

Support HB 2190

Chair Riley and Senate General Government Committee Members:

My name is K.J. Hinton and I am a former 5<sup>th</sup> District Commander of the American Legion in the State of Washington. I'm testifying in support of HB 2190.

During this hearing, there will be a great deal of testimony in opposition to this bill. I testified in the House and heard the opposition's testimony and I expect we'll hear it again today.

The opponents will talk about this being the end of poker in Oregon as if there is no other way or place to play it.

They will not talk about how illegal their operations are. They won't talk about breaking the law... and breaking it knowingly. Just because they've built an illegal business doesn't mean it can't be shut down. If I were running a house of prostitution and I pointed out what my costs were to get it up and running and keep it that way, does that make it any better? They're just as illegal.

They will not talk about unpaid child support and other legal debts because none of those dealers involved have W2s or fill out a W9, nor are they reported to employment for those and other purposes because they insist on this completely bogus patina that says the dealers are "volunteers," as if they don't get paid for what they do, aren't on a schedule and don't have to follow house rules, the very meaning of being an "employee."

They will not talk about using dealers and paying them with tips, which BOLI has determined to be an outright violation of the law.

They will not talk about the demand letters those in the Portland area have ignored from the city REQUIRING Portland Social Gaming Permit holders to rotate the deal. Few, if any of these card rooms rotate the deal in this entire state.

They will not talk about the massive amounts of money many of these operations make, since most of them are all cash and few, if any, have an audit trail... and making money from social card games is specifically illegal under Oregon law.

They won't talk about the lack of regulatory oversight or enforcement of the laws they've agreed to uphold but uniformly ignore.

They will not talk about how the players are cheated through the use of House players, staked by the Card rooms themselves (also illegal), or how the pots are raked through manipulation of the amounts showing on the boards... since the lack of a paper trail makes it next to impossible to prove it.

In fact, they won't talk about the lack of a paper trail, because the LAST thing they want outside of this bill is to prove how much money has come in, for what and where it went... like most every other business in this state MUST be able to prove.

They will not talk about failing to pay taxes and failing to withhold money for state and federal purposes for either players OR dealers as required by the Oregon Department of Revenue and the IRS.

They won't mention their thousands of dollars in tournaments that were never the intention of the social gaming permit statutes.

Those shilling for them will talk about smokescreen issues relating to diversity, relating to young and old, relating to this being some sort of community function, or how hard it is for them to find work or other, utterly irrelevant reasons you should ignore current law and make the enforcement of social gaming

permits more robust and easier to attain by requiring normal business ledger practices that ALL other business must have in place to satisfy tax requirements.

They'll talk about how much money they had to spend to build these facilities, they'll play on your sympathies... as if they didn't know what they were doing was completely illegal because they charge a cover fee to play poker and they make so much money off of these operations that the very idea of actually following the law is simply beyond their comprehension.

They'll effectively tell you that life as we know it will end if this bill were to become law.

That's not true, of course, but that's what they'll tell you.

I agree with this proposed law. I testified for it in the House. Because this way, dealers CAN be volunteers since they would be volunteering in non-profits (which these card rooms are not) and with the passage of this bill, with these card rooms will be limited to non-profits and the monies resulting for the non-profits, we can see a significant impact for the causes they support.

The law is very clear: No one is supposed to make money from social gaming directly or indirectly. That means no cover charge, no rake of the pots or the illegally collected tips.

But if those enforcing these laws deliberately turn a blind eye towards the violation of these statutes, and since no one at the state or local level seems to be interested in enforcing these laws, then I believe it is the non-profits who should benefit.

Do not be taken in by the sob stories of small profits. I'm given to understand that Portland Meadows Poker pays over \$80,000 per year in rent alone. And where is that money coming from?

Imagine what the American Legion and the VFW or the Red Cross can do for my fellow veterans with the kind of money Portland Meadows is making... making and keeping illegally... because if there's money to

be made here... and it's obviously been made illegally given the lawyers and the lobbyists these places have hired... then it's the nonprofits who can follow the law on the critical elements of volunteer dealers, state and federal taxes, Labor and Industry standards and regulation of the non-profits while most all of these other places ignore the law... should be the organizations making it.

This bill will accomplish that. Support HB 2190. Thank you for your time.