

1 UNITED STATES OF AMERICA

2
3 + + + + +

4
5 NATIONAL GAMBLING IMPACT STUDY COMMISSION

6
7 + + + + +

8
9 FOURTH ON-SITE MEETING

10
11 + + + + +

12
13 WEDNESDAY

14
15 JULY 29, 1998

16
17 + + + + +

18
19 SAN DIEGO, CALIFORNIA

20
21 + + + + +

22
23 The Commission met in the Del Mar Hilton, 15575 Jimmy
24 Durante Boulevard, San Diego, California at 9:04 a.m., Kay C.
25 James, Chairperson, presiding.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON, D.C. 20005-3701

www.nealrgross.com

PRESENT:

COMMISSIONERS:

KAY C. JAMES, Chairperson
 ROBERT W. LOESHER
 WILLIAM BIBLE
 LEO T. McCARTHY
 PAUL H. MOORE
 JOHN WILHELM
 JAMES C. DOBSON
 J. TERRENCE LANNI

COMMISSION STAFF:

E. DUNCAN GETCHELL, JR.	Counsel
DR. TIMOTHY KELLY	Research Director
MARTHA C. ROBERTS	Deputy Director
DOUG SEAY	Policy Director
ALLISON FLATT	Associate Research Director
TIMOTHY BIDWILL	Assistant to the Chair
CRAIG STEVENS	Staff Assistant
JOHN SHOSKEY	Senior Writer
JANET NEWKIRK	Executive Secretary
DEBBIE DUCRE	Receptionist

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
 1323 RHODE ISLAND AVE., N.W.

(202) 234-4433 WASHINGTON, D.C. 20005-3701 www.nealrgross.com

1	C-O-N-T-E-N-T-S	<u>PAGE</u>
2		
3	Opening Remarks, Chairperson James	5
4		
5	Staff Briefing on Pari--mutuels	
6	Mr. Doug Seay	10
7		
8	Pari-Mutuels I	24
9	Mr. Joseph Harper	26
10	The Honorable Kenneth Maddy	31
11	Mr. Tony Chamblin	35
12	Mr. Robert Manfuso	43
13	Mr. Timothy Smith	48
14	Question and Answer Session	53
15		
16	Pari-Mutuels II	71
17	Mr. Alan Foreman	72
18	Mr. Thomas Meeker	77
19	Mr. Kevin Barret	84
20	Mr. Bernie Horn	90
21	Mr. Jack Ketterer	95
22	Question and Answer Session	101
23		
24	Staff Briefing on Native American Gambling	
25	Ms. Allison Flatt	116
26		
27	Tribal Leaders	128
28	The Honorable Anthony Pico	130
29	The Honorable Clifford Lachappa	135
30	The Honorable Robert Smith	142
31	The Honorable Richard Milanovich	149
32	Question and Answer Session	156
33		
34	Native American Gambling I:	164
35	Mr. Daniel Tucker	166
36	Mr. Dan Kolkey	174
37	Mr. Howard Dickstein	184
38	Question and Answer Session	195
39		
40	State and Local Officials	225
41	The Honorable Dianne Jacob	226
42		
43	Public Comment	294
44	Ms. Margarita Villa Gomez	234
45	Mr. James Pascal	236
46	Mr. Martin Santos	242
47	Ms. Danae Hendrix	243
48	Ms. Juanita Haegan	244

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON, D.C. 20005-3701

www.nealrgross.com

1	Mr. T. Patrick Stubbs	247
2	Mr. Arturo Castellanos	250
3	Mr. William Hamm	252
4	Mr. James Sanzaro	255
5	Mr. Carlos Arturo Alvarenga	258
6	Mr. Jose Mora	260
7	Mr. Rosendo Caldera	262
8	Mr. Gerald Reiner	264
9		
10	Ajorn	267
11		

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON, D.C. 20005-3701

www.nealrgross.com

1 CHAIRPERSON JAMES: Good morning. Can I have the
2 Commissioners take their seats, please. Good morning. My name
3 is Kay James, and on behalf of the Commission, I'd like to call
4 this meeting of the National Gambling Impact Study Commission to
5 order, and declare that we do indeed have a quorum to conduct
6 today's business.

7 I want to welcome all of you to the seventh meeting
8 of the Gambling Commission, and our fourth site visit.
9 Previously we've conducted three meetings in Washington and
10 visited Atlantic City, Boston and Chicago to discuss specific
11 forms of gambling. As I have done in each of the cities we have
12 visited, I'd like to take a moment and explain the purpose of the
13 National Gambling Impact Study Commission.

14 For those of you who are joining us for the first
15 time, this Commission was created by Congress in 1996 to conduct
16 a comprehensive, legal and factual study of the social and
17 economic impact of gambling in the United States on governments,
18 communities, businesses and individuals.

19 The nine members of this Commission, eight of whom
20 are present this morning, were appointed by the President,
21 Speaker of the House and Senate Majority Leader. We represent
22 diverse backgrounds, regions, and indeed viewpoints. In June of
23 1999, we will report our findings to federal, state, and Native
24 American Tribal governments.

