



# RCI Bulletin

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### TAB investigates greyhound race

**TAB officials are investigating a race at Albion Park greyhounds on December 17 after \$30,000 was cancelled from the win pool after jump time.**

A keen punter, who contacted **The Sunday Telegraph**, noticed something fishy when \$30,000 jumped into the win pool 10 minutes before race six on the Wednesday evening meeting. The favourite Brandy Snap firmed to \$1.04 and, as a result, every other runner drifted dramatically.

The punter, knowing he was getting value for every other runner in the race, then decided to back Gracie May, who was showing \$26 as the boxes opened. Gracie May saluted but payouts were delayed eight minutes before betting was adjusted and the price slashed from \$26 to \$10 as the win pool dropped from just short of \$60,000 to \$29,680.

When **The Sunday Telegraph** queried the TAB about the race, officials said the matter was under investigation. The circumstances surrounding the race are similar to that of the great greyhound sting where the big-betting Eddie Hayson and several of his punting mates manipulated the pool at Gold Coast greyhounds by placing large wagers on every runner in the race except Lucy's Light, who they had backed "best tote" at an inflated price with a South Australian bookmaker.

Source: *Sunday Telegraph*.

### Fatal injuries prompt concern over track at Santa Anita

ARCADIA, Calif. -- Even though Santa Anita's Pro-Ride surface came through a recent spate of wet weather without losing any days to training, there has been growing concern among trainers over injuries at the track, and those fears may have been further inflamed on Wednesday when Boozin' Bear sustained fatal injuries in the day's first race.

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Boozin' Bear, who suffered a condylar fracture to his right hind leg, became the third horse to be euthanized from racing injuries during the first five days of the meeting. All the horses were racing on the main track.

The first death occurred in the first race of the meet last Friday, when two horses were pulled up. One of them, Warren's Zenzo, could not be saved and was euthanized.

Flashing Forward, a 4-year-old filly who broke down in Monday's seventh race, was subsequently euthanized, Dr. Jill Bailey, Santa Anita's track veterinarian, said Wednesday.

In addition, the stakes-winning filly Indyanne sustained career-ending injuries in the La Brea Stakes last Saturday.

According to Bailey, no horses have been euthanized as a result of training injuries in the morning, though she said a horse who was injured Monday morning was undergoing surgery on Wednesday.

Ron Charles, Santa Anita's president, said he could not explain the recent injuries. He said he had been in touch with Ian Pearse, the founder of Pro-Ride, and said Pearse intends soon to travel from his native Australia to look anew at the surface.

"This track has been very safe for three months," Charles said, referring to the successful Breeders' Cup held here in October, "but the last week has been different from what we had. We want it back to the safe track we've had. It's been so well received for three months. The last week has been difficult. It's so hard to explain. In the mornings it seems to be well received. I've had many trainers saying 'Don't change anything.'

"We did power harrow the track on Tuesday. Whether we're going through a horrific bad time or it's something we're not doing right, I don't have the answer. Believe me, I wish I had the answer. We're going to keep looking and see what we can do. There's just been way too many the past week. We've got to figure out what the problem is."

Boozin' Bear, a 3-year-old maiden gelding trained by Carla Gaines, was racing for the fourth time on Wednesday. He had finished third in a similar maiden race at Hollywood Park on Dec. 4.

Boozin' Bear was eased in the stretch by jockey Rafael Bejarano, who hopped off after it was apparent the horse had gone wrong in his right rear leg with an injury that resembled Barbaro's in the 2006 Preakness Stakes. Boozin' Bear was removed from the track via horse ambulance, but only after track workers came on the main track and put up a green screen, which startled the stricken animal.

Santa Anita's main track had equipment on it on Tuesday afternoon designed to fluff up the surface. New Year's Eve is often a big day for workouts - since trainers like to sleep in on New Year's Day, too, following evening revelry - but with many horses having worked on the weekend, activity was lighter than usual, with 94 horses recording works.

Eoin Harty did not work any horses on Wednesday. He was one of several trainers on Wednesday who expressed concern over the surface.

"It was dug up last night, so I'm erring on the side of caution," said Harty.

Pro-Ride is the second synthetic surface to be installed at Santa Anita in the past 18 months. Its old dirt track was replaced with Cushion Track in the summer of 2007, but that synthetic surface was removed in the summer of 2008 after it failed to drain during the winter meet one year ago.

California tracks were given a mandate by the California Horse Racing Board to install synthetic surfaces by the end of 2007.

### **Back at You Recovering**

Back at You, the horse who tried to leap over the inner turf course rail last Saturday, injuring jockey Garrett Gomez, is doing well, all things considered, according to his trainer, Eddie Truman.

"He's got some filling in a leg and some stitches, but it's amazing how well he's doing," Truman said Wednesday morning. "I just felt so sorry for Garrett. Thank goodness he's all right. I was sick."

Truman theorized that Back at You may have shied from shadows from the grandstand.

"He's had the 1-hole in all three of his races. It's not like the rail was a new thing to him," Truman said. "As a trainer, there's always a horse around the barn who acts a little excited, but this horse has never done anything.

"He didn't get up right away because he had the wind knocked out of him."

### **Vacare may run in San Gorgonio**

In a last-minute switch, trainer Christophe Clement said Wednesday that he intends to enter Vacare for the Grade 2, \$150,000 San Gorgonio Handicap on Sunday.

Vacare won the Dahlia Handicap at Hollywood Park on Dec. 21. She is scheduled to be bred next year, and was expected to be retired after the Dahlia.

"She came out of her last race in very good order, and the flight to Kentucky is not until January 7," Clement said. "We will have a look at the race. She might have a class advantage. It's a little quick back, just two weeks, but she had a lot of time before her last race."

The San Gorgonio, at 1 1/8 miles on turf for older fillies and mares, was also expected to include Belmont Cat, Brushed Gold, Green Lyons, High Heel Sneakers, Marzeline, Meribel, Solar Miss, and Valbenny.

### **Alcala given stiff fine**

Horses who have to work out in order to get off the veterinarian's list must do so while adhering to medication rules that would apply in a race.

But after Si Se Puede worked at Hollywood Park on Dec. 3 for the track veterinarian, a subsequent drug test found he had more than one non-steroidal anti-inflammatory drug in his system, which is a violation.

As a result, his trainer, Jorge Alcala, was fined \$2,500 by Santa Anita's stewards in a ruling issued earlier this week.

Source: *ESPN*

### **Dispute could cut signals in Vegas books**

ARCADIA, Calif. - A dispute over the distribution of revenue between Nevada casinos and tracks owned by Churchill Downs and Magna Entertainment threatens to disrupt betting in casino racebooks later this week.

The current contract ends on Wednesday, and a meeting between racing and casino executives is scheduled for Wednesday in Las Vegas in an effort to reach a resolution. The absence of an agreement could lead to a blackout as early as Thursday, Santa Anita president Ron Charles said.

Track officials are seeking a higher percentage of bets to be dedicated to racetracks and horsemen, in the form of purses.

"We are going to sit down and see if we can find a compromise in regards to some increase in the distribution back to the tracks," Charles said of Wednesday's meeting. "The whole purpose of the meeting is to try and reach a compromise."

Charles acknowledged that a blackout of some racetrack signals into Nevada would punish bettors. Currently, Magna-owned tracks Golden Gate Fields, Gulfstream Park, and Santa Anita and Churchill-owned Fair Grounds simulcast into Nevada casinos. A disruption could be particularly difficult on Santa Anita because of its proximity to Las Vegas and the familiarity that many racebook customers have with the racetrack.

"From an overall state of the industry, this is not a good time to be going down," Charles said. "I think it would have an impact. With Nevada suffering through a rough period and horse racing kind of following suit, I'm not sure this is the best time to be alienating our fans."

Source: *Daily Racing Form*.

### **Licenses, Penalties Sought for Breeders**

Ohio Thoroughbred breeders would be licensed by the state for a fee each year and face serious penalties—including a suspension of up to 10 years--should they violate rules governing registration of state-bred horses under regulations proposed by the Ohio State Racing Commission.

The new rules stemmed from an investigation this year that revealed several horses registered in Ohio actually were foaled in neighboring Kentucky. The breeders told the OSRC "mistakes" were made that led to the false registrations.

One of the affected horses—Foxwood Stable’s Marble Cliff—won two stakes, including the \$100,000 Cleveland Gold Cup at Thistledown. The 3-year-old Kentucky-bred gelding by Jump Start was disqualified from purse earnings in all five of his starts in Ohio and returned to the races Dec. 12 to finish second in a maiden special weight event at Turfway Park in Kentucky.

Breeders would pay \$10 a year for a license. They may be required to submit an additional amount to cover the cost of fingerprinting. In order for a breeder to receive purse awards, he or she must be licensed under the proposed rules.

Owners of broodmares that want to breed or board mares in Ohio to qualify for breeders’ awards would have to register the mare with the OSRC.

The proposed rules also give the OSRC more power in regulating the state’s Thoroughbred breeding industry. The commission would only need “reason to believe” an application is fraudulent or misleading to summon those involved, and could, after a hearing, “suspend, cancel and/or bar from further registrations horses owned by the person who executed the false or misleading application.”

Those found in violation would face a fine of up to \$10,000 and a suspension of up to 10 years. In addition, breeders’ awards could be denied in the future, and purse money would have to be returned.

Soon after the investigation into the registration of Marble Cliff and other horses, OSRC chairman Willie Koester formed a committee to study the issue and make recommendations. The proposed rules, which were subject to a public hearing Dec. 19, were the result of input from the racing commission, breeders, and owners in Ohio.

Source: *Bloodhorse*.

### **Eric M. Sharbaugh, 51, dies**

Columbus, OH --- Eric M. Sharbaugh, 51, former executive vice president and chief executive officer of the U.S. Trotting Association, died Dec. 17, 2008, in Harrisburg, Pa. as the result of an apparent stroke.



**Eric M.  
Sharbaugh**

Before joining the USTA in 2005 Mr. Sharbaugh had served as a vice president of a Pennsylvania information technology firm. He was a 1980 honors graduate of Penn State University -- and a lifelong fan of harness racing.

Mr. Sharbaugh had owned many Standardbred racehorses, and, according to his application for the USTA position, “funded a significant portion of my college expenses by announcing the races on the Pennsylvania Fair Circuit.” After joining the USTA he continued to announce the fair races at York, Pa. each year.

He left his position at the USTA earlier this year.

Mr. Sharbaugh's late father, Richard, was executive secretary of the Pennsylvania Racing Commission and also a patron of the Harry Harvey Stable.

"It was a sad day yesterday when news of Eric Sharbaugh's death reached us," USTA President Phil Langley said. "Eric was a man of integrity, great intelligence and had an impassioned love of harness racing. During his time at USTA he especially contributed to the modernization of our Data Systems. The Directors and employees of USTA send their condolences to his family. Personally, I will miss him as a friend who shared our love for harness racing."

Source: *USTA*.

### **KY Bill: Use Taxes to Fund Horse Racing**

A Kentucky lawmaker is preparing racing-related legislation with a primary goal of funding the Kentucky Horse Racing Commission, equine drug testing, and supplements for purses and stakes at the state's racetracks.

The draft bill authored by Republican Sen. Damon Thayer basically shifts tax dollars back to the horseracing industry. Depending on pari-mutuel handle, the measure could raise \$4 million to \$6 million a year, Thayer said.

The concept is similar to one in which a 6% tax on stallion fees was used to create breeders' incentive funds in Kentucky.

A December report from the Governor's Task Force on the Future of Racing recommended a hike in the pari-mutuel tax and purse deductions to help fund the KHRC and drug testing. Thayer said he opposes that plan.

"It's not fair for the fans and (horse) owners to pay the freight," he said. "We can use tax dollars generated by the horse industry to regulate the horse industry. People will say we can't afford (to take money from the general fund), but my counter argument is we can't afford not to do it for Kentucky to remain viable as the horse capital of the world."

Under the plan, tracks would continue paying pari-mutuel taxes on live handle (Churchill Downs and Keeneland 3.5%, and the other six tracks in the state 1.5%). There also is a 3% excise tax on simulcast handle in Kentucky.

In return, the tracks wouldn't have to pay for drug testing, which will get more expensive as the program expands into things such as anabolic steroids and out-of-competition testing. Thayer said the funds are needed to enforce the new rules.

The KHRC would benefit most from the shift in tax dollars. The task force has recommended the organization hire staff to improve regulation. The Thayer bill calls for all the KHRC, not racing associations, to pay for all employees, such as stewards.

The legislation would place some of the excise tax into the KHRC stakes and purse development fund, which in part would come from receipts on claimed horses. The bulk of the money—up to \$500,000—would go toward purses and stakes at Kentucky harness tracks that race 30 or more dates per year; the only one that currently qualifies is The Red Mile in Lexington.

Quarter Horse purses would get up to \$50,000, and Thoroughbred tracks could get funds at the discretion of the KHRC. Harness tracks, however, must provide a “detailed description of how the retained excise tax has been spent to promote and maintain its facilities and its live meet.”

A Breeders’ Cup-related tax credit is included in the draft legislation, but with a twist. If the World Championships isn’t held in Kentucky in 2009—the event is slated to return to Santa Anita Park in California next year—the tax credit will apply to 2010. The money, however, would be deposited in the KHRC stakes and purse development fund and would not go to Breeders’ Cup.

Other tracks that offer one day of racing with purses in excess of \$600,000 would be eligible for a one-day tax holiday as well. But restrictions would limit it to Ellis Park, Turfway Park and The Red Mile. The money would be deposited in breed development funds.

Though the draft legislation doesn’t directly deal with advance deposit wagering, Thayer said it won’t be long before legislators consider taxing ADW handle because it’s going up, not down like on-track and off-track handle.

“I believe a bill will be filed to put an excise tax on ADW bets that originate in Kentucky,” he said.

The Kentucky General Assembly meets for four days (Jan. 6-9) for organization purposes. The main part of the session begins Feb. 3.

It remains to be seen whether expanded gambling will be addressed. Democratic Rep. Tom Burch has pre-filed a racetrack video lottery terminal bill, and Democratic Rep. Greg Stumbo has said he will file legislation to authorize racetrack VLTs.

Source: *Bloodhorse*.

### **WEG stacks the deck in contract dispute**

Solidarity. Say it out loud before you read this article. Here's the definition of the word from the dictionary, Solidarity (mutual agreement and support: harmony of interests and responsibilities among individuals in a group, especially as manifested in unanimous support and collective action for something).

Repeat it. Read it again. Let it sink in. Repeat it. Read it again. Let it sink in.

It's seems long before the horseman's contract at Woodbine Racetrack ever ran out WEG (Woodbine Entertainment Group, the non profit organization that operates Woodbine and Mohawk Racetracks) had stacked the deck in their favour.

The entire concept of fair play and bargaining in good faith, was and is tilted towards the racetracks side of the courtroom. Playing mercilessly on the owners financial emotions, apprehending their ability to decide their fate without interference or prejudice.

You can quickly deduce after reading the list of upcoming stake engagements, WEG has written a copious number of races for every sex, age and gait of condition horse that graces their raceways trap rock surface.

That accompanied with a purse structure that wows the average horse persons perception of fantastic, is quite a huge carrot dangling in front of every owners eyes, that has a horse eligible, for any listed event.

All are added money stake races, that owners have paid nomination fees to remain eligible to race in. Payments, which by the way, had to be submitted months before the notion of a racing boycott was ever likely realized by the largest part of the horseman's association racing at Woodbine. Especially when you take into consideration, the last two racing contracts where signed without opposition from either side.

Well that was before WEG and David Wilmot decided to play god and start persecuting horsemen and banning trainers without due process and incarcerating leading win trainers to the retention barn for months at a time. Yes that's right, months at time. Why?

