 days of gestation.

The Committee took no position on a proposal to require submission of the preceding six months of veterinary medical records for any horse undergoing a postmortem examination but referred the proposal to the full Board for consideration without a recommendation.

Dr. Peta Hitchens, a post-doctoral epidemiologist in Dr. Stover's laboratory, demonstrated a voluntary online veterinary medical history program that will be part of the Racing Injury Prevention Program. This medical history program is being conducted by UC Davis independently of the CHRB and is strictly for research purposes. The online program provides a simplified approach for attending veterinarians to provide key medical history information on horses with catastrophic injuries and other randomly selected horses.

The Committee will continue to monitor and evaluate racing in California and nationally in its consideration of proposals to restrict purses and set minimum bottom claiming levels.

The Committee received reports that all tracks in California either have or are in the process of upgrading ambulance service during racing and training hours so as to meet the high standard set last year by Del Mar Race Track for the treatment and transportation of injured riders. Brad McKenzie, representing Los Alamitos Race Course, said they recently held a meeting with Orange County emergency medical personnel, including doctors, trauma paramedics, and others familiar with emergency medical response laws and procedures in Orange County. Los Alamitos jockeys and their Guild representatives also attended. McKenzie said the meeting was highly informative and they made great progress in developing a program that will provide the "highest standard" for emergency medical services at Los Alamitos.

Acting on a report by the California Thoroughbred Trainers that stakeholders are successfully working together to accurately report the gelding of horses entered to race, the Committee decided to take no action but will continue monitoring the situation.

#

Animal Welfare

prca
PRORODEO®

The care and treatment of professional rodeo livestock



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“The PRCA sets the standard for humane care of rodeo animal athletes ... rodeo remains a healthy, humane, family-oriented sport.”

— Dr. Jennifer Schleining
Equine Veterinarian
Ames, Iowa

Animal Welfare

“The AVMA recommends that all rodeos adopt, implement, and enforce rules to ensure humane treatment of rodeo livestock.”

— excerpt from AVMA position statement supported by PRCA

Ln the sport of professional rodeo, cowboys share the limelight with horses, bulls, calves and steers. For a cowboy to compete at the highest level, the rodeo animals also must be in peak condition. Both are athletes in their own right. The very nature of rodeo requires a working relationship, and in some events a partnership, between the cowboys and animal athletes.

Professional Rodeo Cowboys Association (PRCA) athletes value their animals, as do the PRCA stock contractors that provide the livestock for the rodeos. Like most people, PRCA members believe animals should be provided proper care and treatment. The PRCA and its members value their animals and staunchly protect them with specifically created rules.

Consistent proper treatment of animals by PRCA members in and out of the arena has been well documented by veterinarians who have witnessed the health and condition of the animals first hand. “The PRCA sets the standard for humane care of rodeo animal athletes,” said Dr. Jennifer Schleining, a Ames, Iowa, equine veterinarian, about the PRCA. “And in my professional opinion, rodeo remains a healthy, humane, family-oriented sport.”

The PRCA supports the position statement of the American Veterinary Medical Association (AVMA) regarding the welfare of animals in spectator events. The statement reads in part, “The AVMA recommends that all rodeos adopt, implement, and enforce rules to ensure humane treatment of rodeo livestock.”



In 2003, the American Association of Equine Practitioners (AAEP) awarded its Lavin Cup to the PRCA in recognition of the association's contributions to the health and welfare of the horse. Like a well-conditioned athlete, an animal can perform well only if it is healthy. Any cowboy will tell you he takes home a paycheck only when the livestock is in top form. Stock contractors, the ranchers who raise and provide livestock to rodeos, also have an obvious financial interest in keeping the animals healthy. Simple logic dictates that no sensible businessperson would abuse an animal that is expected to perform in the future.

Many if not most of the PRCA's approximately 10,000 members have more than an economic tie to animals. Nearly all have lived and worked around animals for most of their lives, and they possess a high degree of respect and fondness for livestock.

Stock contractor Harry Vold of Harry Vold Rodeo Company in Avondale, Colo., said he holds a special place in his heart for his animals.

"We like to keep our horses around forever," said Vold. "It's like an old folks home, and it can get costly, but they've earned their keep."

Hundreds of veterinarians compete in professional rodeo. "I believe they participate because they have a deep interest in rodeo competition and the animals involved," said Corey. "If any mistreatment was going on, they wouldn't participate."

Anyone who attends a PRCA rodeo can be assured that the greatest care has been taken to prevent injury to animals or contestants. PRCA members are bound by the not-for-profit corporation's bylaws and rules, which include a section that deals exclusively with the humane treatment of animals. The association's rules and regulations include more than 60 rules dealing with the care and treatment of animals. Anyone who violates these rules may be disqualified, and the judges report these violations to the PRCA Headquarters, which may levy fines.

Professional rodeo judges, who are responsible for the enforcement of all PRCA rules, believe in these humane regulations and do not hesitate to report violations. Becoming a PRCA judge involves extensive training in the skills needed to evaluate livestock and to judge rodeo events, as well as testing of that knowledge and the rodeo. PRCA rodeo judges undergo constant training and evaluation to ensure their skills are sharp and that they are enforcing PRCA rules, especially those regarding the care and handling of rodeo livestock.

In 2003, the American Association of Equine Practitioners (AAEP) awarded its Lavin Cup to the PRCA in recognition of the association's contributions to the health and welfare of the horse.



PRCA PHOTO BY SUTTON RODEOS

When not performing at rodeos, bucking horses enjoy grazing on large ranches owned by stock contractors, similar to the Sutton Ranch in Onida, S.D.



PRCA rules regulate all equipment used, including these bareback riding riggings.

One of the many PRCA rules that protect animals authorizes the judges to disqualify and fine a contestant on the spot for unnecessary roughness. Fines double with each additional offense.

"If a guy uses unnecessary roughness when flanking his calf, he's automatically disqualified and fined," said PRCA judge Tommy Keith of Elbert, Colo. "And the judges definitely call it. This doesn't happen too often because very few guys are willing to risk getting disqualified when thousands of dollars are at stake."

Not all rodeos operate under guidelines as strict as the PRCA's. The PRCA sanctions about 30 percent of the rodeos held in the United States. Another 50 percent are sanctioned by smaller rodeo organizations, and about 20 percent are not sanctioned. Although the various rodeo organizations are separate organizations, the PRCA hosts a periodic rodeo industry conference to network on rules and animal welfare issues. This outreach effort has resulted in most rodeo-sanctioning associations adopting and enforcing regulations regarding the care and treatment of animals, though some may not be as stringent as the PRCA's rules.

Events

Rodeo action poses little risk to the animals. A current survey conducted at 198 rodeo performances and 73 sections of slack indicated the injury rate for animals is so low that it is statistically negligible.

Of the 60,971 animal exposures, 27 animals were injured, according to the data compiled by on-site veterinarians. That translates to an injury rate of less than five-hundredths of 1 percent — 0.0004, to be exact.

Every veterinarian who took part in the survey indicated that the animals were well cared for, and the livestock areas and competition grounds were in good condition.

The survey's results showing extremely low animal injury rates in professional rodeo were consistent with data gathered through other informational surveys over the years.

Also, the animals perform for less than a minute in any rodeo event. The horses and bulls used in the roughstock events buck for only eight seconds. The timed events don't last much longer and all have time limits of a minute or less.

Roughstock events

Three of rodeo's most physically challenging events — saddle bronc riding, bareback riding and bull riding — rely on horses and bulls that can kick high and buck powerfully. While critics of these events have said some of the equipment — the flank strap, prod and spurs — compel the animals to buck, veterinarians and others familiar with the behavior of large animals know otherwise.

"These are not animals who are forced to buck and perform in the arena," said Dr. Eddie Taylor, the attending veterinarian for La Fiesta de los Vaqueros, a PRCA rodeo in Tucson, Ariz. "In fact, if a flank strap is drawn so tight as to be uncomfortable, the horses and bulls will likely cease to buck or not perform to the best of their ability. The best rodeo livestock are those with a natural inclination to buck for the purpose of unseating a rider."

The bucking horses are not wild, but they also aren't saddle-broken. According to veterinarians, animals buck naturally and some are impossible to ride. The horse's bone structure and well-muscled hindquarters enable it to buck and kick high.

