

1 CHAIRPERSON JAMES: With that, I'd like to move to the
2 next one.

3 DR. KELLY: The next one is Recommendation 5.4, and you
4 should have this sheet that's titled, "Recommended Language from
5 Commissioner Bible." Would you like me to read that or
6 Commissioner Bible, would you like to present it?

7 COMMISSIONER BIBLE: You can go ahead and read it or I
8 can read it. This is a rewrite of the recommendation that
9 contained the Grave Wave form of gambling that we talked about
10 last time. The Commission asked me to take another look at that
11 and I've crafted it to read in this manner.

12 The Commission recognizes the current technologies
13 available that makes it possible for gambling to take place in the
14 home or the office without the participant physically going to a
15 place to gamble. Because of the lack of sound research on the
16 effects of these forms of gambling on the population and the
17 difficulty of policing and regulating to prevent such things as
18 participation by minors, the Commission recommends that states not
19 permit the expansion of gambling in the homes through technology
20 and the expansion of account wagering.

21 What this recommendation would do would be to recommend
22 the states not approve technology that provides for home gambling
23 and that account wagering would be frozen where it currently
24 exists.

25 COMMISSIONER McCARTHY: I would second that
26 recommendation. I think you moved it. But I have a question. It
27 seems to me to be consistent with the other recommendations the
28 preamble should be discarded. It can be utilized for discussion
29 purposes, but the preamble should be discarded and I think the

1 motion, as the proposer would agree, should begin with the
2 Commission recommends that states not permit the expansion of
3 gambling into homes through technology and the expansion of
4 account wagering.

5 COMMISSIONER DOBSON: We do have some rhetoric in these
6 recommendations, just shortened.

7 COMMISSIONER McCARTHY: I might say on that point that
8 the staff stripped out what they considered some rhetoric.

9 COMMISSIONER DOBSON: You have the home court advantage
10 here, Leo.

11 COMMISSIONER WILHELM: So you're going to support the
12 preamble?

13 COMMISSIONER McCARTHY: I would contend that the
14 preamble should be in the text of various sections and not
15 necessarily in the summary here. So you want to leave the
16 preamble in?

17 COMMISSIONER DOBSON: I don't care.

18 CHAIRPERSON JAMES: What we have before us right now is
19 a motion. It has been seconded. It has all of the language.

20 COMMISSIONER McCARTHY: I would propose an amendment.

21 CHAIRPERSON JAMES: You would propose an amendment? Is
22 there a second for the amendment?

23 COMMISSIONER LANNI: I would second that if we could
24 have the preamble placed elsewhere in the -- which we do in a lot
25 of cases.

26 CHAIRPERSON JAMES: Then we need -- then there's a vote
27 -- let's vote on that amendment to the motion. All in favor?
28 Opposed? The motion does not carry, so now we have before us the
29 entire recommendation.

1 COMMISSIONER LANNI: I would propose the following:

2 The Commission recommends that parimutuel account wagering, an
3 activity that historically has been authorized, licensed and
4 regulated by the states, remain a matter for state determination
5 consistent with existing federal and state laws, provided the
6 states take appropriate steps to protect against underage and
7 problem gambling.

8 COMMISSIONER DOBSON: Is that a substitute?

9 COMMISSIONER LANNI: No, it's an addition. The
10 Commission further recommends may be a better -- thank you.

11 COMMISSIONER BIBLE: For purposes of discussion, I
12 would accept the amendment.

13 CHAIRPERSON JAMES: Discussion?

14 COMMISSIONER LEONE: Could we have the preamble?

15 COMMISSIONER LANNI: I think the argument, much is
16 found in much of the literature and documentation and testimony
17 made by members of the parimutuel commission or parimutuel
18 entities, if you will, there are a number of states that have this
19 form of gambling in place for many, many years, and the difficulty
20 that I have is to force the states to withdraw an opportunity the
21 people have invested money in to date.

22 There have been no instances of testimony before this
23 commission, there have been no instances of ill behavior or foul
24 play, if you will, in this particular manner, reported by any one
25 of the states that oversee the form of gaming that takes place by
26 telephone wagering. I think it is regulated, there are licenses,
27 not licenses, but people must apply and present the information
28 that they're at least 21 years of age.