Because she won to many races.

Yep. Give your head a shake, take a breath, because it's true and that's not all. We still haven't mentioned WEG's attempt to cut race dates again this year. Submitting an application to the ORC (Ontario Racing Commission) to drop all Sunday afternoon cards for the winter racing season.

A prolonged battle that OHHA (Ontario Harness Horse Association) has just finished fighting and winning for their association members. A battle that didn't need to be fought, but WEG saw fit to haggle over it anyways. Why?

Because of a horse shortage.

The shortage they're referring to boggles my mind trying to comprehend what their talking about because every time I lookover the WEG draw sheets, 40 horses don't get into race.

How do you construe that as a shortage of horses?

You can't and that's why the ORC shot down their attempt to do so, like a fat old Canadian Goose, flying low over the Luther Marsh here in Ontario about mid October.

Thank god the horsemen still had OHHA to right the wrong WEG attempted to inflict upon the horseman.

The results could have been quite different if left in the hands of the newly formed organization, jockeying for control over the industry called SHOP (Standardbred Horse Owners Panel). An

organization riddled with glad hander's and racetrack operators past and present. Their membership a little to close to the wrong side of the tracks for my liking.

Solidarity is the one and only way for OHHA to come out a winner in this already dirty contractual dispute.

The rank and file of horsemen and horsewomen need to repeat this word every time they hitch a horse and take it out to jog. Solidarity. Say it aloud.

The drivers need to repeat this word every time they cash a percentage check from another racetrack while the boycott is in place. Solidarity. Repeat it.

Owners and trainers need to shout this word constantly to remind themselves this is the only bargaining chip they have. Solidarity. Shout it out loud, in your bathroom, in your kitchen, in your stable.

WEG knows and realizes your only means of defense is your solidarity and is taking every step possible to brake your associations cohesion.

WEG wants OHHA gone. Out of their hair, out of the picture and with the presents of SHOP, they obviously sense a real chance of division in the rank and file and are going to use any form of intimidation necessary to get rid of the horseman's association known as OHHA.

It's called union busting and from what I've seen so far WEG is willing to go to war over the right to victimize individual trainers. The right to lord over and persecute members of the racing community whenever and for whatever reason they want to dream up.

Writing these stake races to coincide with the signing of the contract is just another way of testing OHHA and it's members resolve. WEG has been adding to this early winter stake schedule for a couple of years now, quite possibly, with the underlying intent to destroy OHHA all along.

Why not wipe out the horseman's association with their own purse money? A nefarious act any dictator would be proud of.

WEG is going to pull out every trick in the book to win this one fella's. They have a bee in their bonnet because of the thrashing they took from OHHA, over race dates and Wilmot is an unforgiving sort who doesn't like being told what to do by anybody. They are enlisting help from every possible venue known to the horseracing community some like Harold Howe rushing to their aid, unequivocally demanding the chance to serve the King. Harold Howe right now has a Video Pod Cast posted on his web site, where he interviews John Kopas, Ron Waples Sr. and John Burns.

Three horsemen who are stabled at Mohawk racetrack and have always stabled their, so you can instantly imagine how bias their comments are. All three go on to say, "that if you behave yourself at Woodbine you won't have any problems."

Well they must have forgotten about Casie Coleman and Ben Wallace's troubles over the past two years or do these three wise men think the fiasco created by WEG was fun and games for the two trainers.

Coleman, was never ever charged with an offence by the ORC. It was King David Wilmot and the WEG corporation that ostracized her banishing the leading trainer at the time to the retention barn.

While Wallace and the other 16 or so trainers charged for supposedly doping their horses with sheep wormer, were also tarnished and temporarily driven out of the racing community. Ejected from the WEG grounds by King David Wilmot. Not by the Ontario Racing Commission.

Wayles admits during the interview he didn't even attend the last OHHA meeting, apparently the good old boy was having a seniors moment whatever that is.

Maybe he was thinking about how OHHA helped defend his son, Randy when he was kicked off the WEG grounds for a verbal comment he made in a post race interview about a movie for goodness sakes.

Randy made the mistake of talking about two Asian actresses featured in an Austin Powers movie, a comical farce, which named the twins Fook-You and Fook-Me. Another fine example of King David's pettiness and lack of humor.

Anyways all three managed to lick the boots of King David Wilmot in unison lining up behind the microphone and throwing in their two cents worth of wisdom when they should have been saying something to the extent of.....

"That OHHA they're great. They just secured our Sunday racing for the winter months. Thanks OHHA. Thanks for your commitment to our association. Thanks John Walzak. Thanks Jim Whalen. We really appreciate you and the effort you put forth to represent us equally and fairly."

Solidarity. Say it aloud as you finish reading this article.

OHHA must remain a united force, standing strong in the face of oppression or you will forever remain second class citizens, willing to race in Sodom and Gomorrah, under the rule of King David Wilmot.

Source: *Robert Leatham, HarnessLink.com*

### **MAGNA CUM PERIL**

In the final week of December, 2008, a newspaper headline was ominous: **"Retail experts predict more store closings, bankruptcies, layoffs in 2009."**

Will pari-mutuel retailer Magna Entertainment Corporation (MEC) be among the casualties?

The Toronto-based Magna Entertainment was launched in 1999 and its stock is traded on the Toronto Stock Exchange and on Nasdaq. MEC states in its U. S. Securities and Exchange Commission (SEC) filings: "Based on revenues, MEC is North America's number one owner and operator of horse racetracks, and is a leading supplier, via simulcasting, of live racing content to the growing inter-track, off-track, and account wagering markets."

While this statement is factually true, Magna Entertainment is certainly not a leader when it comes to profitability. The company has a consistent record of losses and the red ink is burgeoning, so much so that the “Going Concern” section in its SEC filings is unequivocal: “...the Company’s ability to continue... is in substantial doubt and is dependent on the Company generating cash flows that are adequate to sustain the operations of the business, renewing or extending current financing arrangements, and meeting its obligations with respect to secured and unsecured creditors, none of which is assured.”

Unfortunately, Magna Entertainment cannot survive on its present course. Its current ratio, which measures the company’s capacity to meet its maturing obligations, is dangerously below 1, the bottom-line losses are mounting, the company has a negative cash flow, the debt load is growing, MEC is unprofitable on an EBIDTA (earnings before interest, depreciation, taxes, and amortization) basis, and the faltering economy is not conducive to MEC boosting racetrack handle and selling off properties to reduce the debt burden. In short, the reality is grim and deteriorating rapidly. Compounding the difficulties, the company has repeatedly had destructive turnover in its top management ranks. To be sure, a bright spot for MEC is the likely prospect of getting slot machines for the company’s Laurel Park racetrack in Maryland, but that would not be nearly enough or soon enough to rectify the situation.

Moreover, although MEC did a 1:20 reverse stock split, effective July 22, 2008, in order to get its stock price over \$1 per share and comply with Nasdaq requirements, the share price has again fallen below \$1. Consequently, MEC is in danger of being delisted by Nasdaq, in which case the stock would trade on the Over the Counter Bulletin Board or on the Pink Sheets.

Magna Entertainment has closed down some facilities and has a number of its smaller racetracks up for sale. If MEC could sell one or more of these, it would provide cash to at least mitigate the debt load, but this is a big if in the current economic downturn. Even were MEC to sell all of the properties it has for sale, in the near future, it still might not be viable because it has a negative EBITDA in all of its geographic operations, including California and Florida where its two best-known racetracks are located.

MEC’s dilemma is the result of too fast of growth fueled by too much debt to digest and perhaps of overpaying for acquisitions. The company is de facto bankrupt with no good options left and has destroyed a lot of shareholder wealth.

The judgment here is that most of the MEC racetracks would have a better chance at profitability if they were sold off piecemeal, provided that the new owners bought at a reasonable price (i.e., a price justified by the cash-flow potential) and substituted an equity infusion for debt. Recapitalization would free management of the onerous task of meeting the interest payments on the debt and thereby allow them to make capital improvements, enhance customer service, and devote more resources to sales and marketing.

On their own, the racetracks would also be free of the corporate overhead now allocated to them by MEC. Finally, privately-owned racetracks would not incur the significant costs that come with being a publicly-traded company and all of the associated government-mandated reporting. And owners would not be as vulnerable to shareholder litigation.

Magna Entertainment's founder, Frank Stronach, has a personal story that is both remarkable and inspirational. It is the journey of a young Austrian immigrant to Canada, who rose from being dirt poor to become one of his adopted country's wealthiest and most prominent citizens. Magna International, the auto parts company he started, was the centerpiece of Stronach's rags to riches saga.

Stronach also became one of the luminaries of Thoroughbred horse racing. His farms have bred the winners of most of the sport's premier events, including Breeders' Cup races and the Preakness and the Belmont. What he has tried to do for racing with Magna Entertainment is commendable and entailed a risk that he did not need to take on. But it has not worked as planned.

Like Stronach and all serial entrepreneurs, they inevitably experience their share of failures. For Stronach, the Achilles' heel has been Magna Entertainment, which is not surprising: an entrepreneur's sparkling success in one industry does not mean that the person has gained the acumen to be successful in another industry with vastly different characteristics. The skills and knowledge needed to start, build, and operate an auto-parts industrial company are not the same kinds of competencies required in a retail horse-racing franchise.

The racing industry and its many constituencies have an enormous stake in Magna Entertainment's outcome. The shock waves of an outright MEC failure would reverberate throughout the racing world, particularly if the company's Santa Anita and Gulfstream Park properties were to go the way of commercial and/or residential development in a bankruptcy. A bloodstock business with a shrinking base of racetracks from which to retail and showcase the product is on a precarious trajectory.

Major stakeholders in the horse racing industry need to consider purchasing individual MEC racetracks and retaining the best sports/retail executives they can find to operate them, probably via equity-sharing incentive compensation. Attempts have already been made to buy some of the MEC racetracks, but now that the company's situation is so desperate, negotiations could be more productive.

(Full Disclosure: Bill Shanklin is not a shareholder in Magna Entertainment Corporation and does not have the company's stock shorted.)

Source: *Horse Racing Business*

### **Safety, integrity top '09 racing priorities**

SARATOGA SPRINGS — The state's chief racing regulator wants to reduce equine injuries by developing a better system for reporting such incidents.

New York State Racing and Wagering Board Chairman John Sabini said he's initiated discussions with staff about how to implement such a program.

The system would apply to thoroughbred and harness tracks.

"I want to know what questions we need to be asking to lower an already low number even lower," Sabini said.

New York Racing Association, which runs Saratoga Race Course, Belmont Park and Aqueduct, had one of nation's lowest fatality rates this year among thoroughbred tracks.

Equine safety has become a major issue in the past couple of years following high-profile breakdowns of horses such as Barbaro and Eight Belles, the latter in the 2008 Kentucky Derby.

"The national focus is more and more out of concern for the horse," Sabini said. "We want to be at the forefront of that."

The next stage of that process would be to have permanent traveling medical records that accompany horses wherever they race. Some people in racing have questioned whether older horses should be allowed to continue racing, especially those that have suffered surgically repaired injuries.

Closely related to safety is the issue of racing integrity. A new steroid rule goes into effect Jan. 1 that prohibits all but four such drugs, ones that are for therapeutic purposes only. Only one steroid may be found in a horse at any given time.

These are among the many topics Sabini said he'll be tackling in 2009, his first full year in office. Gov. David Paterson appointed him to the post last June and he took over in August.

One of his highest priorities will be finding ways to maximize racing and gaming revenues for the fiscally troubled state that's facing a more than \$15-billion budget deficit. New York's eight racetrack casinos have reported overall gains this year, despite a troubled economy.

For example, Saratoga Gaming and Raceway had profits of \$10.6 million last month versus \$9.9 million for November 2007, a roughly \$700,000 increase. Earnings, however, were down about \$400,000 from October's \$11 million total.

Sabini said he'll do whatever he can to ensure that racing doesn't take a back seat when Aqueduct Racetrack's new racino comes on line. The Queens track is slated to get 4,500 video lottery terminals, with construction expected to begin early next spring.

While benefiting racing financially, VLT facilities sometimes steer people away from the live racing product. Instead of just going to a track to bet on VLTs, people should also be encouraged to see the races, Sabini has said.

"I am certainly going to push for that," he said.

On another front, Sabini said the Legislature needs to adopt new laws in 2009 to change the takeout formula for New York's six regional Off Track Betting corporations. New York City OTB threatened to cease operations last spring and was eventually taken over by the state.

If adopted, new rules would enable OTB to retain a greater share of profits.

Likewise, Sabini said he looks for increased cooperation between the OTBs and NYRA to reduce duplication of services.

“Right now there are seven tote contracts, five phone (wagering) contracts and four Internet platforms,” he said. “If we just consolidate some how, they’d all have more money.”

Source: *Saratogian*.

### **Gate Scratches Cost HK Jockey Club**

The Hong Kong Jockey Club will have a full debrief with the starting team and stipendiary stewards in the wake of a series of late scratches at the barrier at Sha Tin Jan. 4 that cost the club more than \$HK60 million in refunded bets.

The lion’s share of that money was tied up with Tuscan Spirit, the even-money favorite for the Hung Shui Kiu Handicap. The John Size-trained galloper is known to be difficult in the barrier and "lost it" after being in the stalls too long for his tolerance level.

Tuscan Spirit took a mighty lunge at the gates before the starter pressed the "go" button, with the result that he burst open his gate, unseating jockey Douglas Whyte and with a bloodied nose to show for his efforts.

It took veterinary surgeon Dr Brian Stewart just one glance at the blood streaming from Tuscan Spirit’s nose to realize the favorite could not be allowed to run, the red flag was raised, and the most interesting match race of the day dissolved without trace.

In Tuscan Spirit’s absence, the other main chance Blaze King firmed to start at \$18.50 and was never really in bother once the race actually began, sliding across from his inside barrier (3) to the outside section of the track and scoring comfortably by 1 3/4 lengths from Kindacross. It was Blaze King’s second win in two appearances and the Tony Millard-trained sprinter looks destined for bigger things.

In the same race, Galactic Tactic was a late scratching after panicking behind the barrier while blindfolded. He went straight through a fence, giving Terry Wong Chi-wai a painful blow to the knee in the process, and was promptly withdrawn.

The total refund on bets from race seven was HK\$51,575,464.

In the third event, debutant Keep Going pulled a plate on the way to the start and was deemed lame in the near front leg when arriving at the gates. Once the veterinary surgeon recommended his withdrawal, HK\$3.14 million was returned to players.

In fourth event, a Class Four over 1,200 meters on the all-weather track, Metro Rider flipped over and went down in the gates, hurting rider Alex Lai Hoi-wing. The commotion he caused upset Shaxi Baby, two stalls away. Shaxi Baby got himself into a tangle within the stalls from which he had to be extricated, vetted, and ultimately scratched.

The race four refunds amounted to HK\$6.29 million.

Executive director of racing, Bill Nader, wasn’t about to blame any individual but admitted the bottom line was "terrible."

"I've already had some discussions with (starter) Philip Waldron and (assistant starter) Tony McGovern, and tomorrow (Monday) I'll be talking to them again and possibly other members of the starting team, together with the chief steward (Jamie Stier)," Nader said.

"The starter has an order in which the horses are loaded into the stalls, and it's an order based on their past performances at the starting gates, in both races and barrier trials. Tuscan Spirit was scheduled to be loaded fifth-last as there were four horses classified worse than him in terms of barrier behavior."

Nader foreshadowed that the starting team's future decisions may no longer be completely academic, and may have to take into account some "commercial reality."