PRCA stock contractors, who spend a lot of time and money to breed and buy top bucking animals, know better than anyone that only a small per-

"It's highly improbable that a man could injure a steer during steer wrestling."

— Dr. Doug Corey



PRCA PHOTO BY RONI SYLVESTER

Specialized breeding programs produce today's bucking horses. These mares and foals live on Mike Cervi's ranch in Sterling, Colo.

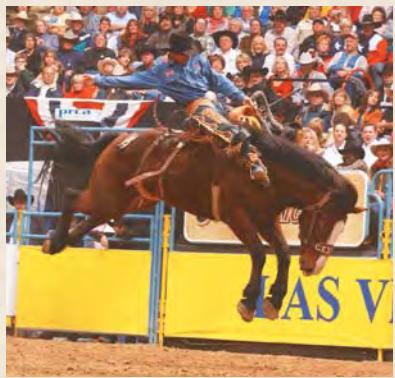


PRCA PHOTOS BY MIKE COREMAN

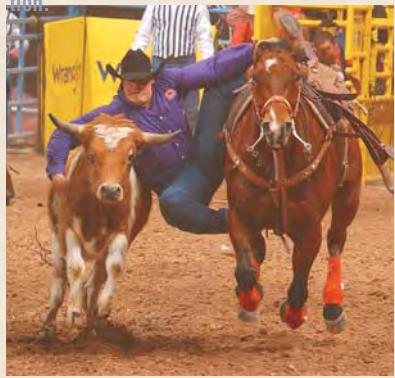
In tie-down roping, the livestock weighs between 220 and 280 pounds. All animals are inspected prior to competition to insure only healthy animals participate.



Bucking bulls are extremely valuable, as well as talented athletes that tip the scales at nearly one ton.



Equine veterinarians say rodeo's bucking horses are well suited for rodeo competition.



PRCA rules require tough Corriente steers in the steer wrestling event.

centage of animals have the desire to buck. Today, a number of breeding programs are in place specifically to breed bucking animals.

"It's part of them," said Ike Sankey of Sankey Rodeos in Joliet, Mont. "Their mother bucked; their daddy bucked. They like people, but they like to buck. The horses and bulls enjoy what they're doing, and if you hurt them, they won't do it anymore."

Rodeo contestants and stock contractors, who have a substantial investment in the animals, share a similar philosophy, which includes a sincere regard for the talent of the animals and the need for quality and humane care for them.

"I can't think of anyone in the bull-riding fraternity who has anything but the greatest respect for the bucking animals," said PRCA rodeo producer Jerome Robinson, a former bull rider. "As far as mistreating the animals, I've never seen anyone mistreat one."

And remember, most bulls weigh more than 1,500 pounds, compared with the 150 pounds of the average bull rider. And bulls have a hide that is up to seven times thicker than human skin.

Roping events

Rodeo's three roping events tie-down roping, team roping and steer roping have origins in everyday ranch life. When cattle on a ranch need medical attention or other care, a rope is really the only way to catch them.

In competition, the roping events showcase the talents of both the contestant and his horse. To successfully compete in any of the three, the contestant needs not only well-honed roping skills, but also a welltrained and intuitive horse. Roping in the competition arena closely resembles what the animals would undergo routinely on a ranch.

Economics dictate that livestock owners ensure the health and welfare of their cattle. This applies not only to timed-event stock in the roping and steer wrestling events, but also to cattle on ranches that are handled with similar methods for sorting and branding.

"I personally have not seen a serious neck injury to a tie-down roping calf in my 16 years as attending veterinarian at Tucson's La Fiesta de Los Vaqueros and other Arizona rodeos," said Dr. Taylor.

PRCA rules, stock contractors, judges and the cowboys all play integral parts in assuring that roping stock are treated humanely.

In tie-down roping, a calf must weigh between 220 and 280 pounds.

PRCA rules also stipulate the calf must be strong and healthy, and PRCA judges inspect the animals to ensure that no sick or injured livestock is used.

Most calves don't compete more than a few dozen times in their lives because of weight and usage restrictions and the fact that calves grow so rapidly.

Steers are used in the remaining two roping events, and the tough and robust Mexican corrientes are the animals of choice for team roping and steer roping because of their endurance and strength. The steers used in team roping have a 650-pound limit.

PRCA rules stipulate that the horns on the steers used in team roping and steer roping must be protected during performances. Also, steer-ropeing cattle must be inspected two weeks before an event to make sure they're fit.

Steer wrestling

Steer wrestling is a one-on-one match between an animal weighing at least 450 pounds and a man who more than likely weighs less than half that amount.

"It's highly improbable that a man could injure a steer during the steer wrestling event," said Dr. Doug Corey, a large animal veterinarian from Pendleton, Ore.

A cowboy who hopes to win at steer wrestling must employ finesse. Steer wrestling involves careful positioning and leverage to enable the animal to be placed on its side.

Equipment

Veterinarians say rodeo gear is safe, including the flank strap, spurs and electric prod. Each piece of equipment has a specific purpose and PRCA rules governing its use and placement.

Not one of the veterinarians contacted for this report described the flank strap as dangerous, painful or cruel. Some, in fact, have testified before legislative bodies that the flank strap does not injure animals. And all agreed the prod presents no danger to an animal's health. Many experts said they find the prod to be the most humane method of herding and moving animals.

The flank strap

Bucking animals are born, not made, and the flank strap cannot magically turn a placid animal into a championship bucker, according to experts. When placed on an animal naturally inclined to buck, the flank strap simply augments the bucking action, encouraging a bucking bronc or bull to kick high with its back feet.

PRCA rules stipulate that flank straps must be lined with sheepskin or Neoprene and must utilize a quick-release fastener. No sharp or cutting objects may be placed between the strap and the animal, and the sheepskin-covered portion must be placed over both flanks and the belly of the animal. The straps never cover the genitalia or fasten so tightly as to cause pain.

Equine experts, both with and without ties to rodeo, agree on use of the flank strap.

"The flank strap produces mild pressure on the flanks, but not so much as to hurt the animal," said Dr. Doug Corey, a large animal veterinarian from Pendleton, Ore. "It might be compared to wearing a snug belt. Bucking is simply the horse's action to rid itself of a foreign object."

The flank straps used in rodeo are never tight enough to immobilize or cause pain, and they don't injure an animal. A horse has 18 ribs, which protect its kidneys. The flank strap is placed behind the rib cage, eliminating any chance that the strap might injure the kidneys.

"The flank straps cause absolutely no harm to the horses or cattle, fitting much like a snug belt around our waist," said Dr. Jim Furman, a mixed-practice veterinarian in Alliance, Neb.

Dr. Ben Espy, an equine veterinarian who practices in both San Antonio, Texas, and Lexington, Ky., said, "The flank strap does not interfere with any of the external genitalia that are actually in between the back legs, not in the flank area where the strap is."



PRCA PHOTO BY DAN HUBBELL

All flank straps used on bucking horses must have a quick release mechanism for easy removal.



The prod

The prod, powered by flashlight batteries, is used to move animals on ranches and, on occasion, to move the animals into the chutes at professional rodeos.

PRCA rules only allow using the prod “as little as possible.” The prod may only be used to move livestock if it is stalled in the chute or if it is at risk of injury. The rules also state that the prod can be used only on the animal’s hip or shoulder areas, where nerve endings are not as dense and the sensation is weaker.

A horse’s hide is almost three times as thick as human skin, and the hide of a bull is virtually seven times thicker. A horse’s hide might be compared to the thickness of leather used in a woman’s purse, and bull’s hide is similar in thickness to the sole of a shoe.

The prod produces low voltage, but virtually no amperage. The prod causes a mild shock but does not cause burns because amperes, not volts, cause burns.

“Sometimes it is necessary to touch an animal with an electric stock prod to get it to go where you want it,” said Dr. Furman. “The prod is not a damaging stimulant, but rather an effective way to move the animals where they need to be in a timely fashion. Cattle prods are what I would call humane encouragement.”

According to Dr. Jeff Hall, a large animal veterinarian in Logan, Utah, “This type of prod does not harm the animals. It provides a mild electrical sensation that leaves no prolonged effects. In working with cattle for more than 30 years, I personally have been shocked with this type of device on several occasions. This type of shock was annoying but produced no lasting or harmful effects.”