29 I have reason to believe that this is not a problem,

1 and I find it very difficult to force enterprises that have
2 invested substantial funds to withdraw from enterprises that have
3 not had any problems. To me it would be an over kill, and I think
4 it's appropriate for us to allow this to continue and for states
5 to determine if they want it to continue or not to continue,
6 rather than us recommend that it be rolled back.

7 COMMISSIONER McCARTHY: Madam Chair, as I understand
8 Mr. Bible's language, it puts in place the existing account
9 wagering states, is that correct?

10 COMMISSIONER BIBLE: That's correct.

11 COMMISSIONER McCARTHY: So we're not really depriving
12 anyone currently making a living based on account wagering.
13 Before Mr. Bible's subcommittee we had a number of hours of
14 testimony of people that thought -- most of them testified against
15 an effort to prohibit internet gambling. A number of them were
16 not in favor of betting from home.

17 So I think what we have in front of us is an attempt to
18 send a couple of messages, this group of recommendations in this
19 section. It's to try to approach the prohibition of internet
20 gambling in some kind of a logical cohesive way without agreeing
21 to a long list of exemptions, which makes a mockery out of an
22 already excessively complex task in front of trying to prohibit
23 gambling on the internet.

24 These points are sort of interconnected with the issue
25 of gambling from home, which is already permitted in eight states,
26 eight or nine, and there's a very aggressive effort to expand that
27 into a number of other states. These issues are cousins, I think,
28 and I think we just ought to sort of keep an overview of where
29 we're going with this series of recommendations that Mr. Bible has

1 brought out of his internet subcommittee.

2 I can appreciate what Mr. Lanni said, but the Congress
3 and the Kyle bill is succumbing to this very problem. Everybody
4 wants to be exempted from the bill. I'm almost at the point where
5 I think if we really want to look at the internet gambling with
6 some careful rationality, and we want to look at the basic issue
7 of betting from home, we ought to take an entirely different
8 approach, the one that Congress is talking about.

9 CHAIRPERSON JAMES: Commissioner Lanni?

10 COMMISSIONER LANNI: I do not believe -- I do not
11 accept the position that wagering at home is a form of internet
12 gambling. Maybe sort of, as you've said, but I'm not quite sure
13 what the word sort of means.

14 COMMISSIONER BIBLE: I think you're right. I think it
15 may graduate into that, but I think that's where we're headed.

16 COMMISSIONER LANNI: It would be like saying my
17 grandmother would be a buss if she had wheels. I mean, the issue
18 is that it doesn't really mean anything. The real aspect is that
19 you have it now. I firmly -- I'm a great believer in states'
20 rights. I've said that every single meeting. I mention that as
21 much as John mentions jobs, but I really believe in that.

22 I don't think we should restrict states from the
23 determination, as long as they believe and we feel that they can
24 control the aspect of underage gambling and deal with the problem
25 aspects of gambling in this form, they shouldn't be restricted
26 from making the determination, even after a pause, I might add,
27 Leo, that they may want to expand and incorporate a form of at-
28 home wagering, because other states have done it. They've done it
29 for a number of years without a problem.

1 The old thing, if it's not broken, why try to fix it?

2 And I think exceptions do exist. When Congress gets together,
3 there are going to be exceptions. That's why they have one house,
4 a lower house and an upper house, why you have committees and you
5 have conferences following different bills coming out of each.
6 The Kyle bill did pass the Senate, unfortunately didn't move as
7 appropriately through the house. I'm hopeful that it will. But I
8 just don't think the two comport, with all due respect.

9 COMMISSIONER LEONE: Terry, I think that the heart of
10 this question could be put as follows. In a technical sense, it
11 is true of everything we talk about. States and federal
12 government are free to do whatever they want and will do whatever
13 they want. They may or may not take our advice and therefore we
14 could have language to that effect all over the place in this
15 report.

16 On the other hand, the report is about whether we care
17 what they do and whether we have advice about what they do. I
18 think it's quite a different thing to go beyond the existing
19 situation and say if other states want to join in this activity,
20 that's up to them. In a technical sense that's true because
21 they're sovereign and we're not, but it is still our
22 responsibility to give our best advice and to say whether we think
23 it's a good idea for them to do this.