"The fact is that this horse does have some barrier issues, but he's also an even-money favorite," Nader continues. "Today, that meant there was around HK\$50 million tied up in him, so his not running in the race makes it a very expensive occurrence from a business standpoint."

"I'd like to get all parties together, get some feedback from the key personnel and see if there isn't something here we can do better."

The Jockey Club reported a HK\$35 million drop in turnover, year on year, and would have been in the position to report a HK\$25 million increase if not for the huge refund bill.

Source: *Bloodhorse*.

## **WILL HORSEPLAYERS AND HORSEMEN FIND COMMON GROUND?**

A recent guest editorial by Fred Pope entitled "Priority 1: Racing's Business Model," brought forth a vigorous discussion among Thoroughbred owners, breeders and horseplayers about revenue splits from simulcasting and the levels of takeout in pari-mutuel wagering. Comments continue to be posted on that article two weeks after its original publication (including a lengthy reply from Pope on Jan. 2), as well as on a follow-up piece I wrote on the subject.

The following analysis on the issue was written by a California-based horseplayer who goes by the pen name "Indulto." He previously wrote a Paulick Report guest commentary on the Breeders' Cup in October and has contributed to other racing-related blogs and web sites. Indulto's views, like those of any guest commentary, do not necessarily represent those of the Paulick Report. – *Ray Paulick*

I heard there was a mugging going on at the Paulick Report recently, but when I got there it looked more like a series of drive-bys.

What is it about Fred Pope that riles up horseplayers? When the Paulick Report offered a second exposure to Pope's agenda in "PRIORITY 1: RACING'S BUSINESS MODEL," it was swamped by responses from horseplayers including multiple comments from several staff members of HANA (Horseplayer's Association of North America).

In pari-mutuel pool participant parlance, it appeared to be an attack of pirHANAs.

As usual, Mr. Pope's crafted arguments are logical, persuasive, and targeted at racehorse owners. The reader who is primarily a horseplayer, however, soon realizes that Pope doesn't acknowledge their existence much less recognize them as having any stake in his new business model for racing despite the fact it involves funding purses with pari-mutuel handle – a breath-taking omission to some. Understandably, a few initial reactions from responding horseplayers were overly negative and/or derisive.

Considering the volume and passion of his opposition, Pope's willingness to engage was laudable, but his live responses to the onslaught were not as convincing as his canned content. One of my objectives in this belated response is to address the concerns of some of racing's customers who are not among the horseplaying elite; in theory, practice or internet participation. Perhaps a chronological presentation of the salient portions of Mr. Pope's defense – with assistance from Ray Paulick — will permit easier reader verification, if desired. The bolding in quoted portions is mine.

Pope's initial reply disparaged most of the industry's customer base.

**“... I value bettors greatly. We have somewhere in the neighborhood of 100,000 handicappers in America and we are losing some every day. They are not being replaced, so time is of the essence. We have about 3 million people who go to tracks each year and have a generally good feeling about racing, but they don't know how to handicap, so betting isn't much fun unless the color they picked wins. ....”**

Who are those “100,000 handicappers” he referred to and where does that figure come from? How many of them are whales and/or professionals, i.e., the tiny minority of players whose huge bankrolls give them the clout to force the industry to effectively lower takeout on their wagers through rebates. This perversion of the pari-mutuel system puts the vast majority of non-rebated bettors at a competitive disadvantage, especially in the exotic wager pools. Takeout is obviously too high, but only the wealthy are eligible for relief. Some of the average player resentment against horsemen today is derived from the horsemen's shutting off signals from tracks they were negotiating with to onshore ADWs, but still allowing them to go to offshore ADWs that service those high-volume players.

Where are the free videos the industry should be generating for internet and on-track viewing to acquaint the novice with the game and the environment before, after, and even while attending the races for the first time?

Mr. Paulick then came to Pope's defense.

**“I didn't interpret in reading Fred Pope's article that the horseplayers don't matter. Of course they matter. But so do the owners who invest a whole lot more than an OTB or a phone betting company, and so do the tracks that have huge investments in bricks and mortar. Horseplayers lose on average 20% of what they bet. Horse owners lose more like 50%. Tracks may be show a minor profit, but not enough to rebuild their infrastructure or invest in the future. Right now, no one seems to be winning.”**

Those percentages are misleading, in my opinion. Without implementing a level playing field from an equine medication standpoint, wouldn't the bulk of any purse increases continue to go to the same owners who currently collect a disproportionate share of purses just as rebated professional bettors cash a disproportionate number of IRS signers?

Apparently emboldened by that support, Pope responded to his detractors in kind.

***“ Now, how some of you got the impression that I am against lowering takeout and don’t care about bettors, is hard to understand. But, I have a wife, so here it is: I apologize honey for not considering your feelings and I promise to never do it again. I was trying to get the front door back on and should have thought about the fact you are feeling a chill.”***

Okay, Mr. Pope. We are a sensitive bunch. We’re watching an industry devoid of leadership and deficient in integrity self-destruct. You aren’t the only one passionate about saving it and seeing it prosper. Concentrating on the unhinged front door while ignoring the broken back door hardly seems a recipe for success. Like a politician whose message changes with his audience, you provide no indication in any of your speeches and articles that bettors should benefit as well as owners.

In his concluding response there, Pope wrote, ***”But, I think most people were not aware the bet takers were getting the lion’s share and now most want to change the IHA to restore live racing. What I would like to hear is from some young folks in marketing about what this change could do for the host tracks and the sport.”***

I would guess that as many people were unaware of who gets the “lion’s share” as were unaware that the playing field is tilted against the non-rebated bettor. Horseplayers prefer ADWs to other bet takers when they provide rebates or access to venues the others do not. In my opinion, enabling residents of all states to wager on-line through the bet taker of choice on races at any venue, would by itself justify modifying the IHA. Establishing a centralized industry authority would be icing on the cake. John Picci once proposed Bill Clinton for Racing Commissioner. Is anyone better prepared to deal with industry politics?

In Paulick’s last response he wrote, ***“What has gone up is the access to exotic wagers (multiple types of exotics on every race, which wasn’t the case 25 years ago). With that increased access to exotics is an increase in the blended takeout, since players invest more in exotics than in lower takeout WPS wagers. Did racing make a mistake in offering too many exotic wagers, or should the higher risk-reward bets have the same takeout as WPS, which most serious players don’t seem to play?”***

Currently the “serious players” dominate the Pick Six wagering pools because the \$2 minimum for each combination effectively bars virtually all but big-bankroll bettors from playing it competitively. Defenders of the current minimum insist that a lower minimum would reduce the number of carryovers and thus the huge payoffs the wager sometimes generates. Perhaps a compromise is warranted. New York offers a lower Pick Six takeout on non-carryover days. Lower minimums on weekends and holidays – and only when there is no carryover — would enable more players to compete in the Pick Six Pool. Allowing on-track patrons to purchase a minimum of say 100 combinations at \$.50 on those days should spur attendance as well as handle.

Shortly thereafter, Paulick followed up with his own summary in “POPE’S UPSIDE-DOWN BUSINESS MODEL PROVES HOT TOPIC.”

***“Comments from horseplayers focused largely on what they believe is an onerous level of takeout,... Not many of the horseplayers who commented seem to have much sympathy for horse***

**owners who spend at least \$2 billion a year on training costs and compete for half that amount in purses.**

**“Many of those horseplayers want to see takeout reduced, especially on exotic bets such as exactas, trifectas, superfectas or multi-race wagers where the takeout often exceeds 25%. Some of them feel ADW companies should get a large enough share of the takeout so they can be profitable and still offer rebates to their best customers.**

“The problem with that, as I see it, is that the stronger position the ADW companies have, the greater a percentage of handle will migrate from on-track business to phone or internet wagering. ... **As handle moves from on-track to ADWs, there is less retained revenue for the tracks and local horsemen to put on the show. Less revenue means lower budgets for marketing, capital improvements and technology advancement for tracks, and less incentive for horse owners to stay in the game.**”

Sympathy on all fronts is obviously in short supply. Maybe I should have changed the title to “Can’t we all get along?” Seriously, owners need to consider reducing costs where practical. Purses aren’t supposed to support extravagance or subsidize bad judgment. Trainer fees, vet bills, stud fees, and sales prices are likely places to start. Why are fees generally greater for high-profile trainers whose “expertise” is funneled through assistants and applied increasingly hands-off across venues and among clients? Are their total earnings to total charges (including vets) ratios always competitive?

Pope added: **“You know, it is hard to have it both ways. You want a better racing product, but the money from a better product is now going to the bet takers who give you a discount. ... Which way do you want it? Do you really want a better product that will grow the sport, or do you want your discount.”**

Actually, we want both. To imply the two are mutually exclusive is also misleading. One problem that players now attribute to owners, as well as tracks, is the degradation in quality of the product. Higher purses aren’t drawing large fields, and graded stakes seldom attract previous winners at the higher levels. There are simply too many races being carded and insufficient cooperative scheduling. The result has been lower demand and thus handle. In fairness, synthetic surfaces may also be a contributing factor in this area.

Pope then rallied back to his original position.

**“So, you guys are contending the growth of claiming races to over 70% is a better racing product?”**

**And, the main reason for racing’s decline is the takeout rate?**

**... I think you will find the people spending \$500 million each year on yearlings want to get back more than the claiming ranks provide. They also want to participate in a sport, not just make a bet.**

So, I’m going to say horseplayers are overpopulating this discussion.

**Thoroughbred racing is the racehorse owners’ game. The track facilities are important partners, but at the end of the day, racehorse owners and breeders will decide the racing product, its distribution, pricing and promotion. From time to time, they need to stand up and fix problems. I think that is exactly what they will do with the IHA.”**

The internet wagering/viewing genie is out of the bottle, and it is the only access for fans too remotely located or too physically infirm to attend live racing. Racing should expand that market with the IHA, not abandon it. As one who follows the sport at its highest level and bets for entertainment, I would prefer to compete on a level playing field for all bettors regardless of bankroll size; just as many horsemen would prefer to compete in an environment with uniform medication policies accompanied by more appropriate penalties for violators.

Pope continued, **"The reason we have the problems in the sport is the lack of owner leadership. We need the basic structure of a major league like the other sports. ... I apologize for jumping in on those who want to discuss takeout, however, I think that issue belongs in another forum. It would not be a part of the IHA.**

**... We spend too much time hiding from the truth. The truth is medication, drugs, animal welfare and the details of the right mix of takeout and customer service are not the basic problem. The basic problem is structure, or more specifically, the lack of it."**

One truth Pope can't hide from is that his plans will have to not only overcome resistance from his fellow horsemen, but also from horseplayers. If nothing else, he must now realize that there are people as determined as he is to put racing back on track, and that they have organized in order to accomplish some of the same objectives. Another truth is that my former colleagues' reactions had prior momentum. I was still working with the founding HANA team when the Pope agenda got its first airing on the Paulick Report in "POPE TO OWNERS: 'IT'S YOUR GAME'." After experiencing a similar reaction to Pope's remarks in that article, I submitted an opinion piece to the HANA Blog, "Horseplayers to Pope: It's Our Game Too." I assume, Mr. Pope either never saw it or felt no response was necessary.

It's probably no coincidence that, in the absence of my daily dissidence, HANA has progressed well beyond a handful of posters at the [www.paceadvantage.com](http://www.paceadvantage.com) Web site to become a corporate entity with now very public officers, a distinguished advisory board, and an internet sign-up membership that has (to the best of my knowledge) quadrupled since Mr. Pope's work initially appeared on the Paulick Report. HANA is now led by its president and principal spokesman, Jeff Platt, who is no less logical and persuasive than Mr. Pope in articulating his organization's concerns and goals. It's clear to me that these two gentlemen should be talking to one another and developing a new business model that both horsemen and horseplayers can support.

Among the many worthwhile player comments focused on ADWs and takeout, there was one that I am certain deserves wider distribution. Poster BombsAwayBob Grant wrote, "The first track in the country offering strong rebates for bettors making wagers AT THEIR TRACK will be the first one to see their bottom line improve. **It will get bettors back to the track, while still allowing full ADW access for their signal.**"

Simulcasting and technology helped create the off-track wagering advantage in terms of cost, convenience, and competitiveness. It's time to reverse that drain by pulling customers back to a future where on-track patrons are viewed and treated as racing's best customers. Hopefully, Hollywood Park will get the message by next April. What have they got to lose?

Source: *The Paulick Report*.

## New York Unveils Steroid-Free Racing

When a 4-year-old filly named Chernobyl Princess crossed the wire in front in Thursday's first race at Aqueduct, she became not just the first winner of a new year but also the first winner of a new era in New York racing. Like all horses in the race, Chernobyl Princess was required to run steroid free.

A new set of racing regulations banning the use of anabolic steroids went into effect Thursday at the state's racetracks, ending a decades-old practice.

Jeff Odintz, the trainer of Chernobyl Princess, said the rules had little effect on him because he had never used steroids with his horses.

"I'm glad they did this because I think it's better for the horses if they don't get them," Odintz said. "I'm not really sure how much this will level the playing field. I've always felt that they are equine athletes and the main thing you needed from them was speed. I didn't see why steroids would be a help."

But other trainers apparently felt differently. Some veteran horsemen said they first saw steroid use in the mid-1960s and noted that steroids helped finicky eaters with their appetites. Though steroids may not necessarily increase speed, they could create a stronger, bigger animal. With no federal or state laws preventing the use of most steroids, most racing jurisdictions permitted them. Steroids were legal in 2008 in the three states holding Triple Crown races.

A 2003 study conducted by Pennsylvania racing officials found that 60 percent of horses racing in that state had been treated with at least one steroid. Pennsylvania later banned steroids, but other states were slow to act.

The anti-steroid movement gained momentum when it was revealed that Big Brown, winner of the Kentucky Derby and the Preakness Stakes, was treated with the drug before the Derby. A public outcry ensued, causing many states to act.

In October, the New York State Racing and Wagering Board announced that steroids would no longer be permitted beginning Jan. 1. Trainers were warned to take their horses off steroids immediately because the drugs can stay in a horse's system for as long as 60 days.

Mike Hushion, a trainer who had his horses on steroids before October, said Thursday that he favored the new rules.

"This was long overdue," said Hushion, who estimated that 25 percent of his stable had been treated with steroids before the ban. "I couldn't believe everyone took so long to get rid of steroids. The sport is lucky there weren't more headlines about this or that people didn't make a bigger deal out of it."

Bruce Levine, among the leading trainers in New York, also favored the ban.

"This is a good idea," he said. "I had stopped using them with most of my horses because they were shipping to states where they were already banned. They help a horse eat a little bit, but I haven't missed them. I just had the best year I've ever had, and I basically did it steroid free. I found out they don't make that much of a difference."

The top three finishers in each race, and any horse that is claimed, receive drug tests in New York. The stewards, at their discretion, can also order a test on any horse.

Starting Thursday, the trainer of any horse that tests positive will be penalized. According to Carmine Donofrio, a steward who represents the New York State Racing and Wagering Board, the penalty for steroid use has yet to be determined. In California, a trainer receiving a positive test for steroids is suspended for 30 days.

Vincent Mazzeo, one of only a handful of fans braving the cold and huddling on the rail after the first race Thursday, said he was unaware that horses were no longer allowed to run on steroids. But he said he welcomed any rules that cut down on drug use.

“They got to get all the drugs out of this game,” he said. “I guess steroids is a good place to start.”

Source: *NY Times*.

### **Betting on New Hampshire's future Fiscal crisis could spur debate on gambling**

PORTSMOUTH — At least two bills aimed at expanding gambling in the state will come before the House and Senate in the upcoming legislative session. And while past efforts have come up short on support, the significant budget shortfall facing the state could cause a change of heart in some lawmakers.