Spurs

A variety of spurs are used in rodeo, each with a different purpose, but all are dulled to avoid any harm to the livestock. Timedevent contestants often use spurs to cue the horse to speed up or turn. In saddle bronc and bareback riding, the spurs enhance the contestant’s leg action while rolling over the horse’s thick hide. Bull riders’ spurs assist them in gripping the bulls, which have loose hides.

In the saddle bronc riding and bareback riding events, PRCA rules prohibit the use of sharpened spurs, locked rowels (the star-shaped wheel on spurs) or rowels that lock. Specifically, acceptable spurs have rowels that are blunt and are about oneeighth of an inch thick so they will not cut the animals.

The rowels must be loose so they will roll over the horse’s hide, rather than dragging or cutting. Bull riding spurs have loosely locked rowels to aid in gripping the loose-hided animals, but the rowels are still dull.

Two books Sisson’s Anatomy of the Domestic Animal and Maximow and Bloom’s Textbook of Histology — indicate that the hides of horses and bulls are much thicker than human skin. A person’s skin is 1 mm to 2 mm thick. A horsehide is about 5 mm thick and bull hide is about 7 mm thick.

A horse’s hide is almost three times as thick as human skin, and the hide of a bull is virtually seven times thicker.

Only blunt spurs, like this one used in bareback riding, are allowed in PRCA competition.

PRCA PHOTO BY KURT STEINKE

Stock Contractors

Horses and cattle are the No. 1 priority for rodeo's ranchers. When someone spends \$25,000 on a new car, you'll rarely see the owner intentionally damage it. An investment like that usually has the owner nervous about even the smallest scratches, dents and dings.

In terms of expense, a top-performing rodeo animal is like that car. A good bucking horse can cost more than \$15,000, while some rodeo bulls sell for more than \$40,000.

Obviously, the owners of such animals aren't going to do anything to jeopardize their investments.

But even if an animal isn't valued in the tens of thousands of dollars, no stock contractor wants harm to come to any livestock. A stock contractor's livelihood depends on the welfare of each and every one of those animals.

"It's how I make my living," said Ike Sankey of Sankey Rodeo Company in Joliet, Mont. "That's why the animals' well-being is No. 1." Many stock contractors have hundreds of animals and thousands of dollars worth of equipment.

"Today, rodeo is an investment," said veteran contractor Harry Vold of Harry Vold Rodeo Company in Avondale, Colo. "It's most important to take care of these animals. In fact, we probably take better care of them than people not involved with rodeo."

The money, however, isn't the only reason these contractors take good care of their animals. "My reason for being in the business is not necessarily to make money. There are a lot of other things I could be doing," Sankey said, "but I enjoy being around these horses and bulls. That's why I'm in this business."

Many of the bucking animals live into their 20s, which is old for a horse or bull. A strong relationship grows between many of the animals

Healthy, well-cared for animals are the center of the successful rodeo production. Quality animals draw good cowboy to the rodeo which in turn draws the audience.



PRCA PHOTO BY TROY SCHWINDT

and the stock contractors and their families.

"Each of the animals has its own personality, and we get to know them well," said Sankey. "When they retire, they live out their lives on one

Ike and Roberta Sankey of Sankey Rodeo Company survey their herd of award-winning bucking horses.



Nightjacket, a valuable stallion on the Claire, Mich., ranch of Jim Zinzer of J Bar J Rodeo Company, competed at the Wrangler National Finals Rodeo, ProRodeo's Super Bowl that showcases the sport's top stock and cowboys.

of my ranches. When they pass on, we bury them on my property.” It’s a misconception, however, to think rodeo animals can be treated like house pets. These are not cuddly, affectionate dogs and cats that come running at the sound of their names. They are tough ranch animals.

Veterinarians will tell you that animals belonging to professional rodeo stock contractors receive better care than many house pets or non-rodeo ranch stock.

“The rodeo animals I have been involved with are in as good condition as any horses I have worked on,” said Dr. Doug Corey, a large animal veterinarian from Pendleton, Ore.

“I have seen animal caretakers go hungry due to time spent feeding, watering, bedding and tending to the stock following performances,” said Dr. Jennifer Schleining of Ames, Iowa. “Contractors invest hard-earned money, resources and time building a reputable business in providing quality rodeo stock. Healthy, well-cared for animals are the center of the successful rodeo production. Quality animals draw good cowboys to the rodeo, which in turn draws the audience.”

PRCA stock contractor Bennie Beutler of Beutler and Son Rodeo in Elk City, Okla., said his reasons for taking good care of his livestock are both economic and sentimental.

“If you don’t take care of them and overdo it, they won’t perform,” said Beutler. “And you like those animals; you have your favorites.”

A solid indicator of the care these animals receive is in their age. Several PRCA stock contractors boast bucking horses in the 20-plus age bracket, equivalent to about 75 years for a human.



Professional Judges

“One of our most important responsibilities is to make sure that rodeo is done humanely.”

— George Gibbs, PRCA official

Professional judges officiate every PRCA rodeo. Their responsibilities also include making sure the animals receive proper care and treatment. Judges who are aware of animal abuse by any PRCA member are required to report the violator to the PRCA infractions department.

Violators may be disqualified on the spot and fined by the PRCA. “We have the backing when we turn someone in,” said judge Larry Davis of Adrian, Ore. “That’s really important.”

Not everyone can become a PRCA judge. PRCA members interested in becoming a PRCA judge undergo extensive training in the skills needed to evaluate livestock and to judge rodeo, as well as several other areas. To become approved, judges undergo testing of their knowledge of animal evaluations and the rodeo.

In addition, PRCA rodeo judges undergo continued training and evaluation to ensure their skills are sharp and that they are enforcing PRCA rules, especially those regarding the care and handling of rodeo livestock.

PRCA judge George Gibbs of Maxwell, Iowa, emphasizes that most rodeo livestock are treated well. If he thinks an animal is being mistreated, he and his colleagues won’t hesitate to report the violation.

“I know I can speak for all the judges,” Gibbs said. “We take it seriously. One of our most important responsibilities is to make sure that rodeo is done humanely.”

Mistreatment of animals at PRCA rodeos is virtually non-existent, according to the judges. Everyone involved in professional rodeo makes an effort to ensure that the animals are treated well.



PRCA PHOTO BY SUSAN LAMBETH

PRCA professional officials not only score all rides, but also inspect all of the livestock before each rodeo.

PRCA's Commitment

Animal Welfare is a major and ongoing initiative of the PRCA. Not only does the association have rules to ensure the proper care and treatment of rodeo livestock, but it also has an Animal Welfare Committee to review all PRCA animal-related policies and issues. The association also organizes educational seminars for veterinarians and rodeo industry members. To coordinate its animal welfare efforts, the PRCA employs an animal welfare coordinator to oversee internal and public educational programs.

The PRCA's Animal Welfare Committee meets regularly to discuss animal welfare issues, review rules and make recommendations regarding animal welfare to the PRCA Board of Directors.

Veterinarians' opinions are a vital component of the PRCA's animal welfare program. The PRCA relies on the American Association of the Equine Practitioners, the American Veterinary Medical Association and the American Association of Bovine Practitioners to provide expertise. The

PRCA Animal Welfare Committee is chaired by Doug Corey, DVM the 2007 President of the American Association of Equine Practitioners and the membership of the committee includes two other veterinarians with rodeo expertise. Veterinarians play a big part in each rodeo with the PRCA rules requiring a veterinarian on-site. This allows PRCA committees to work closely with local veterinarians on animal welfare programs and for the PRCA to gather valuable information on rodeo livestock through veterinarian conducted livestock injury surveys that continually show a very low rate of injury.



PRCA PHOTO BY CINDY SCHONHOLTZ

All PRCA-sanctioned rodeos must have a veterinarian in attendance. Dr. Doug Corey evaluates a tie-down roping horse.

Animal welfare
is a major and
ongoing initiative
of the PRCA.

PRCA rules

The PRCA has more than 60 rules to ensure the proper care and treatment of rodeo animals included in its official rules and regulations. While the rules and regulations are too numerous to list here, several of the safeguards for the proper treatment of animals in the rules and regulations are listed below. For a complete list of the rules and regulations dealing with the proper care and treatment of animals, please send your request to PRCA Animal Welfare, PRCA, 101 Pro Rodeo Drive, Colorado Springs, CO 80919 or email animalwelfare@prorodeo.com.