25 As the citizens of California know well, this is an
26 extremely timely setting, as legalized gambling has grown
27 nationally to a 550 billion dollar a year industry. Gambling is
28 legal in all but two states, and 38 states themselves operate

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON D.C. 20005-3701

www.nealrgross.com

1 some form of a lottery. Everyday we are reminded of the
2 importance and relevance of this study. A bill to restrict
3 gambling on the Internet passed the Senate 90 to 10 just a few
4 days ago, and today millions of Americans will hope to beat
5 infinitesimal odds to win a staggering Powerball jackpot. In
6 this environment many voters, policy makers and businessmen are
7 seeking credible information about the benefits and cost of
8 gambling and its impact on the community.

9 When the Commission developed its schedule of site
10 visits it was not conceived as an effort to view each form of
11 gambling. To do so would take far longer and more than the two
12 years that we have and the nine members that we have could get
13 done in that period of time. I think by now that each of the
14 Commissioners has a good idea of what a casino, racetrack,
15 lottery or slot machine looks like, and generally how they
16 operate. We recognize that there are distinctions among the
17 various types of casinos, betting parlors, and lottery games, and
18 will continue to work to understand them. But our principal task
19 remains as Congress directed, to assess the social and economic
20 impact of legalized gambling upon the Nation.

21 In devising a site visit schedule that crossed the
22 Nation and examined the various forms of gambling, we hope to
23 ensure that we are able to hear from those who are directly
24 touched by gambling; from families to business owners to
25 government leaders. We've heard from lobbyists who tell us the
26 positive and the negative impact of gambling nationwide. But it
27 is the individual college student, the individual state
28 legislator, the individual track employee, who can tell us with

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON D.C. 20005-3701

www.nealrgross.com

1 personal experience what impact gambling has had upon their
2 community. In addition, we're able to hear from experts from the
3 academic, regulatory and legislative arenas.

4 Today the focus of the meeting is twofold. First, we
5 begin the examination of the pari-mutuel industry; and second, we
6 continue our investigation into Native American gambling where we
7 left off in Boston in March.

8 Our two pari-mutuel panels this morning will allow
9 industry representatives and other experts to address issues
10 currently facing the horse racing industry. With the increased
11 spread of legalized gambling across America, horse track
12 operators are faced with difficult choices to maintain their
13 viability. One of these choices is the introduction of slot
14 machines at tracks. We will also be hearing testimony about the
15 relationship between this type of wagering and problem gambling.

16 I want to thank Commissioners Lanni and Bible for
17 their time spent assisting the staff and for their suggestions
18 for the panel on the industry's structure. And I also want to
19 thank Tel Putsavage and Roy Berger for their generous assistance.
20 Our Native American Gambling Panels later this morning and this
21 afternoon will allow Tribal leaders to address their concerns to
22 the Commission. And we'll allow the Commission to be briefed on
23 the Pala Tribe Compact and the California Ballot Initiative
24 Issues.

25 I want to thank Commissioners Wilhelm and McCarthy
26 for their specific suggestions for the Native American Gambling
27 One Panel. I would also like to thank Commissioner Loescher for
28 his assistance, and that of Rick Hill and Jacob Coin of the

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON D.C. 20005-3701

www.nealrgross.com

1 National Indian Gaming Association for their assistance in
2 putting together these panels and this meeting.

3 This meeting's agenda is the product of a team
4 effort. Each Commissioner was afforded the opportunity to
5 include experts they felt important to be heard. Commission
6 staff made tremendous efforts to accommodate the numerous groups
7 of Native Americans and pari-mutuel industry experts who came
8 forward with their suggestions and comments. And we do indeed
9 owe our staff a great debt of thanks.

10 While not every single viewpoint will be brought
11 forward to the full Commission today and tomorrow, efforts were
12 made to include those groups' viewpoints in the Indian Gambling
13 Subcommittee's deliberations yesterday and later in the week.

14 We appreciate the panelists and members of the public
15 and the press who have joined us today. Part of my
16 responsibility as Chairman is to protect the rights of all sides
17 to be heard and to ensure that the process for this discussion is
18 fair, balanced and objective. Spirited debate and differences of
19 opinion are to be expected and, in fact, encouraged. I would ask
20 everyone participating today, including the audience, to be
21 respectful and fair to others, particularly to those who have
22 differing opinions. We're are grateful to those who felt
23 strongly enough to come here today and to be heard. The
24 Commission is here to listen and to learn, and we really do
25 appreciate your presence here.

26 Finally, I'd like to thank Senator Diane Feinstein, the
27 San Diego Police Department, the Hilton staff for their
28 assistance in arranging today's meeting, and of course again to

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON D.C. 20005-3701

www.nealrgross.com

1 the staff of the Commission. We thank you for your energy, your
2 research, and many hours spent preparing for this meeting.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON D.C. 20005-3701

www.nealrgross.com