There is agreement among local legislators that building a casino in the North Country — which will be the focus of at least one bill — is not in the best interest of the state. However, the legislators vary widely on whether slot machines should be allowed at state racetracks in an effort to try and make up the projected \$75 million to \$90 million budget shortfall.

Depending on how it is taxed, Millennium Gaming Inc. — which runs three casinos in Nevada — has a plan on the table that could mean \$200 million a year for the state. The company has an option to buy Rockingham Park racetrack in Salem, and is prepared to spend \$450 million to put video lottery machines at the former thoroughbred racing venue.

Within seven months of legislative approval, officials of the Fix It Now New Hampshire Coalition said Millennium could have video lottery machines running in a temporary space at the track.

Gambling supporters have tried repeatedly to expand gambling in New Hampshire, especially during budget crises. Proposals have ranged from allowing gambling at the state's four racetracks to having the state own and operate a facility. The Legislature has consistently rejected video lottery proposals.

For Portsmouth legislators — all Democrats — there are opinions on both sides of the spectrum and everywhere in between.

The argument that expanded gambling will change the New Hampshire way of life is fiction, according to Rep. Paul McEachern, who has supported and continues to support slots.

"I have been and am in favor of slots at the tracks," McEachern said. "The notion that gambling doesn't exist in New Hampshire hasn't been accurate since 1933 when pari-mutuel wagering came to New Hampshire."

In addition, without slots, McEachern said the tracks are doomed to disappear because live racing is no longer profitable. This past week, Hinsdale Greyhound Park filed for bankruptcy after years of falling attendance.

Through the years, Rep. Jim Splaine has strongly opposed any expansion of gambling, even sponsoring legislation that would require the odds of winning to be placed on all lottery tickets and lottery Web sites. Saying that, he is open to the possibility of slots.

"I'm waiting to be persuaded that any video gambling or other proposals at the racetracks would not seduce more of our population into gambling," Splaine said. "However, it is entertainment for some people, and it provides jobs, so I'm willing to take a look at the pros and cons."

Rep. Jackie Cali-Pitts is in the same boat and said she would need to be convinced. "I don't think that gambling is the answer, but I have an open mind on gambling. We are already smoking and gambling (via the lottery) to support education."

Rep. Robin Read said any slot-machine legislation will only receive his support if it includes provisions for adequate regulation and oversight. "I'm open to supporting legislation allowing video gambling only at the state's racetracks as a way to help fund important state services increasingly needed by our citizens in these difficult economic times," he said.

For new Rep. Rich DiPentima, the answer is simple. The potential social ills that could occur to people who are already struggling are enough of a threat to prevent him from voting for any expanded gambling bill.

"I see this as a morally repulsive means to enhance state revenue when other more equitable means are available to us," DiPentima said. "In the long run, the costs of dealing with the problems associated with increased gambling may offset any increased revenue."

Sen. Martha Fuller Clark said she does not differentiate between slots and casinos — neither is the answer in her opinion. "I think that's a false road to go down for New Hampshire," she said. "I believe once gambling comes to New Hampshire, it will only be matter of time until we see pressures to move it beyond the racetracks."

Fuller Clark said she anticipates one casino bill will come through the Senate and one major expanded gambling bill will come through the House. Given the budget crisis, either could see enough support to pass. Gov. John Lynch has repeatedly said he would not support expanding gambling without proof it would not harm the state's quality of life.

Edward Callahan, the Rockingham Park president and general manager, predicted the track's border location would attract 4 million visitors — 70 percent from other states — to gamble and spend money in New Hampshire. He said New Hampshire residents make 1 million trips to other states annually to gamble.

"The amount of revenue is much too significant to ignore," he said. "We need to stop the migration of this revenue to other states."

Source: *Seacoastonline.com and the Associated Press.*

### **Alabama Gov. Bob Riley forms gambling task force**

THE ISSUE: Maybe Gov. Bob Riley's new task force will head off electronic gambling. At the very least, let's hope it brings the battle to a head.

One of the maddening things about the way gambling has expanded in Alabama is how new forms and venues seemed to materialize out of nothing.

Of course, that's not really the way it happened. Gambling grew because those who stood to profit from it tirelessly and brazenly pushed the limits. They met a disjointed and sometimes timid response from authorities; no wonder gambling seemed to be winning.

All that may have changed last week with Gov. Bob Riley's creation of a task force to combat illegal gambling. Riley picked former Jefferson County District Attorney David Barber to lead the effort, with assistance from agents at the Department of Public Safety and the Alcoholic Beverage Control Board.

The group's charge is to help local authorities who are confronting the growth of gambling enterprises. When necessary, the task force itself can investigate and prosecute cases. Barber says he plans to focus on the burgeoning electronic bingo industry that has replaced charity bingo in church basements and VFW halls.

There are big questions about how the task force will work. Attorney General Troy King, who was purposely excluded from Riley's effort, has taken the position that some of the electronic bingo operations are legal extensions of the paper-card variety. The task force is clearly operating under the premise King is wrong.

Ultimately, Barber hopes, the Alabama Supreme Court will settle the dispute. In the meantime, the task force could be in the position of having to go around the state's top law enforcement officer to do its business. Although King says he won't interfere with the task force's work, complications still could arise.

All the same, it's hard to quibble with the attempt.

The very existence of the task force could serve as a check on gambling's expansion. And a check is badly needed: Although the state's constitution prohibits gambling, virtual casinos are operating in a growing number of Alabama counties.

Dog tracks in Macon and Greene counties have them. The track in Birmingham is planning a new form of slot-machine-like gambling called "Instant Racing." Charity bingo has given rise to Vegas-like venues in Walker County, and others are sliding down that slippery slope.

The task force's hope is that one of these places will lend itself to a suitable court case which will generate a clear legal ruling on what is and isn't permissible in this state.

Barber is a good choice to lead the effort. His cautious approach to the Internet sweepstakes operation launched a few years back at the Birmingham Race Course at first frustrated gambling opponents, but in the end, it was Barber's appeal that generated the court decision striking down the sweepstakes operation in no uncertain terms. Barber now hopes to achieve similar clarity in the charity bingo arena.

That would be a gift to Alabamians who, when last given a chance to vote on gambling, said no. In the decade since the state lottery vote, the forces of gambling have not come close to retreating. Then again, up until now, they've really had no reason to.

This newspaper's hope is that Riley's new task force will head off the growth of gambling in Alabama. At the very least, the task force can bring the battle to a head.

Source: *Birmingham News* (editorial).

### **Bet on it: New push for sports gambling Under new governor, chances of legalization could improve**

By *GINGER GIBSON and SEAN O'SULLIVAN*  
*The News Journal*

The chances for sports betting to be legalized in Delaware should improve when Gov. Ruth Ann Minner leaves office on Jan. 20, lawmakers say.

That's because the fight to add it to the state's gambling scene hit a snag when Minner announced in 2007 that she would veto any legislation to legalize it.

With a new administration set to take office, House Speaker Bob Gilligan, D-Sherwood Park, believes betting could be approved this legislative session, though it's unclear how it could help ease the state's expected \$560 million budget shortfall.

"If we're going to do it, we're going to do it quickly," Gilligan said.

Many interviewed around Wilmington's Trolley Square Saturday said the state might as well legalize sports betting because the state already has taken the plunge with slot machines.

"Why not?" asked Ed Wolkind, 63, of Wilmington as he sat at the bar in Kid Sheleen's, football and basketball playing on the televisions around him. "It is a free country, we should have the option."

He said he expects it would bring in money, if for no other reason than it is something novel. "Let's try it," he said.

The previous version of the legislation to legalize sports betting -- House Bill 190 -- died in Sen. Nancy Cook's Finance Committee after it was approved in the House.

But Senate Speaker Pro Tempore Thurman Adams, D-Bridgeville, who decides which committees hear bills, said earlier this year that he expects it will get a Senate hearing, signaling the clearing of another hurdle.

One of the last obstacles is winning the approval of Gov.-elect Jack Markell, who takes office on Jan. 20 and remains undecided about the effort.

"I need to understand the costs and the benefits," Markell said. "It's something that I'll consider."

House Minority Leader Richard Cathcart, R-Middletown, said he expects the bill to be considered in the Legislature, but is unsure about passage.

"Gov. Minner will no longer be around and the threat of veto she hung over the Legislature's head is no longer going to be there," Cathcart said.

Larry Pelegrin, 64, of Wilmington, who was making a run to an ATM in Trolley Square Saturday, said the state should "absolutely" approve the measure.

He said Delaware already "cleared the moral hurdle" regarding gambling by legalizing slots and the lottery.

Sports betting "is an opportunity," he said, and is likely to bring in more money. "In these times, it is something you can't ignore."

Jesse Will, 25, of Wilmington said it is not as if people don't gamble on sports; it is just done illegally right now and the state can't touch that revenue.

"I don't see too much harm," added Joel Marcus, 38, of Newark. "And maybe if you legalize it and regulate it, you take some of the criminal element out of it."

Michelle Cooper, 26, and several friends who said they were headed to Delaware Park Saturday, fully supported adding sports betting and table games.

"Bring it on," said one.

"I won't have to go to a bookie and be worried he'll break my legs," said Chris Baker, 33, of Wilmington.

Back at Kid Sheleen's, a man who did not want to give his name said it seemed like a bad idea given the current economy. "It will push people further into debt," he said.

### **Economic result in dispute**

Despite its improved chance for passage, sports betting won't solve the state's fiscal problems, lawmakers and other officials said. Even if it generates revenue, it will take months to set up before it starts to produce returns.

Sen. Patricia Blevins, D-Elsmere, said she hasn't seen a large push to get sports betting approved because most lawmakers have been occupied with the budget.

"I don't know that it's a huge revenue producer, but I might be able to be convinced," she said.

UD economics professors James Butkiewicz and Bill Latham released a report last summer that said a sports lottery would give the state an additional \$1 million to \$3.3 million per year.

Their findings disagree with The Governor's Task Force Report, which said sports betting would add \$22.5 million to \$30.6 million to state revenues in the first year alone.

They also dispute a report released by the state's gaming industry that said sports betting could bring in as much as \$71 million.

Some national gaming experts said Delaware should approve sports betting if for no other reason than upping the state's "attraction factor" to gamblers.

Sports betting is the state's "ace in the hole" because Delaware is grandfathered under a national law preventing that kind of wagering, so Maryland and Pennsylvania can't offer it, said Roger Gros of the trade publication Global Gaming Business in 2004.

It gives people a reason to drive past nearby casinos to your casinos, he said.

### **Impact from Md. uncertain**

David Gregor, an analyst with the state's Finance office, said revenue estimates for gambling -- including slots, the lottery and racetracks -- are declining in short- and long-term estimates made by the Delaware Economic and Financial Advisory Council, or DEFAC.

Gregor said his office has done no additional estimates on what kind of revenue sports betting could produce.

Until the legislation is actually signed into law, DEFAC won't include sports betting in its estimates, Gregor said.

DEFAC dropped the gambling revenue estimate for the current fiscal year three times because of the sagging economy, he said. The amount of play at state casinos in November was down 5.8 percent compared to last year.

The long-term estimates are even lower, Gregor said, because the state estimates about \$70 million will be lost when Maryland institutes its recently approved slot machines.

Maryland also provides a tricky variable in estimating gambling revenues, he said, because there is no way to tell when they'll be up and running. The most conservative estimates have the new slots impacting Delaware in late 2010.

"When Pennsylvania did it, we thought we were fairly smart but maybe a little conservative on the timetable," Gregor said. "They surprised us and they took forever to get up and running."

State Rep. Greg Lavelle, R-Sharples, said sports betting may gain some support if it's pitched as a way to increase competition since Maryland's approval of slots.

He also said he's not philosophically opposed to allowing more gambling in the state.

"You can't be a little pregnant. You gamble or you don't," Lavelle said, adding he wouldn't be opposed to adding table games to casinos.

When trying to estimate how much money sports betting could bring to the state, forecasters also have to consider whether new sports bettors also will be inclined to play the slots.

Sports betting also will require participants to make a double bet, wagering on the game's outcome and a more random variable, such as yardage in football or walked runners in baseball.

"There is a strange quirk that people have to make a double bet," Gilligan said.

Source: *Delawareonline.com*

### **Ocean Downs dispute halts betting**

BERLIN -- A contract dispute between Ocean Downs Racetrack and local horsemen has halted simulcast wagering, and closed the practice facilities to trainers until an agreement can be reached.

The Cloverleaf Standardbred Owners' Association, which represents the track's trainers and owners, withdrew its permission for the broadcasts after Ocean Downs' managers made a last-minute change to their 2009 contract that would permanently close year-round stabling and training facilities, known as the backstretch, as of Aug. 31, according to interviews with racetrack officials and Cloverleaf members.

Under the Interstate Horse Racing Act, racetracks need consent from local horsemen to simulcast races. Until an agreement is negotiated between the two parties, the only off-season revenue generator for Ocean Downs and The Cambridge Turf Club, facilities will be shut down, causing yet more problems for the already economically troubled racetrack, said Chief Operating Officer William Fasy.

"Basically, it's closing down the business," Fasy said.

But while the racetrack says it needs simulcasting to make money during the winter, local horsemen say they will not allow the broadcasting to return until the Aug. 31 deadline to close the stables is changed, giving trainers and owners more time to find new homes for the more than 100 horses currently kept in the facility.

"Closing the backstretch will, in effect, put some people out of business forever," said Tom Cook, president of the owners' association. "They have no alternative. They have nowhere else to keep the horses, nowhere else to train them."

Each year, the racetrack and owners association negotiates a contract dictating, among other things, the dates live racing will take place as well as rent for using barns and stables. Discussions for the 2009 contract began in early summer so more time could be spent by both groups lobbying for the slots referendum in November, Cook said.

"The bulk of that work was completed in June," he said. "So we believed in good faith that we completed all of the negotiations for our renewal."

However, the contract, which needed to be completed by Dec. 31, wasn't signed. On Monday, lawyers for Ocean Downs informed the horsemen that the track would not consent without the condition that the backstretch close.

"They want to reopen what we believe we had as an agreement, in the 23rd hour, and we thought that was grossly inappropriate," Cook said.

In response, the owners' association pulled its consent for simulcasting.

Fasy said closing the backstretch has been under discussion since owner William Rickman took over the facility in 2000. Closing the stables is a money-saving measure and potentially a precursor to construction associated with slots, he said.

"There are some open items that with the downturn of the economic status of the racetrack in the past three months, that we wanted some concessions on," Fasy said. "The racetrack is losing more money than it ever has, and the economic downturn is a major factor."

Not all racetracks have stabling facilities. Horsemen at Ocean Downs pay \$100 a month to rent a stable for each horse in the backstretch, but even with more than 100 horses kept there year-round, the facility barely breaks even, Cook said.

When trainers arrived at Ocean Downs on Thursday to run their horses -- many of which are currently competing in New Jersey and Delaware -- they found the main and practice tracks locked and were told the police would be called if they attempted to use either.

"We are not really able to get the horses out of the barn," said Jerry Nock, who keeps seven horses in the backstretch. "The only thing we can really do right now is feed them."

Many trainers who spent the fall lobbying to get slots in Maryland and at Ocean Downs feel betrayed that the track is taking away the stabling facilities so suddenly, Nock said.

Fasy said the racetrack offered to extend the current contract until August so both parties would have time to reach an agreement, but the horsemen refused. For now, while the horsemen are not allowed access to the training facilities and the racetrack cannot simulcast, the two parties are in a stalemate. However, Fasy said both sides should come to an agreement soon, and expects there to be a racing season in the summer of 2009.