- A veterinarian must be on-site at all PRCA-sanctioned rodeos.
- All animals are inspected and evaluated for illness, weight, eyesight and injury prior to the rodeo, and no animals that are sore, lame, sick or injured are allowed to participate in the event.
- Acceptable spurs must be dull.
- Standard electric prods may be used only when necessary and may only touch the animal on the hip or shoulder area.
- Stimulants and hypnotics may not be given to any animal to improve performance.
- Any PRCA member caught using unnecessary roughness or abusing an animal may be immediately disqualified from the rodeo and fined. This holds true whether it is in the competitive arena or elsewhere on the rodeo grounds.
- Weight limitations are set for both calves (between 220 and 280 pounds) and steers (450-650 pounds).
- The flank straps for horses are fleece- or neoprene-lined and those for bulls are made of soft cotton rope and may be lined with fleece or neoprene.
- Steers used in team and steer roping have a protective covering placed around their horns.
- The use of prods and similar devices is prohibited in the riding events unless an animal is stalled in the chute.
- A no-jerk-down rule provides for fines if a contestant jerks a calf over backwards in tie-down roping.
- All rodeos must have a conveyance available to humanely transport any injured animal.
- Chutes must be constructed with the safety of the animals in mind.



PRCA FILE PHOTO

Horn wraps are among the safety equipment required for rodeo livestock.

Fact Versus Fiction

Alot of misinformation and misconceptions surrounding rodeo and its treatment of animals have been circulated over the years. The truth differs greatly from the perceived truth.

Fiction: Rodeo animals are treated cruelly.

Fact: The PRCA and its members value their animals. Through its rules and actions, the PRCA is committed to making sure that rodeo is as safe as possible for the animals and the cowboys. On-site rodeo veterinarians agree that the animals are treated well.

Dr. Jennifer Schleining of Scottsdale, Ariz., said, “Veterinarians have a vested interest in and a responsibility to ensure the humane treatment of animals. As such, I can confirm that the animal athletes involved in PRCA-sanctioned events are humanely handled and well cared for.”

Fiction: The injury rate for rodeo animals is exceptionally high.

Fact: The injury rate in rodeo is extremely low, less than five-hundredths of one percent (0.0004). The findings are based on a recent survey involving 60,971 animals in 62 rodeos and 27 total injuries.

Also, studies indicate the timed-event cattle experience little or no stress as a result of rodeo activity.

Fiction: Rodeo livestock buck because a flank strap, often with sharp objects in it, is tightly cinched around the genital area of the horse or bull.

Fact: Experts say professional rodeo's bucking animals enjoy what they do. Bucking animals are born, not made, and a flank strap cannot magically turn a placid animal into a championship bucker. When placed on an animal naturally inclined to buck, the flank strap simply augments the bucking action, encouraging a bucking bronc or bull to kick high with its back feet.

Flank straps used on horses must be fleece- or neoprene-lined. The flank strap used on a bull may be a soft 5/8-inch cotton rope. PRCA rules that govern flank straps do not allow any foreign or sharp objects. The flank strap is never pulled tight enough to cause injury or pain.

Placed around the equivalent of a human's abdominal area, the flank strap is a “signal” to the animal that it is time to buck and, when tightened, is likened in feeling to a snug belt. It does not touch the genitals. In fact, many of the top bucking horses are mares.

“The flank strap is never intended to cause any discomfort to the animal, nor have I ever seen any evidence of injury to a bucking animal caused by this strap,” stated Dr. Ben Espy of San Antonio, Texas, who has cared for rodeo live-



PRCA PHOTO BY KYLE PARTAIN

Flank straps used on bucking horses must be fleece- or Neoprene-lined.



PRCA PHOTO BY DR. DOUG COREY

PRCA rules require a means to transport injured livestock must be available. Some rodeos, like Pendleton, Ore., have a specially equipped livestock ambulance.

stock.

Fiction: The spurs used in rodeo hurt the horses and bulls.

Fact: The hides of both horses and bulls are five to seven times thicker than human skin. The spurs allowed in PRCA-sanctioned rodeos have dull rowels, which is the wheel of the spur. Contestants who violate rules regarding the spurs face fines, suspension and/or disqualification.

In both bareback riding and saddle bronc riding, the rowel must be loose and roll across the hide of an animal. This action generally only ruffles the animal's hair. An important fact to remember is that human skin is approximately 1-2 mm thick and horsehide is approximately 5 mm thick.

In bull riding, the spurs are loosely locked and are generally used to grip the bull's loose hide, which is approximately 7 mm thick.



Spurs used in roughstock events must be dull. Shown are the bareback (top) and bull riding spurs.

Fiction: PRCA rules do not adequately protect the animals.

Fact: Professional rodeo judges take their responsibility to report any violators seriously, and the PRCA administration and Board of Directors are equally conscientious about imposing and upholding fines. Although the PRCA is the largest and most respected rodeo-sanctioning body in the world, its rules apply only to the nearly 700 rodeos sanctioned annually by the association.

Most other rodeo-sanctioning organizations abide by rules similar to the PRCA's. Unfortunately, unsanctioned events do take place. The PRCA has no control over those events and urges anyone who witnesses improper treatment of animals to report the offending action to local animal welfare agencies.

Fiction: Rodeo participants and owners do not care for their animals.

Fact: A common sentiment voiced by PRCA stock contractors is that their animals are almost like members of their family. The livestock represents more than their livelihood, and caring for animals is a way of life for these specialized ranchers. Of course, rodeo is a business, but many stock contractors say they form a relationship with their animals.

Fiction: Rodeo animals are mistreated outside the competition arena.

Fact: The PRCA strives to ensure that its animals receive proper care and treatment before, during and after every rodeo performance.

Horses and cattle travel to rodeos in trucks that are specially designed for their protection.

Association rules stipulate that animals may not be confined in vehicles more than 24 hours without being unloaded, properly fed and watered.

Virtually all PRCA stock contractors unload their stock more often. Horses and cattle don't ride together and are separated at the



PRCA PHOTOS BY MIKE COPEMAN

PRCA officials must be members of the association for five years and pass a written test before judging a PRCA-sanctioned rodeo.



PRCA PHOTOS BY SUSAN KANODE

All rodeo livestock, including this pickup horse, are valuable to their owners and receive the highest standard of care.

Rodeo livestock are accustomed to traveling and are unloaded, fed and watered often.



PRCA PHOTO BY SUSAN KANODE

rodeos to prevent injury.

"ProRodeo animals are carefully sorted according to temperament for transport to and from rodeos to avoid injury," said Dr. Eddie Taylor of Scottsdale, Ariz. "Upon arrival at a rodeo, the animals are placed in large holding pens, provided with fresh feed and water, and monitored frequently for any health concerns."

Fiction: Animal rights groups are against rodeo because it is not safe for animals.

Fact: Animal welfare is one of the most important initiatives for the PRCA. Animal welfare is very different from animal rights. Animal welfare is entirely about making sure that animals who are an integral part of our lives are treated fairly, humanely and well-cared for. In contrast, animal rights extremists, if taken to the

letter of their arguments, believe that animals should not even be pets and should roam freely.

Fiction: Rodeo livestock are forced to perform through the use of hot shots.

Fact: Cattle prods are used to aid in moving the livestock. Under PRCA rules, the prod is used only on hip and shoulder areas, where nerve endings are less dense.

Representatives of many state and county animal welfare agencies



PRCA PHOTO BY SUSAN KANODE

Summary

The PRCA and its members are committed to promoting the proper care and treatment of the animals used in rodeo. As an association, the PRCA has been very proactive in establishing rules and regulations governing animal welfare and in creating veterinary advisory groups to assist in the association's efforts in this important area.

