

September 1, 2010

Governor Arnold Schwarzenegger  
State Capitol  
Sacramento, CA 95814

*Sent Via Facsimile: (916) 558-3177*

RE: OPPOSE: SB 1072 (Calderon) – Exchange Wagering

Dear Governor Schwarzenegger:

The *California Coalition Against Gambling Expansion* requests your veto of SB 1072 (Calderon). CCAGE is a citizen nonprofit organization representing nearly 9,000 church congregations and officials, as well as hundreds of individuals who have witnessed or experienced the harmful impact of ever-increasing gambling venues and opportunities in our state.

This bill will be an unprecedented authorization within the United State of allowing for the betting on a losing horse (a couple of other nations have experimented with this, with mixed results, at best, but no state in the U.S. allows for this type of wager). Such a form of *loser betting* would add to the incentive to “fix” a race, since throwing a race is much easier than winning one (the former can be done by a single jockey, whereas the other requires the *buy-in* of all of the other racers). While it is true that when one picks a horse to win, one is betting against the others (from winning), but betting that one’s chosen horse will lose is quite another type of gamble, potentially undermining the integrity of the entire race (especially if much of the “handle” is bet on a losing horse).

Additionally, since “exchange wagering” isn’t well defined in this hastily drafted bill, and given the fact that much of the policy-making decisions are left-up to the Horseracing Board, this measure may be an illegal delegation of policy/legislative authority to a regulatory body. This further erodes public accountability and oversight of this unprecedented form of gambling here in the U.S..

Finally, doing this two days before the end of the Legislative Session is a travesty of the legislative process, and indicative of the lack of genuine merit for this proposal. If “exchange wagering” can stand on its own merits, it should be put off until next Session – especially in light of the fact that the bill will not take effect until May 1, 2012 at the earliest. There must be sound policy reasons why every state in the Union has outlawed this form of wagering, as well as several countries who have experimented with it, only to outlaw it later (and some regulators in the two countries cited by the bill’s proponents, the UK and Australia, have expressed grave concerns with allowing for *loser betting*). For these and many other unstated reasons, we strongly request a VETO of SB 1072. Thank you.

Sincerely,

FRED JONES  
CCAGE Legislative Advocate