Source: *Delmarvanow.com*

### **Pari-mutuels see financial hope in poker Businesses say they can't survive on horse bets alone.**

There was a time when betting on a horse was enough.

You slid a \$2 bill across the counter to the cashier at a racetrack and two minutes later you'd either collect on your bet or tear the ticket in half and let it fall under foot. Twenty minutes later with the next horse race, another procession would head to the betting window, and the process would repeat itself.

But now, about 90 percent of horse racing bets are made away from the track at pari-mutuel facilities like the one at the Ocala Breeders' Sales Co., and they are scrambling to stay afloat in today's economy

The majority of Florida's pari-mutuel facilities no longer consider their live sporting events such as dog racing or jai alai enough of an attraction to pay the bills.

Of the 27 pari-mutuel facilities and racetracks throughout Florida, 21 now offer card rooms to try and entice people through the doors. But it's uncertain whether card rooms will be enough and some predict that unless betting facilities get help in the form of lower taxes on their revenues or are allowed slot machines, many will close their doors.

"We're sinking right now," said Bill Liberty, the manager of OBS's pari-mutuel facility. "We're down 22 percent."

"We were set up to service the thoroughbred industry here. And it was profitable, but there comes a point in time if it starts losing money, business sense has to prevail."

The facility is making enough now to keep going, but Liberty says he couldn't bet whether he will be able to say that a few years from now.

"It (betting and revenues) have gone down a lot," he said. "Always in bad times gambling flourished, but not this time."

Two years ago, OBS's pari-mutuel facility handled \$30 million in bets, with the vast majority going to the racetracks where the races were held, Liberty said. In 2007, that dropped to \$28 million.

As for 2008, "I'd be happy to make \$26 million," Liberty said.

After expenses, the facility's profits are in the low six figures, according to Liberty.

Other facilities taking bets on horse racing are seeing a similar trend. Wagering on U.S. races in November was down nearly 10 percent, according to Equibase Company. Some racetracks are showing even greater declines.

Ocala Poker and Jai-Alai, which began as a jai alai facility with horse race betting, now looks to poker for its future. Horse racing has taken a back seat, said the facility's manager Brian Mathews.

"We're a card room first," he said, adding that most of his patrons come to play cards rather than study racing forms.

And if Mathews had to rely only on horse racing, "I don't think we could exist," he said.

The data collected by the Florida Department of Professional Regulation shows how pari-mutuels are flocking to something other than their live sporting events and simulcast betting.

In fiscal year 2006-07, wagering on jai alai, greyhound racing, horse racing and card rooms in Florida was \$1.6 billion. Of that, gross receipts from card rooms was \$44 million, or 3 percent. The handle

from live sports betting includes the amount that still has to be distributed to purses and winning betters.

In 2008, wagering in Florida dropped to \$1.4 billion, but receipts from card rooms climbed to more than 6 percent of revenues.

Beginning June 2008, the trend appeared to continue.

Since the summer, Florida gambling facilities reported \$368 million in wagers. Card rooms accounted for nearly 9 percent of that money.

And even though card rooms are making up a bigger portion of the wagering dollar, Steve Geller, gaming advocate and former Florida Senate minority leader, said the real issue is that betting is down and pari-mutuel facilities need help.

One cure to help stop the financial slide could be slot machines, in addition to cards, Geller said.

Geller said OBS's situation isn't unique. OBS's pari-mutuel facility is an example of what happens when betting is restricted to only horses.

Card rooms are only allowed at facilities that already hold live sporting events. OBS does not.

But Geller predicts card rooms are not the answer and without lawmakers allowing slot machines for pari-mutuel facilities, "it's doubtful that pari-mutuels can stay in business."

"And I don't need to tell you what would happen if the industry disappeared," he said.

Currently, only three facilities have slot machines and Florida law restricts them to Broward and Miami-Dade counties.

Voters approved slot machines at race tracks in Miami-Dade in 2008, but none yet have started using them. Broward County has had slot machines since 2006.

The three racetrack casinos in Broward that operate slot machines are Gulfstream Park (whose casino area opened in late 2006), Pompano Park (whose casino area opened in mid-2007), and Mardi Gras Racetrack and Gaming Complex (whose casino area opened in early 2007).

Geller has proposed cutting Florida's tax share of slot machine revenues and wants to allow any pari-mutuel facility that wants slots to be allowed to operate them, as long as the county they are in agrees. Florida currently collects 50 percent of slot machine net revenues. But racetrack casinos must also use their remaining slot revenues to pay for incentive programs for horse racing and any other local taxes. Geller said that all told, racetrack casinos generally keep only about 35 percent of their slot machine revenues.

Geller's proposals have made their way through the Florida Senate, but never made any headway in the House. He said that none of the changes in the law that he's proposed are likely.

Meanwhile, racetrack casinos in Florida paid nearly \$124 million this past fiscal year in slot machine revenues to the state, according to Florida Department of Business and Professional Regulation. Indian casinos in Florida do not pay taxes on their slot machine revenues or card rooms.

Geller thinks if slot machines were allowed in counties with pari-mutuel facilities that wanted them, Florida could raise at least \$500 million in taxes annually from the machines.

One of the major reasons pari-mutuels even still hold live sporting events, such as dog racing and jai alai, is because it's required to get a card room license and any chance that one day they'll be allowed slot machines, Geller said.

Richard Hancock, executive director of the Florida Thoroughbred and Breeders Association also predicts some greyhound tracks and jai alai frontons "won't be around much longer."

Hancock also doubts whether lawmakers will allow slot machines in more counties and almost certainly not at pari-mutuel facilities outside racetracks.

"You've got to have a pari-mutuel owner that is invested in dog racing and horse racing and that's their passion," he said.

The trend in card rooms shows that it's popularity is growing and lawmakers are responding, allowing the nature of pari-mutuels to change.

Florida lawmakers first allowed pari-mutuel facilities card rooms in 1996, but with minimal \$10 pot limits.

In 2003, the law was amended to allow for as much as \$2 bets and three raises. Three years later, the law was again changed to allow \$5 bets and three raises.

Alexis Antonacci, spokeswoman for the Department of Business and Professional Regulation, said her office has seen the interest in poker only increase, along with its popularity on television.

But former House Speaker Marco Rubio, R-West Miami, opposes expansion of gambling and filed the lawsuit that stopped an agreement between the Seminole Indians and Florida over slots and blackjack, complaining it served to expand gambling.

In a letter to Gov. Charlie Crist, Rubio and his leading lieutenants wrote last year, "because of our opposition to the expansion of gambling, we believe that the pursuit of increased revenue for the state should be of secondary importance in Florida's negotiations with the (Seminole) tribe."

He wrote, "For us, money is not and never will be the primary consideration."

Rubio's successor, Ray Sansom, R-Destin, has also been an opponent of more gaming. As recently as September, he has worked to shut down the Seminole Tribe's table games and slots.

Meanwhile, Liberty says he'll just keep hoping business picks up.

Liberty said if the law allowed pari-mutuels without live sporting meets to have card rooms, he'd be the first to open a card room to survive.

Source: *Ocala.com*

### **Horse racing must remedy past mistakes to survive 2009**

In Greece in 1923, the day after the 15th of February was the first of March.

Thursday felt something like that, or like I imagine that awkward moment to have been when the last country in Europe to adopt the Gregorian calendar adjusted suddenly to its arithmetic — an abrupt shift, a relieved sigh and then a deep breath marking the inhalation of fresh air and possibilities.

Thursday, of course, really didn't differ much from the day that preceded it. Thursday was just 31 seconds longer, but it felt so much more spacious, didn't it, with all the broken furniture of 2008 removed to the curbside.

A horrible year for almost everybody, 2008 was especially wretched for horse racing. The mistakes of many seasons finally caught up with the sport, as another set of blunders, equally abundant, finally caught up with the economy.

Just when horse racing seemed ready to address problems it had neglected far too long — issues such as safety and medication and inconsistencies in rules and penalties — it found itself in the middle of a blamestorm. Every opportunist in need of a soapbox stepped forward to sell his plan, his book, his surface, his organization, his agenda or himself.

Bill Curtis could have found displays of self-righteousness everywhere, like the Internet. Congress, of course, recognized the opportunity and put on some theater of its own.

And in 2008, with its usual sharpshooting style, the sport took aim and shot itself in the foot. Again. Magna Entertainment transformed Gulfstream Park into a cruise ship. Regulators couldn't distinguish between no tolerance and no intelligence. Horsemen and racetracks argued over account wagering revenue, even while it disappeared.

The sport's championships went plastic. Tenaciously oblivious, owners and breeders reneged on their responsibilities to racing and retired horses who aren't even full-grown.

In Texas, purses continued to shrink. And horsemen rushed to leave, taking their horses with them and going to neighboring states, where racetracks have off-track betting and account wagering and other gaming to augment purses.

For horse racing, it was by far the worst year in memory, and it left some wondering if the sport can survive. But all that went to the curb Wednesday. Sigh.

And with an inhalation of fresh possibilities and air, the sport should be guardedly, even if desperately, optimistic for 2009. Yes, the year just ended was wretched, but the sport finally admitted that most of its problems were self-made. And with that comes the realization that horse racing must

change; and with that, it's hoped, there comes a fresh awareness that it must change in ways that acknowledge its responsibility to fans and bettors.

This year, steroids will be out of racing, and the sport will move more closely toward some intelligent and uniform regulation of therapeutic medication. Safety will continue to be a priority, even if synthetic racetracks may not be the answer.

The business model will change simply because it will have to, and the leadership will change simply to fill a void. With stallion fees and sales prices falling like autumn leaves, a few of the sport's stars might actually stay on the track for a while.

And in Texas, where the Farm Bureau has adopted a new policy in support of the horse industry, the sport finally could be moving in a positive direction, and with all its players together. Deep breath.

Thursday was a little longer than the day before, but in that 31 seconds there was a world of difference.

Source: *Dallas Star Telegram*.

### **Churchill reaches accord with horsemen**

Churchill Downs Inc. has reached a revenue sharing agreement with the Kentucky Horsemen's Benevolent and Protective Association and the Kentucky Thoroughbred Association that will allow Churchill Downs to distribute its live racing signal to national advance-deposit wagering platforms during the spring meet.

Financial terms of the agreement were not disclosed.

"We are pleased to have reached a mutually acceptable resolution with Kentucky horsemen on this issue," Steve Sexton, executive vice president of Churchill Downs Inc. and president of Churchill Downs racetrack, said in a news release.

"We believe the agreement will bring great benefits to our horsemen and will promote Kentucky racing throughout the country," KHBPA president Rick Hiles said in the release.

Over the past year, Churchill has been at odds with horsemen's groups in Kentucky, Florida and Louisiana over the amount of revenue the horsemen should receive from bets made on races at its tracks through advance-deposit wagering Web sites such as [www.twinspires.com](http://www.twinspires.com).

Louisville-based Churchill (NASDAQ: CHDN) announced in November that it reached an agreement with horsemen in Louisiana in advance of the meet at Fair Grounds Race Course & Slots in New Orleans.

The battle with Kentucky horsemen has been brewing since last spring, when the horsemen blocked the signal to ADW sites for all spring meet races, except the Kentucky Oaks, the Woodford Reserve Turf Classic and the Kentucky Derby.

On May 14, Churchill filed a lawsuit in U.S. District Court for the Western District of Kentucky in Louisville against the KHBPA, the Kentucky Thoroughbred Association and officers for each of the organizations.

In the lawsuit, which remains unresolved, Churchill Downs alleges that the KHBPA and the KTA violated the Sherman Antitrust Act by blocking the distribution of Churchill Downs' simulcast signal to the ADWs.

Wednesday's agreement covered only the spring meet, and it remains unclear whether the two sides will reach a permanent settlement before the court case advances.

Churchill Downs' 52-day spring meet will open Saturday, April 25.

Source: *Business First of Louisville*.

### **TVG signs two-year agreement with NYRA**

Television Games Network reached an agreement Friday with the New York Racing Association on a two-year television and account-wagering contract.

The contract, which will allow TVG to broadcast and accept wagers on races at Aqueduct, Belmont Park, and Saratoga Race Course, was approved by the New York Racing and Wagering Board.

NYRA racing will return to TVG programming on Saturday.

"Our customers will continue to enjoy racing action from Aqueduct, Belmont, and Saratoga for a number of years," TVG President David Nathanson said. "We expect regulatory approval shortly, which will enable us to make Aqueduct races available for television and wagering purposes."

Friday's agreement came one day after NYRA President Charles Hayward said they were unable to reach a simulcast agreement for 2009 with TVG.

Source: *Thoroughbred Times*.

### **NYRA opposes new rule on cashing winning tickets**

The New York Racing Association said a new rule puts unreasonable restrictions on customers who do not immediately cash winning tickets.

Effective for 2009, the New York State Racing and Wagering Board will put new restrictions on players who do not cash tickets of \$300 or more within ten days. The restrictions will require such tickets be cashed at specific designated pari-mutuel windows in which the name, home address, date of birth, and social security number of the patron can be verified.

The new rule begins Thursday. Previously, winning tickets could be cashed at any window within a year of purchase, although tickets that require tax information—typically winners at odds of 300-to-1

or more—are forced to use specific windows. NYRA said no other track requires a similar policy of players.

“The New York Racing Association is the industry leader in integrity based on its anti-money laundering policies, its race day security barns, and its refusal to do business with unregulated offshore rebate shops,” NYRA President Charles Hayward said. “However, this rule is not about integrity; it is further inconveniencing the customer who is fortunate enough to have placed a winning wager.

“No other state in the country punishes its customers for holding on to a winning ticket for more than 10 days. Given the current state of the industry and the economy in general, this new ruling could not have come at a worse time.”

The rule will allow such tickets to be cashed by mail as long as the required information is provided and the pari-mutuel outlet maintains such a service.

The rule also calls for the pari-mutuel manager to provide, upon request by the racing and wagering board, a list of the outstanding pari-mutuel tickets cashed the previous day, each outstanding ticket or a photocopy of that ticket, and the required player information.

Source: *Thoroughbred Times*.

### **Players concerned about betting accounts after Hinsdale case**

Horseplayers throughout the country are re-evaluating account deposit wagering after a bankruptcy put nearly a half-million dollars in bettors' money at risk.

On December 15, the Hinsdale Greyhound Racing Association filed for bankruptcy. The track, which also operated a Thoroughbred racing rebate shop, listed hundreds of ADW players as creditors. Now nearly \$500,000 in player accounts will be tied up in the Chapter 7 bankruptcy case and the players involved expect to get back 40 cents or less on the dollar.

Horseplayers are upset. On horseplayer site [paceadvantage.com](http://paceadvantage.com)'s forum, some players said they have closed accounts and others plan to keep less money in accounts.

Wayne Crimi, of Queens, New York, keeps small amounts of money at several different ADWs to spread any risk. He thinks the Hinsdale fallout will hurt ADW sites' and rebate shops' efforts to attract big bettors.

“In order to attract high-volume players, at a minimum, the players have to be certain that the only risks they are taking are related to their betting,” Crimi said. “If there are incremental risks that the ADW or rebate shop could go bankrupt--and their funds are not kept separate and protected, or they could have their money confiscated--it becomes foolish to keep large sums of money at any of these places.”

Crimi's concern is warranted. Confiscation by law enforcement officials, failure of tracks to pay winnings to ADW outlets in a timely manner, and apparent dipping into player accounts for operating expenses are all problems that can endanger player accounts.

Last year, federal officials confiscated \$1.5-million from Youbet.com's offshore rebate shop International Racing Group as part of an investigation.