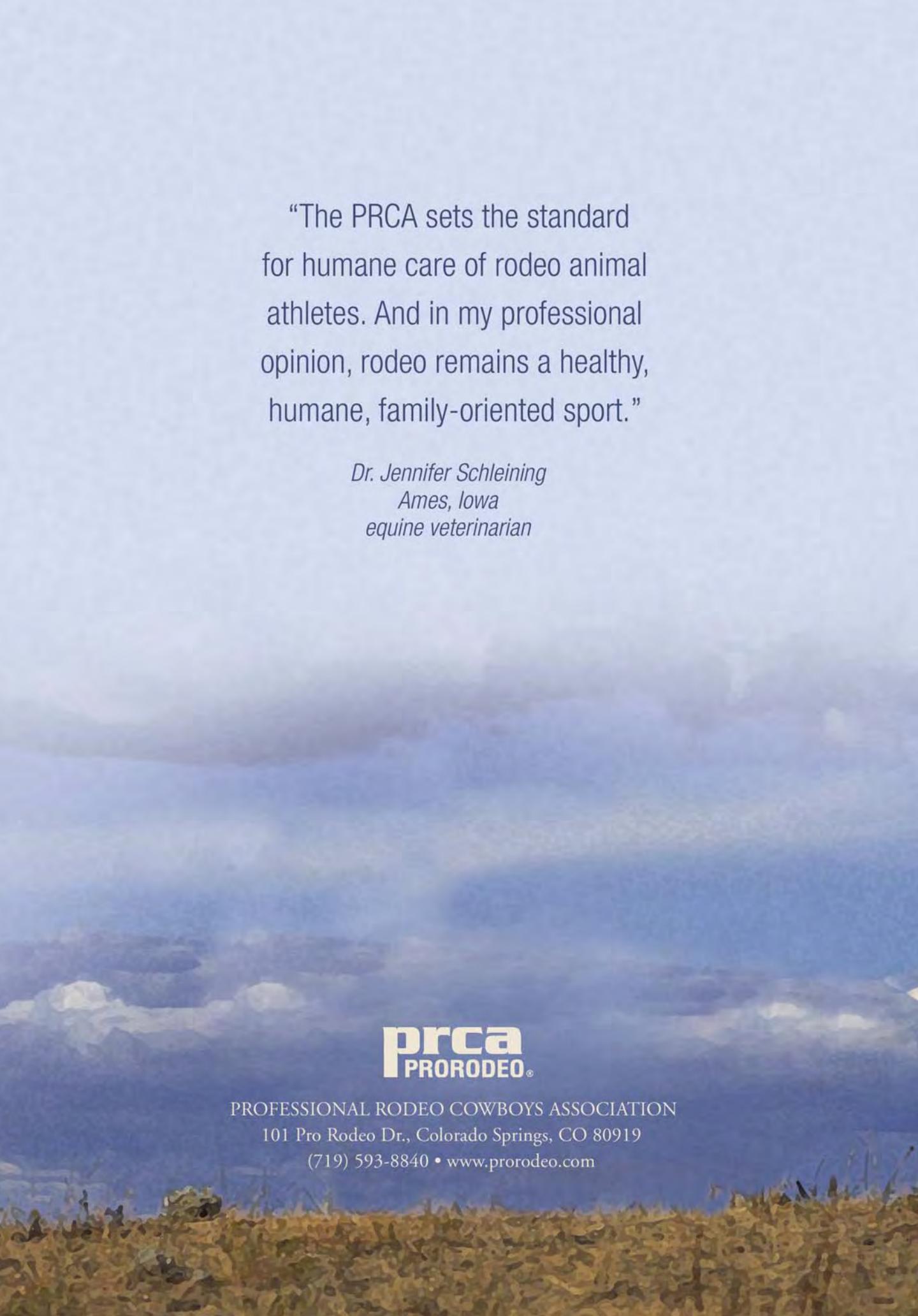
The PRCA prides itself on implementing the highest standards for treatment of rodeo livestock in the business, as well as encouraging other rodeo associations to adopt similar standards. The animals involved in PRCA-sanctioned events are afforded proper care and treatment through a comprehensive, award-winning animal welfare program and the enforcement of animal-related rules and regulations.

For more information, please send your request to the Animal Welfare at PRCA, 101 Pro Rodeo Drive, Colorado Springs, CO 80919 or animalwelfare@prorodeo.com, or call 719-593-8840. Additional information on the PRCA and its animal welfare initiatives is available at www.prorodeo.com.

Veterinarians attest that rodeo livestock are provided the finest care and treatment. These animals are an important and valuable part of professional rodeo.

Background

- Bennie Beutler. Beutler operates Beutler & Son Rodeo Company in Elk City, Okla. He is serving as a stock contractor representative on the PRCA Board of Directors, and he was PRCA Stock Contractor of the Year in 1997. Four of his horses and one bull have earned yearend bucking stock awards.
- Doug Corey, DVM. An equine practitioner in Pendleton, Ore., Dr. Corey has provided leadership to the PRCA in veterinary issues. He currently serves as chair of the PRCA Animal Welfare Committee and the President-elect of the American Association of Equine Practitioners. Dr. Corey earned his DVM degree at Colorado State University.
- Ben Espy, DVM. Dr. Espy is an equine veterinarian who practices in San Antonio, Texas, and Lexington, KY. He has been the official show veterinarian for the San Antonio Livestock Show & Rodeo for five years. Dr. Espy earned his DVM degree at Texas AM University.
- Jim Furman, DVM. Dr. Furman is a mixed practice veterinarian in Alliance, Neb. Dr. Furman earned his DVM degree at Colorado State University.
- George Gibbs. Gibbs has served as a professional rodeo official with the PRCA for more than 20 years.
- Jeff Hall, DVM, PhD. Dr. Hall is a veterinary toxicologist and serves on the faculty at Utah State University. He has extensive experience in rodeo, including as a contestant and on-site rodeo veterinarian. Dr. Hall earned his DVM degree at Oklahoma State University.
- Tommy Keith. Keith has served as a professional rodeo cowboy with the PRCA for more than 20 years. He is a former bull rider.
- Jerome Robinson. Robinson is a former PRCA bull rider who has become a successful rodeo producer in Ft. Collins, Colo.
- Ike Sankey. A former PRCA contestant, Sankey has built one of the most successful bucking horse breeding programs in the rodeo industry. He was named PRCA stock contractor of the year in 1999. Sankey Rodeo Company is based in Joliet, Mont. Sankey has had three horses earn PRCA Saddle Bronc of the Year honors. In addition, Sankey qualified for the National Finals Rodeo as a competitor four times.
- Jennifer A. Schleining,DVM. Dr. Schleining is a equine veterinarian in Ames, Iowa, who has had extensive involvement with rodeo animal care throughout the United States. Dr. Schleining earned her DVM degree at Iowa State University.
- Eddie Taylor, DVM. Dr. Taylor, an equine veterinarian in Scottsdale, Ariz., has been the on-site veterinarian at the La Fiesta De los Vaqueros in Tucson, Ariz., for 16 years Dr. Taylor earned his DVM degree at Oklahoma State University.
- Harry Vold. Vold, who has been named PRCA's Stock Contractor of the Year 11 times, is known as a pioneer of rodeo bucking stock breeding programs. He runs Harry Vold Rodeo Company out of Avondale, Colo. Vold's company has had six horses and two bulls earn year-end bucking stock awards.

A landscape painting featuring rolling hills in the foreground and middle ground, with a vast, cloudy sky above. The colors are soft and earthy.

"The PRCA sets the standard
for humane care of rodeo animal
athletes. And in my professional
opinion, rodeo remains a healthy,
humane, family-oriented sport."

*Dr. Jennifer Schleining
Ames, Iowa
equine veterinarian*



PROFESSIONAL RODEO COWBOYS ASSOCIATION
101 Pro Rodeo Dr., Colorado Springs, CO 80919
(719) 593-8840 • www.prorodeo.com

PBR ON ANIMAL WELFARE

• PBR has, through its fifteen year history, taken the position that there are **two great athletes** in every 8 second ride. The bulls are treated with as much respect as the human athletes that ride them. A portion of PBR's Animal Welfare Policy summarizes the great respect that everyone associated with the organization shares for our animal athletes:

- **Welfare and Treatment of PBR's Animal Athletes Policy:** Professional Bull Riding is fully committed to ensuring the much deserved health, safety, and respect of each bull that enters a PBR Arena. To mistreat a bull would be a detriment to the sport upon which a bull rider's own livelihood depends. Therefore, the care and treatment of PBR Bulls is a top priority to those who govern and/or participate in PBR events.
- Since PBR's inception in 1996, there have been approximately 94,400 "outs" (bull ride attempts) at approximately 960 events across all of the series operated by or sanctioned by Professional Bull Riders, Inc. for an average of 98.33 outs per event. Of those outs, approximately 35,000 occurred at roughly 265 elite level (Built Ford Toughs Series level) events which PBR operates directly. The balance of the outs occurred at PBR's sanctioned events which are operated by independent third party promoters in accordance with PBR's rules and guidelines, including animal welfare practices and policies.
- **Bull Injuries:** There are approximately 60 bulls at a one day event, 90 bulls at a two day event and 110 bulls at a three day event. A bull bucks only one time per day and no more than two times at a typical event. Approximately 30-40 of the bulls at a typical two day event will buck only once at that event.
 - One bull will suffer a minor injury (muscle pull, scratch) every 8 events or 786 outs.
 - Bulls that are determined to have an injury are not allowed to compete again until fully recovered, which is generally one to four weeks.
 - One bull will suffer a career ending injury every 100 events or 9,833 outs.
 - Bulls that suffer a career ending injury are retired to stud and live the balance of their lives as healthy, fully capable breeding bulls. Their injuries do not impede the quality of life or ability to function, but do prevent them from competing at the PBR level as a bucking athlete.

