

ESPN.com | MyESPN | Profile | Register | Forgot: Password Member Name

Member Name:

Password:

Sign In

We've got a New York state of mind.

AQUEDUCT BELMONT SARATOGA

Start your FREE 60-day trial today!
[Click here](#)

ESPN [Photos](#) [Video](#)

[Search](#)

Top Searches...
[Breeders' Cup](#) | [News](#) | [Triple Crown](#)

ESPN Horse Racing

ESPN Fantasy Sports Horse Racing Home NTRA.com Live Racing Results Racing Calendars NTRA.U Virtual Racing More + Shop »

U.S., racing industry losing big money to offshore wagering



By Paul Moran
 Special to ESPN.com
[\(Archive\)](#)

Updated: February 13, 2008, 5:24 PM ET

[Comment](#) [Email](#) [Print](#)

SAN JOSE, Costa Rica -- Even by the local standard, which is more or less 1960s vintage Nevada, the casino at the Hotel Morazon, though busy at midday, is tiny. Slot machines line the walls, surrounding an array of table games -- craps, blackjack, roulette, some others not readily recognizable to the Norte Americano. The pulse of the capital city of "The Switzerland of Central America," though vibrant, only hints at the undercurrent of gambling.

Despite its robust presence in much of Latin America, there is no racing in Costa Rica, which is the world's capital of Internet gambling, a virtual and invisible Las Vegas without boundaries and with great global reach. In otherwise nondescript office buildings in San Jose with roomfuls of computers and telephone operators as well as tiny offices in private residences, more than 200 Internet gaming enterprises are doing a brisk business with players of every persuasion in virtually every corner of the earth but primarily the United States, despite the best efforts of government to thwart wagering in cyberspace.

The Wednesday card at Aqueduct is canceled because of a winter storm, but there is plenty of product available on the second floor of the casino at the Morazon, where what is probably the smallest race and sports book on earth serves a clientele made up largely of American expats, small-time players far from the racetracks they once attended regularly. Wherever horses are running in the U.S., if a video feed is available, your action will be accommodated here in the style of the traditional backroom bookmaker.

Two clerks conduct business from cash drawers, the contents mostly American currency, which management prefers to the Costa Rican colone. The races come via balky streaming video with eight televisions dedicated to whatever happens to be going on at the moment in the United States. The place is most lively on NFL Sundays and during the March NCAA basketball tournament. The racing business picks up on weekends and big days. "Kentucky Derby, mucho grande," a betting clerk said.

"It is what it is," said Charlie from Chicago, who is too young to be one of the many Americans who have moved here in search of inexpensive retirement and too cautious to provide more specific details about his reasons for relocation. "You don't find the big players here."

You will, however, find a good deal of big-player money in San Jose.

The U.S. ban of Internet wagering based upon the belief that such activity violates the U.S. Wire Act, has done little to curtail the activity of American professional horseplayers who operate at a level at which the rebates of up to 5 percent offered by off-shore enterprises are meaningful at the bottom line. Efforts to stem the flow of money to offshore accounts amount only to inconvenience. Some racing associations have taken meaningful financial hits by closing U.S. pari-mutuel pools to off-shore sources of revenue -- rebate shops, as they were known -- that once were permitted to co-mingle handle, losing simulcast fees as well as portion of the takeout.

While opposition to Internet gambling in all its various forms in the U.S. has come primarily from the conservative Christian right, the Costa Rican government, never an institution that has sought to legislate morality, has facilitated the industry's growth by providing fertile ground.

It costs less than \$10,000 in government fees to launch an online gaming venture here. In the other popular locations for such enterprise, primarily in the Caribbean, official start-up fees can run as much as \$250,000 plus substantial annual fees. San Jose also has a reliable telephone system, Internet infrastructure and no shortage of educated, multilingual employees. While larger companies are typically located in downtown office buildings and are believed to be handling as much as \$15 million a month in sports, racing and other activity, primarily poker,

More Horse Racing Headlines

- [NYRA, legislature reach agreement](#)
- [Curlin in tip-top shape for Dubai trip](#)
- [Jockey Santos, Miami Herald settle libel lawsuit](#)
- [Field favored over Pyro in Pool 1 of Derby Future](#)
- [Dubai World Cup next for Well Armed](#)

We've got a New York state of mind.

AQUEDUCT BELMONT SARATOGA

[youbet.com](#) Start your FREE 60-day trial today!

AVOID UNEXPECTED PLOT TWISTS. FREE EXPERT ADVICE AND ANALYSIS.

[SIGN UP NOW](#)

Sponsored Links

Do Human Pheromones Work?

Check out which ones actually attract women, and which ones don't!
www.pheromonereview.com

Myrtle Beach Golf Package

100+ courses available with accommodations or tee-times only.
www.MyrtleBeachGolfDirectors.com

[Buy a link here](#)

smaller one-room enterprises are said to be handling about \$100,000 per month. The online wagering industry employs about 3,000 people here.

There is no way to determine the volume of money being wagered in Costa Rica on American horse racing, but the New York Racing Association estimated that it lost \$50 million in annual handle when it severed relationships with offshore simulcast outlets a few years ago and most of the total betting handle here comes from American players to whom rebates are meaningful enticement.

This is money, serious money that, were Internet wagering expanded, regulated and taxed in the United States, would make a substantial difference to the bottom line of the racing industry as well as several levels of government.

So, who needs money?

Paul Moran is a two-time winner of the Media Eclipse Award, and has received various honors from the National Association of Newspaper Editors, Society of Silurians, Long Island Press Club and Long Island Veterinary Medical Association. He has also been given the Red Smith Award for his coverage of the Kentucky Derby. Paul maintains paulmoranattheraces.blogspot.com and can be contacted at paulmoran47@hotmail.com.

Sponsored Links

Horse Racing Ringtones

Send this ringtone to your cell phone right now!
tonetunes4u.com

Notre Dame Certificates

Earn an Executive Certificate from Notre Dame -...
www.NotreDameOnline.com

Alternative to Open Back Surgery

Minimally invasive, corrects most spinal disorders,...
www.laserspineinstitute.com

Myrtle Beach Golf Package

100+ courses available with accommodations or...
www.MyrtleBeachGolfDirectors.com

[Buy a link here](#)

Presented by  **ESPN conversation** beta

Be the first to comment on "U.S., racing industry losing big money to offshore wagering"



Inside Horse Racing



NYRA officials and state legislators averted shutdown at Big A, reaching a 25-year deal for the group to run New York's tracks.



The stars of Thoroughbred racing assembled in Beverly Hills, Calif., on Jan. 21 for the 37th Eclipse Awards.



Digiturf.com introduces virtual horse-racing auctions, where super colt *Deadly Quiet* was recently sold for a world record.