In the Hinsdale case, the outlet is owed about \$200,000 from racetracks that have not yet paid off winnings. Hinsdale bankruptcy lawyers expect that money to be paid. This follows the 2006 New York Racing Association bankruptcy when the track owner listed ADW sites as creditors. The ADW sites were owed winnings from NYRA races.

The \$200,000 does not account for the nearly \$500,000 owed players at Hinsdale, which suggests the track may have used player account money to pay operating expenses.

Jeff Platt, President of Horseplayers Association of North America, advises players to keep only enough money in such accounts that they can afford to lose.

"As a player, I understand that it's a risk anytime I give someone money," Platt said. "These are not banks. They are not [Federal Deposit Insurance Corp.] insured."

Platt once had to wait months to receive \$44,000 he had at Neteller during a federal crackdown on Internet wagering. He eventually received his money from the well-established payment service. Platt said about two weeks worth of wagers should suffice for most player accounts.

"If you are a big bettor or professional horseplayer, I'd advise you take time to really investigate the company you're dealing with," Platt said, explaining that such players could visit the outlet, meet with company officials, and check to see what regulation is in place and how much their accounts are protected. Platt would prefer to see players take the precautions rather than regulators.

Platt said the cost of new regulations would likely be passed on to players, who might see reductions in rebates and service and an increase in fees.

On December 31, John M. Sullivan, a lawyer handling the Hinsdale bankruptcy case, said Hinsdale players should expect to receive tax information in mid-January.

Source: *Thoroughbred Times*.

### **Horseman's firm loses billions in scam**

#### **Owner of Stonebridge Farm's firm out \$7.5B in Madoff investments**

SARATOGA — A hedge fund investor who poured millions into Saratoga's equine economy has abruptly stopped all new construction on his huge horse farm and wants to sell his thoroughbreds after losing some \$7.5 billion in the Bernard Madoff scandal.

Jeffrey Tucker, the founding partner of Fairfield Greenwich Group, bought Stonebridge Farm in Schuylerville in 2004, and has since built New York's first track with a synthetic racing surface and indoor arena on the 188-acre farm. Tucker, 62, owns and cares for about 50 thoroughbreds on the site, considered one of horse racing's premier training facilities, and recently purchased a 230-acre satellite farm in Gansevoort.

But two weeks ago, his Connecticut-based investment firm said it had lost \$7.5 billion — apparently more than anyone — in the Madoff scandal, which is being called the biggest Wall Street scam ever perpetrated.

Authorities allege Madoff, a former Nasdaq stock market chairman, created a classic Ponzi scheme with investors' money in which he defrauded clients out of potentially \$50 billion. About a dozen international customers of Fairfield Greenwich are preparing legal action against the company and its founders — Tucker, Walter Noel and Andres Piedrahita — claiming they failed to watch after their investments after "feeding" them to Madoff.

The losses have caused all construction on Tucker's vast farm to grind to a halt, and the properties' manager says Tucker will soon sell his horses. "It's going to be tough financial times," manager Dennis Brida said in an interview this week.

He said that rumors about the farm closing and laying off its 50 employees are false. But Tucker plans to carefully evaluate the farm and make necessary changes, Brida said, including unloading his 20 to 25 horses, some of which ran at Saratoga Race Course, in the coming months.

Tucker, a Manhattan resident, has worked in the finance industry for most of his life. He likes to spend weekends in a home he built on Stonebridge Farm because he loves horses, those who know him say.

Tucker serves on the board of Equine Advocates of Chatham, and has hosted multiple celebrity galas on his farm to raise money for the charity. He is chairman of Empire Racing Associates.

"He's the nicest man walking God's green Earth," said developer Sonny Bonacio, who helped build Stonebridge, but recently was asked to cease work on a barn.

"He asked us to hit the brakes until he figures out what his long-term plan is," Bonacio said. "It's such a shame what happened."

Tucker did not respond to a request for an interview. In a Dec. 16 letter to investors, Fairfield Greenwich Group reported that it had invested approximately \$7.5 billion of its \$14.1 billion in assets with Bernard L. Madoff Investment Securities.

"We are seeking to gather all facts, work diligently with counsel to determine the appropriate course of action toward recovery, and stand ready to assist the authorities with their investigation," the company statement said.

It was Tucker who introduced the firm to Madoff in 1989, according to The Wall Street Journal. The fund that Fairfield Greenwich set up through Madoff had lost money in only 13 months over 15 years, the newspaper reported.

Fairfield Greenwich made money by charging its clients a 1.5 percent management fee plus 20 percent of the fund's profit, said Jacob Zamansky, a New York City attorney who represents clients who he says lost more than \$50 million with Fairfield Greenwich. A lawsuit against the company would be filed in a few weeks, he said.

"Many people were unaware that Fairfield was invested in Madoff, and they assumed based on documents presented to them that it was doing proper diligence," Zamansky said. "Clearly, they didn't live up to their responsibilities."

If investors' money was used to buy Tucker's horse farms and a court decides against Fairfield Greenwich and Tucker in the case, the farms could be sold to satisfy the judgments, Zamansky said.

Such a development would be a blow to the area economy, said Bill Peck, supervisor of Northumberland, where Tucker's Gansevoort farm is located.

Everything at Stonebridge is "top shelf," Peck said, and Tucker tried to buy and hire local.

If Tucker cannot sustain the farm as is, there's hope at least one of the properties could be remade into a commercial operation.

"It's in a great location in a really great racing community," Brida said. "It will still thrive."

Source: *Albany Times Union*.

### **End of ban signals return to normal**

The Louisiana State Racing Commission's decision Monday night to lift a shipping ban at Fair Grounds means an outbreak of the equine herpesvirus there could cause only a ripple at the track's ongoing meet, rather than crashing over it.

A Dallas Stewart-trained horse fell ill last week and was diagnosed with equine herpesvirus on Dec. 24 after being sent to a Kentucky clinic. By the weekend, the racing commission had decided that no Fair Grounds-based horses could leave the track and no horses could ship in to race and depart again. That decision was the main reason a total of 77 horses were scratched on the Sunday and Monday racing programs, but the change of policy Monday night allowed ship-ins again when racing resumed with a rare Wednesday card. There were 22 off-site horses among the 103 entered for Wednesday's 10 races that would have been scratched had the ban held. That's fewer ship-ins than usual, and entries probably were down because of the fluidity of the situation.

The lifting of the shipping ban came despite the fact that tests performed Friday on all the other horses stabled in the affected barn - including those trained by Stewart and Neil Howard - revealed five more positives for equine herpesvirus. None of those horses, all trained by Stewart, have shown herpes symptoms, which can include fever, upper-respiratory distress, and neurological problems. All five were removed from the Fair Grounds backstretch Tuesday and will be quarantined at a local stable for at least three weeks.

Two types of tests - a nasal swab and a blood test - were administered, according to Dr. Tom David, the racing commission's veterinary director. Of the five positive tests, two came from the nasal swab, one result was listed only as suspicious, and two showed up in blood tests. David said the blood-test positives suggested the virus recently had been active in the horses' systems. A small percentage of the equine population will generate positive results in the nasal-swab test because they carry a latent strain of the virus that is unlikely to be transmitted to other animals.

A second round of tests will be performed on all the Stewart- and Howard-trained horses. Meanwhile, those horses remain under quarantine and cannot train with the general horse population or be entered to race. For the owners and trainers of these animals, the Fair Grounds herpes situation is an ongoing problem. For everyone else at the track, the hope is now for a return to business as usual.

Source: *Daily Racing Form*.

### **Ochrym named to N.Y. Racing and Wagering Board**

Ronald G. Ochrym took over as executive director of the New York State Racing and Wagering Board on Monday following reports that his predecessor incorrectly gained retirement credits from two different state agencies.

Ochrym, who lives in southern Saratoga County, replaces John Cansdale, who will stay with the board as a special advisor.

Board officials said the move is not related to an audit report released on Monday by state Comptroller Thomas DiNapoli that said Cansdale obtained undue retirement credits by being listed as a full-time employee by the racing board and the Olympic Regional Development Authority (ORDA) in Lake Placid.

However, the audit said that Cansdale, an attorney, did work for ORDA from his racing board office in Schenectady, where his executive director's post came with a \$146,699 salary.

ORDA had retained Cansdale as its general counsel. A second audit, due out in several weeks, is under way to determine if Cansdale performed such duties while on racing board time.

"It's an issue if he wasn't taking personal time," said Emily DeSantis, a comptroller's spokeswoman.

"The Racing and Wagering Board is reviewing the comptroller's information and we are giving our complete cooperation to the inquiry," spokesman Joseph Mahoney said. "If any of our procedures were violated, we will take corrective action."

As special advisor, Cansdale will take a pay cut to \$109,856, while Ochrym will start out at \$135,000 per year.

The executive director is responsible for overseeing daily operations of board staff. The job does not have regulatory or decision-making powers. That responsibility rests with the three-member board that consists of Chairman John Sabini and two members, John Simoni and Daniel Hogan. The chairman is paid \$120,800 and members get \$101,600 each.

Sabini introduced Ochrym to staff members on Monday morning. The chairman has the right to fill the executive director's post with whoever he wants.

Cansdale joined the board several years ago during the administration of former Governor George Pataki. He began working for ORDA long before Sabini, a former state senator from Queens, was named chairman this summer by Governor David Paterson.

As special assistant, Cansdale will work on various projects at the board's direction.

Ochrym has more than 20 years experience as a lobbyist and former legislative employee and has served as senior advisor to leaders in the state legislature.

Most recently, he served as special projects coordinator/director of the Senate's Minority Information Services Office. He previously was chief of staff to former Assembly Majority Leader Michael Bragman and worked for two other majority leaders as well.

Ochrym has published several articles in academic journals on the social, economic, and political effects of casino gaming and has served as a reviewer for the Journal of Gaming Behavior. His work in the area of crime and its relationship to gaming continues to be cited internationally.

Source: *Thoroughbred Times*.

### **Lawmakers set sights on dog racing**

Live dog racing may soon be out of the picture in New Hampshire, but whether it will fade away or be forced out remains to be seen.

Among the bills regarding live dog races that are being introduced in the upcoming legislative session is one from Rep. Mary Cooney, D-Plymouth, who is sponsoring a bill that would ban all live dog racing in the state over the next two years.

"I personally wanted to end it," said Cooney. "I think it's a dying industry."

Another, proposed by Rep. Fran Wendelboe, R-New Hampton, would give tracks the option to eliminate greyhound racing while continuing to offer simulcast races.

"It won't ban [dog racing]," she said. "It will just give them the option to not do it if they choose."

State law requires tracks to have at least 50 days of live dog racing annually in order to offer simulcast racing. Wendelboe wants to eliminate the requirement.

Rick Newman, lobbyist for The Lodge at Belmont, the state's largest greyhound racing track, said the amount of money the track makes from live races is "minuscule" -- less than 1 percent of total revenue.

Wendelboe cited the economic burden of live greyhound races as a reason for her bill. She said the state loses money in subsidizing live dog racing.

Cooney does not support simulcast racing but said her bill would not eliminate it.

Last month, Hinsdale Greyhound Park declared bankruptcy and shut down, citing economic difficulties as the reason for its closing. Three live racing tracks remain in the state: greyhound racing at Belmont and Seabrook and horse racing at Rockingham Park.

Wagering on dog races is on the decline, said Newman. Internet gambling Web sites are the track's

biggest competition, he said, which is why he is urging legislators to pass a bill to allow slot machines at the tracks, a perennial request that has never made it to law.

Newman supports Wendelboe's bill, and said that if by some "legislative miracle" the bill were passed before April 2009, Belmont would probably not have a live racing season next year. Seabrook would probably continue the live racing "for a year or two" before stopping, predicted Wendelboe.

But Cooney does not want tracks to have the option to offer live racing. "It's a moral issue, it's a dog issue, not a gambling issue," she said.

Source: *New Hampshire Business Review*.

### **Emerald Downs to offer 91-day meeting in '09**

The Washington Horse Racing Commission approved a 91-day season of live racing for Emerald Downs in 2009.

Opening day will be Friday, April 17, with closing day on Sunday, Sept. 27. Racing will be Friday through Sunday in the first six weeks of the season, and Thursday through Sunday beginning the week of May 28. Special holiday racing will be offered Memorial Day, Monday, May 25, and Labor Day, Monday, Sept. 7.

Post time is 6 p.m. weekdays and 2 p.m. weekends and holidays.

The 2009 Emerald Downs stakes schedule, featuring the 74th running of the Longacres Mile, will be announced in January.

Source: *BellevueReporter.com*

### **NY RACING AND WAGERING BOARD URGES BARN SAFETY VIGILANCE AFTER DEVASTATING FIRES**

In the wake of several recent barn fires which have killed dozens of horses across the nation, New York State Racing and Wagering Board Chairman John D. Sabini is urging owners and trainers of race horses to make inspections that could help avoid such calamities.

"Barns can become fully engulfed in flames in a matter of minutes – and that's why it is imperative to take steps that can prevent these fires from igniting in the first place," said Chairman Sabini, New York's chief regulator of both thoroughbred and harness track racing. "As soon as flames begin to flicker inside a barn, it literally can be too late. A thorough inspection of barns is absolutely essential."

The most recent devastating fire erupted in Minnesota last weekend, when an estimated 40 horses perished in a blaze that remains under investigation.

Earlier this year, 27 horses – many of them thoroughbreds involved in racing – died in a fire that broke out in a barn at Riverside Downs in Western Kentucky. The cause of that fire is believed to be accidental. Another 15 horses were killed this month in a barn fire in Washington State.

Racing and Wagering Board Members Daniel D. Hogan and John B. Simoni joined Chairman Sabini in calling for added attention to barn safety, noting such fires often occur in winter months, when electrical heating devices are often switched on inside barns.

“Race horses are amazing athletes that entertain and enthrall us – but they rely on people to provide them with safe shelter,” Member Hogan said.

Said Member Simoni: “My hope is that stakeholders involved in racing will take note of these terrible fires and invite fire safety experts inside the barns in order to swiftly address any risks that may be found within them.”

Chairman Sabini and Members Hogan and Simoni called on owners, trainers and farmers housing livestock in barns to:

\*\* Have wiring and electrical equipment inspected and, if necessary, repaired.

\*\* Let hired hands and grooms know that there is a strict “no smoking” rule inside barns. Post “no smoking” signs prominently.

\*\* Regularly sweep out cobwebs, which fire prevention experts say can serve as rapid pathways for flames.

\*\* Keep fully charged fire extinguishers stored in a conspicuous place in the barn.

\*\* Post prominent signs warning that unauthorized people are not allowed access to barns.

\*\* Use a broom or vacuum to keep barns free of stray shavings and hay.

\*\* Install lightning protection and, if feasible, sprinkler systems.

These fire safety tips embraced by the New York State Racing and Wagering Board are also promoted by the Humane Society of the United States, which has published a booklet called, “Making Your Horse Barn Fire Safe.”

Chairman Sabini noted the publication is available at the Humane Society’s web site – [www.hsus.org](http://www.hsus.org)

“If you own horses, regardless of whether or not you own a barn, I would encourage you to check out this vital safety information,” Chairman Sabini said. “In many instances, your local fire department will be more than willing to assist you with arranging an inspection.”

Source: *New York State Racing and Wagering Board.*

### **2008 Thoroughbred year saw tragic finish, historic failure**

*Although the 2008 Thoroughbred racing season provided its share of memorable victories, the year will be remembered more for circumstances surrounding defeats. USA TODAY horse racing writer Tom Pedulla looks at events that reminded everyone of the sport's uncanny ability to produce the highest of highs and the lowest of lows.*

## **Eight Belles' legacy**

Cheers for Big Brown and one of the most scintillating performances in Kentucky Derby history turned to tears when the filly Eight Belles, a gallant runner-up, sank to the Churchill Downs surface with devastating injuries to both of her front legs. She had to be euthanized on the track.