- Four bulls have been euthanized as a result of injuries sustained over the 960 PBR events held since 1992, which translates to 1 out of every 23,735 outs.
 - The bulls that have sustained life threatening injuries at PBR events have been taken to large animal hospitals for treatment and care. Three of the animal athletes that have sustained life threatening injuries received hundreds of thousands of dollars in medical treatments and lived for extended periods of time (up to two years) before the injuries sustained required euthanization.
 - A bucking bull has a .004% chance of sustaining a life threatening injury at a PBR event.

PBR Safety & Welfare Measures

PBR has proactively, and of our own accord, initiated and implemented a number of projects designed to foster and support the welfare of our animal athletes.

- PBR initiated a redesign of the traditional rodeo bucking chute aimed at improving rider and bull safety. The design has eliminated (from the time it was implemented through today) leg injuries suffered by bulls in the bucking chutes, which is one of the most common career ending and life threatening injuries sustained by bulls.
- PBR initiated a redesign of the traditional rodeo lead up alleys and holding areas to further mitigate the risk of injuries to the bulls.
- PBR worked with stock contractors to establish guidelines for the transportation of bulls to and from events. Some of those guidelines include:
 - Bulls ride in trailers with air ride suspensions to reduce the risk of injury during transportation.
 - Bulls are hauled for no more than ten hours at a time and given an equal amount of time to rest before resuming travel.
 - Bulls are housed at local ranch facilities with proper pen size and space per bull in each local market in which an event is conducted. Bulls are trucked to and from the local facility to the event venue each day.
- PBR is working with leading veterinarians and the American Association of Bovine Practitioners (a part of the American Veterinary Medicine Association) to review and document PBR's animal welfare policy and practices. PBR intends to secure a written and published approval of PBR's guidelines by the AABP and AVMA.

- The welfare of PBR's animal athletes is a higher priority than any other consideration when making decisions with respect to animal welfare, including the financial impact of the decisions. One of the best examples of PBR's commitment to animal welfare ahead of profit was the Hawaii All-Star event held in November 2006. PBR had an option to ship bulls to Hawaii via boat which would have taken seven days but at considerably less cost than other alternatives. PBR determined that the welfare of the animals would be compromised if shipped by sea and made the decision to invest nearly \$350,000 in bull related expenses (versus less than \$100,000 if shipped by sea) to fly all the necessary bulls in specialized containers for the event.
- The value of the bulls themselves, both to the contractors who own and breed them, and to the Professional Bull Riders organization as well, would ensure that every effort and safeguard is in place to protect the bulls from any treatment or situation that would adversely affect their ability to continue performing or their future as a breeding bull. Many of the bulls currently performing on the PBR tour are valued in the six figure range, and even the lesser known bulls are far too valuable for their owners or the PBR to allow them to be injured or mistreated.

Care of Animal Athletes

- Bulls receive 25-30 lbs of a special blend of mixed grain per day. Blend varies depending on the bull's needs and the stock contractor.
- Bulls receive 20 lbs of Alfalfa or Alfalfa-grass blend per day.
- Bulls receive a B-12 complex vitamin shot every two weeks.
- Bulls receive a health inspection any time they have to cross state lines.
- Bulls are only allowed to travel a maximum of 10 hours per day. After 10 hours, the bulls are rested for 12-14 hours.
- Bulls are standing in 6-10 inches of sawdust shavings during transport.
- Each stock contractor has a local veterinarian on call for their bulls.

Bucking Bulls Q&A

Like humans, the PBR bucking bulls come in an array of shapes, sizes, and colors, and like humans their own personalities and talents make them unique in their environment. The PBR has a vast number of championship-caliber bulls that compete on the PBR's multi-tiered tour structure. The bulls receive impeccable treatment and are often considered "one of the family."

Here are some frequently asked questions about the welfare of a PBR bucking bull and the equipment used in professional bull riding.

Frequently Asked Questions

Q: Can any bull compete in a PBR event?

A: Not every bull can compete in a PBR event. Saying a bull is suitable for PBR competition is like saying that any human athlete is fit enough to compete in the Olympic Games. PBR bulls are the highest caliber bucking bulls in the business. Many are products of elite breeding programs that for years have been fine-tuning the important

role that genetics play in producing a great bucking bull. A majority of PBR bulls are bred and born to compete in the PBR arena.

Q: What does the average bull weigh?

A: The average PBR bucking bull weighs in at 1700-1800 pounds. PBR bucking bulls very rarely weight less than 1200 pounds, but at the high-end a bull could weigh 2000-2200 pounds.

Q: What does a bull eat?

A: Bulls eat high-protein feed and alfalfa hay. High-protein feed helps the bulls keep their strength and endurance. Premium alfalfa hay is considered high-quality hay because it provides nutrients that help keep a bull healthy.

Q: Where do bulls live?

A: The bulls live on large ranches where they get plenty of air and exercise. There are many ranches from coast to coast in the United States.

Q: What is the average PBR bull worth?

A: The monetary value of a bucking bull depends greatly upon his proven performance in the arena; however most PBR bulls are worth at least \$10,000, with a few boasting prices of more than \$500,000. A PBR bull is ranked just like the PBR bull riders. When a bull consistently receives high marks, his value increases. The higher the ranking in areas such as overall performance, average buck off time, buck-off percentage and average rider score, the higher the conceivable price tag.

Q: What is the lifespan of a bucking bull?

A: Bucking bulls often live well into their teens which is considered geriatric for any bull. Though a bucking bull may often be in his prime as an athlete around age five or six, many bulls buck past the age of 10, and when they retire from competition they're used as sires in bucking bull breeding programs.

Q: What makes a bull buck?

A: The success of bucking bull breeding programs around the world has proven that genetics is the most prevalent factor in determining a bull's desire and ability to buck.

One of the most common misconceptions about bull riding is that the flank strap is tied to the animal's testicles; this is far from the truth. This is a soft rope that is loosely tied around the bull's midsection in the flank area and slipped onto the bull when it enters the alley to the chute. The slack is taken out of it before the ride, but not tied too tight, and the strap is removed immediately after the ride. (Todd Dewey, *Las Vegas Review Journal*)

It has nothing to do with the genitals as some uneducated detractors would attest. In fact care is taken to ensure that the genitals are not involved as that would adversely affect the performance of the bulls. The flank rope is more of an annoyance than anything else, and the bulls will kick their hind legs out at the height of their bucking action in an effort to dislodge it, resulting in a more uniform and less erratic performance.

Q: What is a bull rope?

A: The bull rope is what the bull rider hangs on to throughout his ride. It is wrapped around the chest of the bull directly behind the animal's front legs. At the bottom of the rope hangs a metal bell designed to give the rope some weight so that it will fall off the bull as soon as the rider is bucked off or dismounts the animal. The bell has smooth, round edges and does not harm the bull in any way.

Q: What is the difference between a Conventional and a Brazilian bull rope?

A: The most apparent difference is that the ropes are pulled from opposite sides. The Conventional rope is pulled from the riding hand side while the Brazilian rope is pulled from the free hand side.

There are also subtle differences in the way the ropes are braided. With a conventional bull rope, the loop (the knotted part of the rope used for adjustment) is on the free hand side of the handle while the tail (the portion of rope that is run through the loop and back to the hand) is on the riding hand side of the handle. The Brazilian rope is braided with the loop on the riding hand side and the tail on the free hand side.