24 I take Bill's thrust of the basic motion on the floor
25 as saying -- and I think it's a moderate motion based on what we
26 know now -- we should hold off. That's our opinion or our opinion
27 if we vote for it. I took Bill's reasonable recommendation as not
28 effecting people who are not already in the business. We don't
29 say and those who have already extended opportunities to gamble

1 through electronic means should roll back. That isn't in the
2 recommendation.

3 COMMISSIONER LANNI: And I accept that. I think Mr.
4 McCarthy, Commissioner McCarthy, explained that, and I accept
5 that. It still goes to the issue that if gambling is determined
6 to be legal in any form in the state, I think that the individuals
7 should have the right as a state and individuals in that state to
8 have that form of gambling, and it shouldn't be restricted to
9 other people. We just philosophically have a difference on this.
10 My recommendation would be different than your's, but I respect
11 your right to have your's.

12 COMMISSIONER BIBLE: In some cases account wagering is
13 very much like the internet where it takes on an intrastate
14 character because there are some applications where tracks are
15 taking wagers on an intrastate basis and will accept bets from a
16 number of states, and some of those states may not authorize
17 gambling or that form of gambling. That is unique because it's
18 restricted to intrastate. It's only within the State of Nevada
19 that you can get access in the form of account wagering. So it
20 varies from state to state. What this recommendation does is
21 indicates that states not expand the forms of account wagering.

22 CHAIRPERSON JAMES: All in favor? Opposed? Let's have
23 a roll call. Commissioner Bible?

24 COMMISSIONER BIBLE: No.

25 CHAIRPERSON JAMES: Dobson?

26 COMMISSIONER DOBSON: No.

27 CHAIRPERSON JAMES: Lanni?

28 COMMISSIONER LANNI: Aye.

29 CHAIRPERSON JAMES: Leone?

1 COMMISSIONER LEONE: No.

2 CHAIRPERSON JAMES: Loescher?

3 COMMISSIONER LOESCHER: Aye.

4 CHAIRPERSON JAMES: McCarthy?

5 COMMISSIONER McCARTHY: No.

6 CHAIRPERSON JAMES: Moore?

7 COMMISSIONER MOORE: No.

8 CHAIRPERSON JAMES: Wilhelm?

9 COMMISSIONER WILHELM: Yes.

10 CHAIRPERSON JAMES: James, no. The nos carry. We're
11 now ready to move over to 6.2. This was --

12 DR. KELLY: Madam Chair?

13 CHAIRPERSON JAMES: I'm sorry. This is the stripped
14 down version? That was on the amendment, I apologize.

15 COMMISSIONER DOBSON: We voted on shortening this? Did
16 we shorten it or not shorten it?

17 CHAIRPERSON JAMES: We did not shorten it. We did not
18 shorten it, so it is as written. All in favor? All opposed?

19 COMMISSIONER WILHELM: No.

20 CHAIRPERSON JAMES: The ayes carry. This is the 6.2,
21 the next one that's up, is that correct?

22 DR. KELLY: It's 6.20, Madam Chair.

23 CHAIRPERSON JAMES: Yes, 6.20, that's right.

24 DR. KELLY: And this is a --

25 CHAIRPERSON JAMES: That one I asked if Commissioner
26 Loescher and Commissioner Moore would work on and bring back to us
27 on the recommendation for how we could achieve our purposes.

28 COMMISSIONER MOORE: We'd like to recommend that you
29 turn to tab 9, page three, paragraph three. This is under

1 gambling impact on people and places. We'd like to move that we
2 think that in the third paragraph, and we've said enough about
3 this problem of not getting information from the Native American
4 tribes, and to not discuss the issue anymore. We'd like to
5 recommend that we accept the language within this paragraph as
6 fulfilling that position.

7 CHAIRPERSON JAMES: Certainly would be acceptable to
8 me. So there is no motion to offer there?

9 COMMISSIONER MOORE: No motion to offer. We're willing
10 to accept that and the subcommittee recommends that we do, Mr.
11 Loescher, Mr. Wilhelm and myself.

12 CHAIRPERSON JAMES: Hearing no motion, then we have the
13 next order of business, which is?