Her demise led People for the Ethical Treatment of Animals (PETA) to protest at the Preakness and Belmont Stakes and created pressure for reform that included a June 19 hearing in front of the Energy and Commerce Committee of the House of Representatives.

Racing could not, and did not, ignore the widespread call for change, creating hope that Eight Belles did not die in vain. Although tests proved trainer Larry Jones' assertion that his Derby runner-up competed without steroids, key racing states moved quickly toward banning them.

In addition, the National Thoroughbred Racing Association established a Safety and Integrity Alliance that drew widespread backing from major racetracks and organizations.

## **Triple Crown flop**

There was every reason to believe that Big Brown would achieve racing immortality by becoming the 12th Triple Crown champion and the first since Affirmed in 1978. He entered the 1½-mile Belmont Stakes with five victories in as many starts coming by a combined 39 lengths, including a commanding 5¼-length score in the Preakness.

The coronation never came. Hall of Fame trainer Nick Zito added to his legacy of major upsets when Da' Tara coasted. Big Brown, clearly on his way to a big defeat, was abruptly eased by jockey Kent Desormeaux.

What went so wrong? Reasons advanced for the worst finish by a Triple Crown hopeful were many, ranging from a hoof injury that compromised training to a loose shoe to an often-criticized ride by Desormeaux.

It could also be that the son of Boundary merely became the latest victim of the three-races-in-five-weeks Triple Crown grind.

## **Record-setting Curlin**

Owner Jess Jackson bucked the trend of whisking top 3-year-olds to the breeding shed by showcasing Curlin as a 4-year-old. He was rewarded for his sporting gesture when the colt surpassed Cigar in earnings and became the first horse in North America to bank more than \$10 million.

Curlin easily turned back the world's best Thoroughbreds in the \$6 million Dubai World Cup to highlight a season that brought four Grade 1 wins on dirt. His two defeats as a 4-year-old occurred when he placed second in a turf race at Belmont Park, then when he ran a disappointing fourth in the Breeders' Cup Classic on the Pro-Ride surface at Santa Anita Park in Arcadia, Calif., to end his career.

## Historic Breeders' Cup

The decision to hold the Breeders' Cup on a synthetic surface looked to be a success in every way. All the horses and jockeys came home safely and the Pro-Ride track did not appear to favor horses with one particular style.

The Europeans embraced the change by sending 24 starters and winning five races, including a memorable Classic triumph by 3-year-old Raven's Pass. His trainer, John Gosden, hailed the two-day Breeders' Cup as "a real celebration of racing and the best of racing."

## Magnificent Zenyatta

The classy filly injected her name into the Horse of the Year debate when she capped a 7-for-7 season by launching a breathtaking rally to take the Breeders' Cup Ladies Classic under nothing more than a vigorous hand ride from jockey Mike Smith.

It was her fourth Grade 1 score, with the other three coming in Grade 2 events. The former \$60,000 purchase finished the season with \$2,090,580 in earnings. The best news of all for racing fans is that owner Jerry Moss intends to race her in 2009, when the Breeders' Cup will return to Santa Anita.

Source: *USA Today*.

## Raceway's closing is sad day for Jackson

LEONI TOWNSHIP — It's a sad day when the Jackson Harness Raceway no longer will have live races to go see or to simulcast races to watch in the Sulky lounge on television.

Times are tough all over. People are losing their jobs and homes, and no longer have the money to bet on such frivolous things as horse racing. Well, most people, anyway. Still, not enough to keep the track going.

Jackson is a dying city, and there are so many empty buildings as it is. We just added one more to the list — not to mention all the people who are now without jobs.

Since we were notified by phone and radio that the track has closed, I never got to say good-bye to my fellow co-workers.

I will miss them all and the track since I have been going there since I was a little girl. Dan and Michelle Rakieten were wonderful people to work for.

The customers made it interesting each time I came to work, and I thank them for their friendship.

May everyone have a better New Year, and let's all hope the horses will be seen again at the starting post in Jackson.

Source: MLive.com

### **Quarter horse jockey dies 5 days after spill**

LOS ALAMITOS, Calif. - Jockey Sam Thompson Jr. died Christmas Day, five days after he was thrown from a quarter horse following a race at Los Alamitos.

The 36-year-old rider had been on life support at Los Alamitos Medical Center since the Dec. 20 accident. Thompson's family had him taken off life support Thursday, medical center spokesman Orlando Gutierrez said.

Harems Dynasty, a 2-year-old filly, threw Thompson after finishing seventh in the eighth race. The Los Alamitos Race Course season ended Dec. 21.

Thompson, who lived in Long Beach, Calif., missed much of the 2008 season because of a broken foot and was ranked about No. 100 in quarter horse wins in the nation. At the Los Alamitos meet, he had 12 wins from 100 starts.

Source: *Associated Press*.

### **Arroyo suspended for failing drug test in N.Y.**

Jockey Norberto Arroyo Jr., already ruled ineligible to ride by the New Jersey Racing Commission, has now been suspended by the New York State Racing and Wagering Board for failing a drug test for marijuana, according to a notice sent to Arroyo by the board. It is unclear whether the suspensions are related.

New Jersey racing officials would not comment on why Arroyo was suspended in late November, citing confidentiality. The New York stewards were unaware of Arroyo's New Jersey suspension until Dec. 4, at which time they ordered him off his mounts. Arroyo then had to submit to a drug test, which he failed.

Arroyo, 32, is scheduled to appear before the New York board at a hearing next week.

Arroyo will have to undergo a board-approved counseling program as well as submit to a re-test before he's eligible to get his license back. He will also have to agree to submit to random periodic drug tests.

Arroyo could not be reached for comment.

In 2003, Arroyo served 39 days in jail for an assault charge stemming from a pool-hall fight.

Source: *ESPN and the Daily Racing Form*.

## Tracks Could Lose Revenue in Fed Inquiry



**Illinois Gov. Rod Blagojevich**

Photo: Courtesy Illinois State University

Federal inquiries into allegations that Illinois Gov. Rod Blagojevich traded and sold political favors for personal gain could derail a state law requiring casinos to share their revenue with the horse racing industry, according to a *Wall Street Journal* report.

A bill that Blagojevich signed into law Dec. 15 requires the state's four highest-grossing riverboat casinos to give 3% of their revenue to the horse racing industry. The provision is estimated to be worth as much as \$30 million a year, and by law is divided 60% for purses and 40% for tracks.

According to the **Journal**, a federal affidavit includes allegations that the governor pressured horse racing officials for a \$100,000 campaign contribution in exchange for his signature on the most recent revenue-sharing legislation. Blagojevich signed the bill six days after he was arrested for allegedly trying to sell President-elect Barack Obama's U.S. Senate seat.

Revenue at both Thoroughbred and Standardbred tracks have declined since casinos began operating in Illinois in the 1990s. Casinos have argued the reason is because horse racing's appeal as a sport is fading. After years of lobbying, a law was passed in 2006 that required the casinos to share their revenue, but the racetracks haven't seen a nickel because of legal challenges. Casinos filed a suit that argued the law violated the state constitution. In June, the Illinois State Supreme Court ruled against the casinos, which intend to file an appeal with the U.S. Supreme Court. Meanwhile, an estimated \$80 million collected under the provisions of the 2006 law sits in an escrow account.

The **Journal** reported that state campaign-contribution records show the Maywood and Balmoral harness racetracks, owned by a group controlled by Illinois racing veteran William H. Johnston Jr. and his sons William III and John, gave \$95,000 to Blagojevich from 2002 through 2007. The tracks' lobbying group, Racing Association of Illinois, also contributed \$65,000 from 2002 through 2007. State records also show that these same tracks in May 2007 hired AM3 Consulting Ltd., the lobbying firm of Alonzo Monk, Gov. Blagojevich's former chief of staff,

Balmoral Treasurer F. Phillip Langley told the **Journal** that he never had a conversation with Monk or any lobbyist about giving a contribution to Blagojevich. He also said he hadn't been contacted by federal investigators. Langley did say the formula within the new law for distributing casino dollars to the racetracks would provide Balmoral and Maywood a combined \$3.5 million annually.

Source: *Bloodhorse*.

## Guidelines approved for off-track betting

Horse-racing fans in the Inland region could soon have new locations to place bets.

In rules adopted unanimously Dec. 15, the California Horse Racing Board decided to begin accepting applications for up to 45 new mini-satellite wagering sites across California.

Tribal casinos, card clubs and others businesses could enter the satellite-wagering arena under the new rules, authorized by the Legislature in 2007.

In addition to racetracks, state fairgrounds and a few tribal casinos currently operate satellite-wagering sites, commonly called off-track betting. Five are run in the Inland region.

"There are plenty of people who have expressed interest in the last month," said Mike Marten, a horse-racing board spokesman.

But Marten said "this is new territory" so it remains unclear how many applications the board will receive and how long it will take to approve them.

The state is divided into three horse-racing zones, and each could get up to 15 new wagering sites under the new rules. Riverside County, along with Orange, San Diego and Imperial counties, is in the southern zone.

San Bernardino County is in the central zone with Los Angeles, Ventura, Santa Barbara, Kern and San Luis Obispo counties.

Mini-satellite wagering uses smaller, kiosk-like equipment for people to place bets.

The horse-racing industry hopes the new sites spur interest and increase revenues to racetracks, which get a percentage of the revenues from the mini-satellite wagering businesses, said Jesse Choper, a board member and UC Berkeley law professor.

Sites also could attract new customers to card clubs and other businesses, but that was not the motivation behind the legislation and new rules, Choper said.

Choper said he hopes satellite wagering is a boon for the businesses using them, since that would mean an increased interest in horse racing.

But he said the economics remain unclear. It can often be expensive to purchase the equipment and enter into agreements with racetracks. Businesses will have to decide whether it is financially viable, Choper said.

The rules prohibit new mini-satellite wagering within a 20-mile radius of any existing racetracks, satellite facilities or tribal casinos unless those businesses grant permission.

Still, at least one Inland wagering facility is concerned about the competition.

The National Orange Show operates satellite wagering at its sports center on Arrowhead Avenue in San Bernardino.

General manager Dan Jimenez said he is concerned, even though he doesn't expect mini-satellite sites to have a major effect on Orange Show business because they might not have amenities such as large TV screens to watch races.

But Jimenez said off-track betting businesses are struggling.

"There are a few OTBs that are considering shutting ... their doors," he said.

At the Orange Show, business is down by 30 percent in the last year, Jimenez said.

"The race enthusiasts are dying off," he said. "It is a sad situation."

The San Manuel Bingo and Casino in Highland is not considering adding satellite wagering. The casino is within 20 miles of the National Orange Show.

"We have considered OTB and we may consider it in the future," San Manuel spokesman Jacob Coin said in an e-mail.

"However, right now, we are focused on implementing our amended compact, which provides for increased revenue shares for the state government as well as an opportunity for San Manuel to operate additional slot devices, among other things."

Coin said the tribe has no position on satellite wagering, as long as the wagering is limited to live horse racing.

Source: *Press-Enterprise, CA.*

### **Shapiro Reflects on CHRB Tenure, Racing**



**Richard Shapiro.**  
Photo: Blood-Horse Library

As a member of the California Horse Racing Board for four years, Richard Shapiro could hardly be described as a weak bystander in overseeing the sport. But Shapiro said he was "becoming increasingly frustrated by the governmental and bureaucratic limitations imposed by being on the board."

So Shapiro resigned Dec. 15. His three years as the board's chairman will be remembered as eventful, at times controversial, and by his own admission, not always successful.

Under his strong-willed leadership, the welfare of horses and participants was stressed. Among the most noteworthy moves of the past couple of years were a mandate that the state's major tracks switch from dirt to

synthetic tracks; streamlined drug classifications; and improved drug-testing procedures and tougher penalties for violators. The CHRB abolished anabolic steroids for racehorses and greatly reduced the use of “milkshakes” under TCO2 regulations.

But he'd like to do more.

With the move to advance deposit wagering and simulcasts, racing has changed since the time Shapiro's family campaigned 1960s champion Native Diver and he became heavily involved in harness racing. But the game is still being run under the old rules, Shapiro said.

“As we allowed people to stay home and wager, we emptied our stands,” he said. “It has become uncomfortable to be ‘alone,’ and the tracks don't invest in the show. They aren't making enough money, either. Meanwhile, the industry is saddled with certain rules and laws that restrain their ability to reinvent the game. Unable to add, in California's case, new revenue-generating games, we still pay the government license fees that were based on a model when racing first came into existence.

“We need to take the handcuffs off the sport and let it survive or die of its own accord. We need incentives for people to invest in the business (as owners), and we have to make the economics viable to operate a racetrack in today's world. Racing has not done a good job of modernizing itself and nurturing a fan base.”

Shapiro believes if the racing industry could unite under a new business approach, it would find a sympathetic ear in the state legislature.

“There are many varying viewpoints and stakeholders, but it is time to find a way to unite for the good of the game, duke it out behind closed doors, and come out smiling and with a business plan,” he said. “If we do that, I believe there are those in Sacramento that will want to help us so long as we are united.

“No one wants to see the industry go away, no one wants to see 50,000 people unemployed. But the industry has to develop a plan, and then it needs to stand holding hands to promote it.”

And if called upon, Shapiro said he has “the passion and desire to make a positive difference” in California racing.

“I did not get off the board because I had had enough with the game,” Shapiro said. “I will always be an advocate for horse racing; where that takes me, it's too soon to know.”

As for the immediate future of the CHRB, vice chairman John Harris has taken over on an interim basis. A new chairman will be elected at the board's Jan. 15, 2009, meeting. Harris, who has been on the board since 2000 and was the commission's chairman in 2004-05, said he is considering taking the position for the next several months “if that is what the rest of the board decides.”

As for Shapiro, Harris said: “I think the key point is that Richard will still be around. Initially, he may have antagonized some segments of the industry. But I think as time went on and people saw how hard he worked on behalf of racing, a lot of that went away. He was outspoken, but a quick study.”

Harris said he would like to see Shapiro have a role in shaping the future of racing in the state. Though there have been discussions, he said it would be premature to speculate on what that might be.

“But I’d keep him on the ‘people to watch’ list,” Harris said with a laugh.

Source: *Bloodhorse*.

### **Division of Pari-Mutuel Wagering Adopts Steroid Ban in Racing Horses**

The Department of Business and Professional Regulation’s Division of Pari-Mutuel Wagering announced the filing for adoption of rules banning the use of anabolic steroids in race horses. The new rules go into effect on Dec. 30, 2008.

“The adoption of these new rules ensures that Florida is keeping pace with the national racing community and providing for the safety and welfare of the horses and jockeys,” said Secretary Charles W. Drago. “Like other professional athletes, these race horses will remain steroid-free when racing at Florida tracks.”

The rules ban the use of anabolic steroids in race horses and are based on the national Model Rules adopted by the Association of Racing Commissioners International and the Racing and Medication Consortium. Under the new rules, the Racing Laboratory at the University of Florida, College of Veterinary Medicine, will be able to utilize more sensitive testing procedures to test for steroids in urine, under its contract with the Division.

The Division will allow a 90-day grace period before the penalty enforcement begins, as proposed by the RMTTC. If an anabolic steroid overage is found during this grace period, the trainer will be notified and a warning will be issued by the Division.

Also being adopted are rules prohibiting the use of toe grabs, a form of toe calk used for gripping, with a height greater than two millimeters worn on the front horse shoes of Thoroughbred horses while racing. This rule, recommended by The Jockey Club and adopted by RCI as a Model Rule, will also take effect on Dec. 30, 2008.