There is also a difference between the Brazilian and Conventional ropes in the design of the handle. In a Conventional rope the hand is placed with the little finger tight against the free hand side of the handle while in the Brazilian rope the web of the hand is placed tight to the riding hand side of the handle.

Q: Do the spurs worn by a bull rider cut or scratch a bull?

A: Bull riders wear spurs that are required to have dull, loosely locked rowels (the wheel-like part of the spur that comes into contact with the animal). The spurs help a rider maintain his balance by giving him added grip with his feet. The spurs do not cut or scratch a bull's hide, which is seven times thicker than a human's skin.

Q: How many miles do bulls travel on the PBR circuit?

A: The PBR has an extensive network of stock contractors who are located in all parts of North America. This means that no matter what city the PBR visits, the best bulls are provided for the event. The bulls arrive at the arena at least 24 hours prior to an event which helps ensure that the bulls are acclimated, rested, well fed and hydrated prior to competition.

Q: Is there a veterinarian on-site at all PBR events?

A: There is always a veterinarian on site at Built Ford Tough Series events. If there appears to be a sick or injured bull at an event, the veterinarian is notified immediately. Health papers are also required on all animals arriving at an event. They are inspected as they are unloaded prior to competition.

PBR stock contractors treat their bulls with respect because they are a huge investment. These animals are truly gifted, so they are given the best care imaginable.

CALIFORNIA AUTHORITY OF RACING FAIRS
Management Services and Contract Administration
for
Live Horse Racing Operations

Racing Operations

- CARF works with Racing Fairs on preparation, submission and presentation of CHRB License Applications
- Provides Racing Office computer system (all computer hardware/peripherals) and application software (Equibase) and manages service, technical support and transportation
- Provides and manages Paymaster services, including Paymaster (CARF employee) bank accounts, audits, payment of all purse moneys to owners and all other distributions of payment to various recipients
- Telecommunications: provision of voice, fax and data lines necessary to support racing, totalisator and simulcast operations
- Provides accounting, reconciliation and distribution of all parimutuel commissions, purse, license fees and other distributions
- Coordinates development and management of purse schedule through Fair Circuit in cooperation with Fair Racing Secretaries and Thoroughbred Owners of California
- Provides Supplemental Purse Fund management and accounting
- Provides marketing coordination through circuit
- Manages contracts for daily racing program production, printing and distribution
- Manages Condition Book production and distribution
- Manages contracts and logistics for provision of Jumbo Video Screen

CALIFORNIA AUTHORITY OF RACING FAIRS
Management Services and Contract Administration
for
Live Horse Racing Operations

Racing Operations (cont'd)

- Manages contract for Starting Gate
- Manages contract for Photo Finish
- Total Carbon Dioxide (TCO2) testing
- Furnishes electronic timing system with operator
- Oversees TV Replay System for Officials
- Manages provision of Temporary stalls
- Coordinates provision of Mobile offices for racing operations
- Daily, on-site management and oversight of all operations above, along with management, coordination and disposition of other matters that may arise from time to time in the course of conducting racing at Fairs
- Active liaison, representation and advocacy with on-track Stewards and with senior CHRB officials
- Manages consolidated purses' program.

Contracts with Horsemen's Associations

- Negotiate contracts with horsemen's associations, as required by statute.
- Thoroughbred Owners of California
- Cal Western Appaloosa
- Pacific Coast Quarter Horse Association
- Arabian Racing Association of California
- Racing Mule Association
- California Thoroughbred Trainers

CALIFORNIA AUTHORITY OF RACING FAIRS
Management Services and Contract Administration
for
Live Horse Racing Operations

Labor Agreements

- Maintains membership in Federation of California Racing Associations to provide representation in racing industry employer group for labor union negotiations.
- Local 280 Pari-Mutuel Employees Guild
- Local 1877 (formerly Local 399) AFL-CIO Service Employees International Union Valets and rec. barn personnel
- Local 495 International Brotherhood of Teamsters, Chauffeurs, Warehousemen and helpers of America
- Note: Assist Starters now with Teamsters Local 495 but under separate agreement

Racetrack Safety and Maintenance Program

- CARF developed this program and provides management oversight throughout Fair circuit.
- Works with Division of Fairs and Expositions to maintain funding support
- Contracts with Steve Wood, Trackmaster, Inc., to provide expert consultation and oversight of Fair track maintenance
- Carries lease agreements for specialized tractors used for maintaining track surfaces
- Owns and provides custom-built water truck (2001 Sterling).
- Owns and provides rock-picker (added 2003).
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CALIFORNIA AUTHORITY OF RACING FAIRS
Management Services and Contract Administration
for
Live Horse Racing Operations

Racetrack Safety and Maintenance Program (cont'd)

- Owns or provides harrows, floats, and other miscellaneous equipment required for track maintenance.
- Manages all planning, heavy equipment transportation and logistics
- Provides daily, on-site management, key personnel and oversight
- No direct cost to Racing Fairs.
- Administers Jockey Club Equine Industry Database for CARF member Fairs

Recruitment Program for Out-of-State Horses

- Organizes and conducts out-of-state recruitment of horses to run at Northern California Fairs
- Manage payment of incentives
- Track and report on results of Recruitment Program

Parimutuel Wagering Operations

- Maintains totalisator contract
- Parimutuel labor contract
- NOTWInc agreement for Northern California simulcast network
- You Bet.com Advanced Deposit Wagering
- TVG Advanced Deposit Wagering
- Xpress Bet Advanced Deposit Wagering
- TwinSpires Advanced Deposit Wagering
- Provides all accounting, reconciliation, banking for ADW wagering operations

CALIFORNIA AUTHORITY OF RACING FAIRS
Management Services and Contract Administration
for
Live Horse Racing Operations

Personnel

- Racing Secretary
- Track Safety and Maintenance Manager
- Morning Fitness Vet
- Veterinarian
- TCO2 Technician
- Track Maintenance Crew Chief
- Horse Ambulance Driver
- Clocker and Timer
- Paymaster
- Program Manager
- Track Announcer
- Stewards' Aide
- Jocks' Room

Web Site Operation

- Manages racing Website www.calfairs.net on behalf of Fairs which conduct live racing
- Contracts with information service providers
- Daily management and administration of racing information provided to racing fans on Website

CALIFORNIA AUTHORITY OF RACING FAIRS
Management Services and Contract Administration
for
Live Horse Racing Operations

Simulcast Operations

- Manages Satellite Transmission and Encryption Services
- Manages TV Production for simulcast coverage
- Manages telecommunications support: provision of voice, fax and data lines necessary to support simulcast operations
- Furnishes back up electrical generators
- Provides accounting, reconciliation, banking for simulcast operations
- NOTWInc contract for Northern California simulcast network
- Manages contracts for out-of-state simulcast sites and distribution of daily racing programs and other simulcast information
- Payment of commissions, purses, license fees and all other distributions from simulcast operations

CK - January 2011

2012

January

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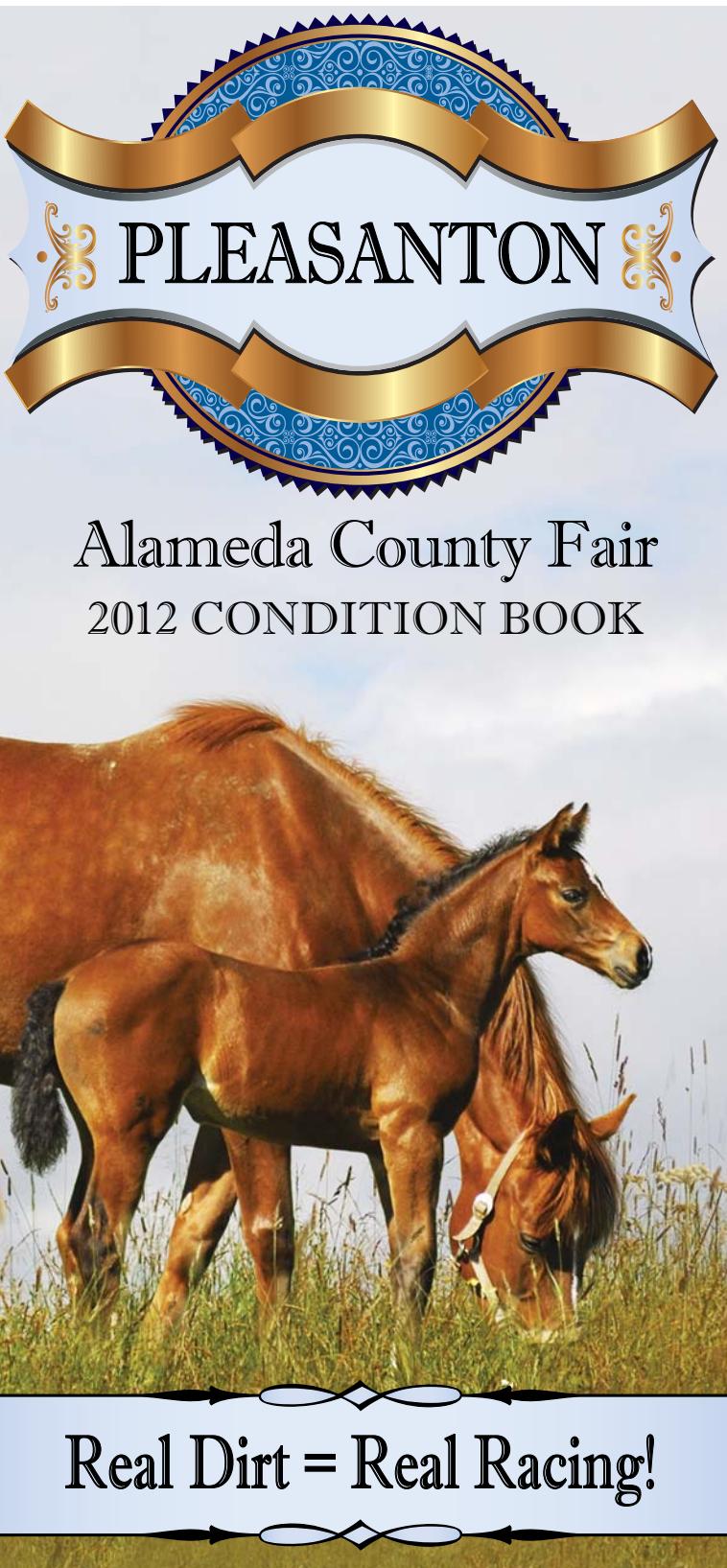
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CAL EXPO

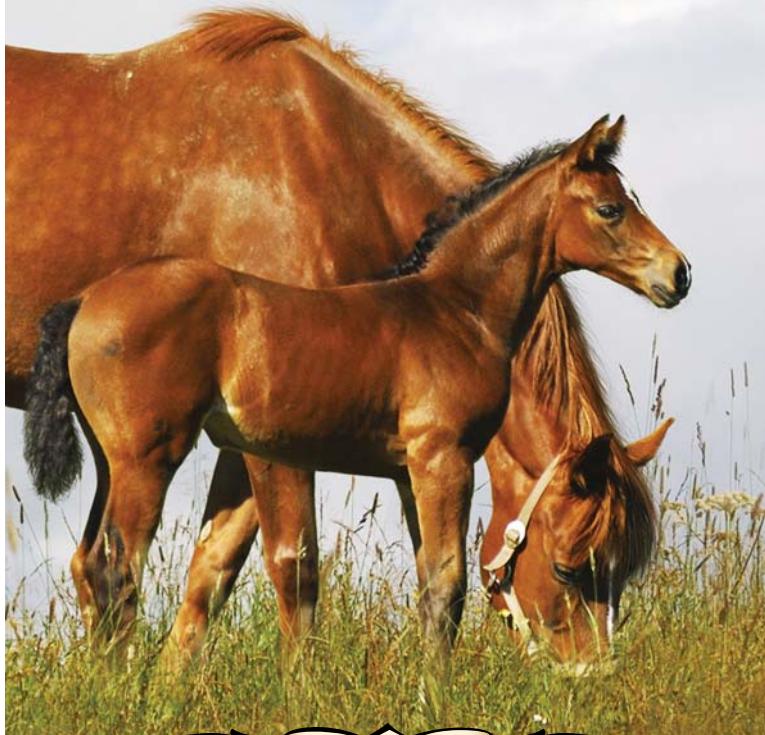
California State Fair
2012 CONDITION BOOK



Real Dirt = Real Racing!



Sonoma County Fair
2012 CONDITION BOOK



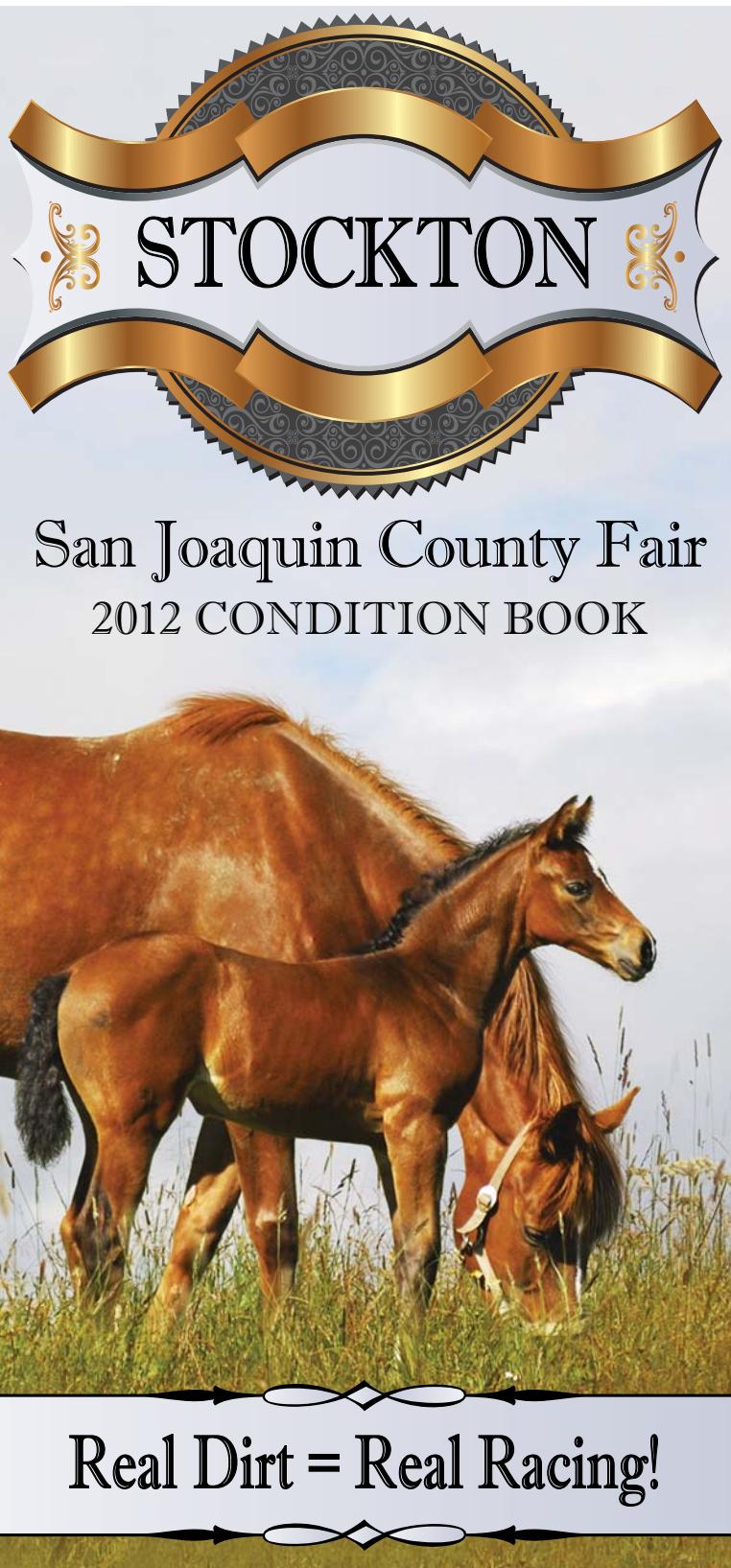
Real Dirt = Real Racing!

FERNDALE

Humboldt County Fair
2012 CONDITION BOOK



Real Dirt = Real Racing!



FRESNO

Big Fresno Fair
2012 CONDITION BOOK



Real Dirt = Real Racing!