The adoption of these rules prior to the Jan. 1, 2009 deadline, which was imposed by the Thoroughbred Owners & Breeders Association Graded Stakes Committee, ensures that Florida will be in compliance with their requirements and will not jeopardize the state’s graded stakes races, such as the Florida Derby.

The rules can be found on the Division’s Web site, [www.myflorida.com/dbpr/pmw/index.html](http://www.myflorida.com/dbpr/pmw/index.html) .

The Division of Pari-Mutuel Wagering is charged with regulating the pari-mutuel industry and licensing those individuals participating in pari-mutuel events.

The Department of Business and Professional Regulation's mission is to license efficiently and regulate fairly. The Department licenses more than one million businesses and professionals ranging from real estate agents, veterinarians, and accountants to contractors and cosmetologists. For more information, please visit [www.MyFloridaLicense.com](http://www.MyFloridaLicense.com)

Source: *Santa Rosa's Press Gazette*.

### **Time is running out on racing in Fort Erie**

Clearly, time is running out in the battle to keep Fort Erie Race Track open.

Nordic Gaming Corp., owners of the 111-year-old oval, told employees last week that their employment was being terminated as of March 31, 2009, because it appears the track will not be able to continue live racing in next year.

A subsequent meeting with provincial officials came to no resolution, leaving the future of the track in question.

The facility has been on life support for years.

There was some hope when the slots facility adjacent to the track originally opened that it would inject new life into horse racing in Fort Erie.

But it is no secret the gaming industry has faltered in town. Competition for gaming dollars has been fierce, particularly with two full-fledged casinos just up the QEW in Niagara Falls, and another across the Niagara River.

The economy going down the drain has only added to the problem.

There have been fewer race dates and the size of the purses has gone down, making it difficult to attract horseowners.

Nordic and the province have been in talks for months over a potential plan to keep the track open.

In fact Nordic has pledged to continue to find a way to continue racing next year, but says "regulatory requirements" led to Monday's notification.

If anything, there is a clear deadline to work toward. Nordic officials would like something settled by the end of the year -- or early in January at a stretch.

During the summer, a report commissioned for the province called for Ontario to provide "interim stabilization" for the Fort Erie track. But that was when a \$300-million development plan was in the works.

That plan was shelved earlier this fall because of the poor economic climate.

We've seen plenty of deadlines come and go over the years in the battle to keep the track open.

But fewer seem more hard and fast than this latest one.

Nordic says it has been unable to continue to absorb big operating losses year after year, estimated at \$7 million.

There is still time, but it is quickly running out.

It and the province needs to keep talking.

The loss of the track, and the ancillary jobs associated with it, would be another body blow to the already-shaky economy in Niagara.

Source: *The Standard*.

### **Stop wagering timing - TrackMaster**

I have been around enough tracks to hear the grumbles on the apron when a 7/5 favorite at 'post time' ends up paying \$3.80 to win. At some smaller Standardbred venues, I have seen odds drop from 4/1 to 3/2 when the horses are at the half-mile pole. There are other winners, of course, that go from 5/1 to 8/1, but people usually don't remember those quite as well.

The issue is really one of technology. The computer systems, protocols, communication devices, etc. used for moving monies around the complex simulcasting world are simply old and slow. The perception of past posting (wagering after the race has gone off) resulting in great "last click" shifting of odds is, simply that, a perception. Every once in a blue moon there is an actual system issue that allows wagers to bet after a race has started, but in 99.99+% of the cases, the drop in odds is simply the system playing "catch up."

That said, in a game where fans rely on integrity of the pools, any perception that the wagering is less than fair, will hurt fans' interest in the game. That raises the first question: Is this perception a problem? (I would love to hear your comments on this one). Let's assume that it is a problem. How can it be addressed?

Well, one answer is obvious, fix the "system." If every wager were instantly reflected in the tote totals, there would be no problem. I don't have the technical savvy to know if this is possible. I do know it could be much faster than today, but I also know that it would be expensive, and likely not profitable for the totes or the tracks to undertake such an upgrade. Of course, if their businesses were at risk if they did not make such an upgrade, then the economic assumptions would change, and it would likely be more profitable to upgrade than not to upgrade. However, since fans have not protested loudly, the tracks and tote companies are likely making the right decisions here, at least the right short-term ones.

A far cheaper (on the cost side) solution is to simply stop the wagering earlier, allowing time for the "final click" of the tote board around the time the race starts. Tote companies and tracks would likely incur little to no expense, so the question would be on how much, if any, revenue would they lose.

I will devote the rest of the blog to taking a closer look at this question and again, would love your comments and options.

One argument would say that with less time to wager, the wagers would be less. A counter would be that people, over time, would adjust their habits and wager a little earlier. In fact, one could argue, particularly in harness racing (see below for special discussion on harness racing). In New York, unlike a movie or ballgame, if you attend the ballet or opera, they will not let you in after an act has begun. If you snooze, you lose. I don't know if it has always been this way, but I can attest that "sold out" shows have very, very few empty seats. Patrons know the rules, and adjust accordingly. In the 2008 election in California, more than 50% of the voters voted absentee, versus about 5% in 1970. After 8pm, no polling place will allow you to vote. The population has responded by changing their voting methods as not to be shut out. While these examples are not exactly on point, they show that over time, consumers will adjust their habits. In this case, one may further argue that they may adjust quickly as they perceive value (fixed pools after the race starts) as a result of their collective change in habit.

I can also see the other side of this one. Given 20 minutes say from the "make official" time of the previous race, to the off time of the next race, if you reduce that by say, 3 minutes, there is less time to handicap and ultimately less time to wager. If this is the case, then revenue may decline.

In 2002, Hollywood Park requested permission from the California Horse Racing Board to stop taking wagers before the start of the race. That request was rejected. Other Churchill owned tracks that were racing at that time (Churchill, Calder and Hoosier) planned to implement a wagering stoppage when the minutes to post went to zero (about 2 minutes before the actual start of the race). Unfortunately, I could not find, in the archives, when these policies apparently went back to wagering up to the time of the race.

Let me spend a paragraph or two on Standardbred racing, as the situation there is slightly different. In thoroughbred racing, wagering ceases when the bell rings (gates open). In harness racing, it starts when the race officially begins, which is when the starter yells "go", at the start line of the race. However, the "action" starts one-quarter mile earlier during the controlled run up. If a horse breaks stride during this run-up and you wagered on it, most likely, you lose. If you were standing by a terminal with the wager all set awaiting your final "confirmation", you are best served by standing there, watching the 40 second or so run-up, and betting just before the starting line making sure your horse is on stride. If not, you would abort your wager and you would have a huge advantage. In this case, being at the track is a huge advantage (or at least watching the action on live TV, not on any delay).

For those that are looking for a solution that does not involve investment in newer computers and systems, here is one alternative. For thoroughbred racing, cease wagering when the first horse enters the gate, specifically, when he is "locked in" to the gate. The starter could push a button and freeze wagering. Since a gate load is around 2-4 minutes, this would give ample time for the tote system to "catch up". In harness racing, wagers could be ceased the moment the starting gate moves. This would be a discrete time, roughly 40 seconds before the official race begins. Another possibility would be to have the track post a start time of the next race for all to see, and then freeze wagers say 2 minutes before that. They could go to an official count down announcing 5 minutes left to wager, down to 1 minute, then in 10-second increments.

Some could argue that being at the track should have some advantage to encourage attendance and to give horsemen more money (on-track wagers generally give horsemen the highest percentage relative to off-track or on-line wagers). That said, even if some stop wagering rules were enacted, on

track attendees still would have the advantages associated with reading horse's body language on the track, seeing them in the paddock, having real time weather information, etc. As I mentioned above, one could argue for harness racing, the run-up advantage for on-track patrons is so huge, it may be a disincentive to wager at all on-line. Perhaps a stop wager rule before the gate rolls would actually increase on-line and off-track wagering as it would remove this big advantage.

As I mentioned earlier, we would really like to hear from you. Think about these questions when you comment:

1. Is the perception of late changing pools a problem in your opinion? 2. Assuming the tote companies/tracks cannot justify a systems upgrade at this time, do you think some kind of stop wagering rules should be adopted? 3. If so, what would you suggest? 4. Finally, specifically for harness racing, even if there is no perceived issue with late changing pools, do you think wagering should stop when the gate rolls?

David Siegel, President – TrackMaster

Source: *Harnesslink.com*

### **New Jersey Plans To Add Mobile Wagering**

In an attempt to increase revenues, the state of New Jersey has announced plans that would see punters allowed to place bets on horse races using Internet-enabled mobile devices from next year.

The New Jersey Sports And Exposition Authority operates the Meadowlands and Monmouth Park racetracks in the eastern American state and revealed in a budget statement last week that the tracks are set to lose \$16.9 million for this year. According to a piece in The Star Ledger newspaper, things are set to get even worse for the state's two publicly owned tracks with an expected shortfall for 2009 of \$20.8 million.

The Authority stated that it expects revenues of \$238.5 million for 2009, which is five million dollars less than it made in 2008, and has instituted a hiring freeze for next year in order to cut costs. According to Dennis Robinson, Chief Executive Officer for the New Jersey Sports And Exposition Authority, the regulator saw a two percent increase in total betting for this year despite a six percent national decline.

However, the Authority's Giants Stadium continues to be the top-grossing venue of its kind in the world and earned nearly \$26.5 million this year with the nearby Izod Center taking in \$37.8 million to remain as the fourth top-grossing arena in the country.

In addition, income from Internet, phone and off-track wagering is rising and the Authority predicted such operations would take in \$9.3 million after expenses next year, roughly \$220,000 more than was seen in 2008.

Horse breeders and owners have argued that the tracks should be allowed to run slot machines but casinos have opposed such plans because this competition would hurt their businesses in Atlantic City. Casinos are currently paying \$90 million in exchange for an agreement from the Authority not to add slots before the end of 2011.

Source: *IGaming News*.

**Seized \$24,000 likely to be forfeited**  
***Man used slots to 'structure' cash***

One night last summer, Roman A. Dunnigan arrived at the Seneca Niagara Casino with a bag full of cash.

He lost every cent of it — but not to slot machines or blackjack dealers.

Dunnigan's money — \$24,000 — was seized by state police even though he is not accused of a crime and is now the subject of an unusual forfeiture case in federal court.

Dunnigan's actions on the night of June 25 aroused the suspicions of security officers and state police investigators who work at the Niagara Falls gambling hall, according to court papers filed by the U. S. Attorney's office.

What was he doing? Dunnigan and a female companion were putting one \$20 bill after another into slot machines, but kept hitting the "cash out" button on the machines without actually making any bets, authorities said.

Then, they repeatedly took the "cash out" slips to a cashier, and exchanged the slips for \$100 bills.

State police questioned them, and then seized the cash.

And now, Dunnigan faces the strong possibility that he will lose the money to the federal government.

Dunnigan, 29, of Goodyear Avenue, is not charged with a crime. But in court papers, a prosecutor said he believes that Dunnigan was illegally "structuring" a series of financial transactions to prevent the government from knowing how much money he had.

Why is that illegal? Federal law requires all financial institutions — including banks and casinos — to report to the U. S. Treasury Department any transaction involving \$10,000 or more. Prosecutors believe Dunnigan was "cycling" his money through the casino to avoid having such a report generated.

"Individuals dealing with the proceeds of crime often structure their currency transactions so no one transaction exceeds \$10,000," said Assistant U. S. Attorney Richard D. Kaufman, chief of the Justice Department's asset forfeitures unit in Buffalo. "Even when the source of the funds is from legitimate means, structured transactions for this purpose are still violations of federal criminal law."

Dunnigan could not be reached to comment. Terrance

C. Brennan, an attorney who has represented him in the case, declined to speak in specifics about it.

“I’ve long ago stopped trying to figure out the federal government,” Brennan said when asked if he feels it was appropriate for the government to seize his client’s money.

Kaufman and two local defense attorneys— Michael S. Taheri and James W. Grable Jr. — said they are not aware of any other case in Western New York in which a casino was allegedly used for structuring.

“Typically, structuring cases involve activity at banks,” Grable said. “Usually, somebody tries to evade the law by breaking one large bank deposit into a number of smaller ones.”

People who acquire large amounts of cash through drug dealing, bookmaking or other illegal activities sometimes try to hide their cash from the government by avoiding transactions of \$10,000 or more, the attorneys said.

Since the terror attacks of 9/11, the government has become much more aggressive about requiring financial institutions to file “suspicious activity reports,” said Taheri, who teaches a white-collar crime defense course at University at Buffalo’s Law School.

“Because of its concerns about funding for terrorist groups, the government is doing a lot more to track the movement of money,” Taheri said.

Dunnigan has a criminal record, according to court records, but there is no allegation that he ever had anything to do with terrorists.

In December 2000, he was acquitted of robbery charges but convicted of possessing a stolen gun and other charges. According to court records, he was sentenced to state prison for up to six years in January 2001.

According to court papers in the forfeiture case, Dunnigan picked up a woman for a date on June 25. With the woman waiting in the car, he then stopped at a house in Buffalo, where he went inside and came out with a bag of cash.

“Dunnigan told her they were going to the casino to cash in the contents of the bag,” Kaufman said.

After suspicions arose about Dunnigan’s actions at the casino that night, state police seized the money — \$21,000 in \$100 bills — and also seized three \$1,000 cash-out tickets.

Authorities said Dunnigan and the woman did not tell them where the money came from, or why they were putting it into slot machines without gambling.

Over the summer, Brennan filed an action in State Supreme Court contesting the seizure.

But since Kaufman filed federal court papers in late August seeking forfeiture of the cash, Dunnigan has not contested it. Kaufman is scheduled to appear in court on Jan. 7, asking District Judge William M. Skretny to rule that the government can keep the money.

Criminal investigators from the Internal Revenue Service have worked on the case with state police, but so far no criminal charges have been filed, Kaufman said.

Taheri said the case illustrates one of the many powers the federal government has to monitor certain illegal activities. He said many people are unaware of those government powers until they wind up in a situation like the one facing Dunnigan.

Source: *Buffalo News*.

## **POPE'S UPSIDE-DOWN BUSINESS MODEL PROVES HOT TOPIC**

Fred Pope touched a nerve throughout the Thoroughbred industry with his commentary about what he called an "upside down" business model for simulcasting, where the track and horse owners putting on the live race get one-fifth of the takeout, the remainder going to the simulcast site, OTB or ADW taking the bet. If the bet taker/simulcast site is affiliated with a racetrack, its share is usually split with the local horsemen.

The article, published in the Paulick Report on Friday, was a reprint of a speech Pope gave earlier this month at the University of Arizona Symposium on Racing in Tucson, Ariz. The Lexington advertising executive wants to see racing adopt a new business model, one that pays the lion's share of simulcast revenue to the track and horse owners putting on the live race. Pope has long been an advocate for horse owners to exert greater control over the terms of simulcast contracts.

Though his widely-read article has elicited nearly 90 comments from horse owners, breeders and gamblers whose opinions fall on all sides of the issue, participants in the Daily Paulick Poll voiced overwhelming disapproval of the current business model. To date, only 6% of those who voted say the current model is the right one. Sixty-five percent believe the lion's share of the simulcast proceeds should go to the track and owners putting on the race, while 27% feel it should be divided evenly between the live track and horsemen and the simulcast site, OTB or ADW and affiliated horsemen at that end.

Comments from horseplayers focused largely on what they believe is an onerous level of takeout, but many of them also feel disenfranchised or taken for granted by an industry that once had a monopoly on gambling and has not done a very good job of competing in this new world of Indian casinos, riverboats, and online gaming, whether it be poker or sports betting through offshore bookmakers. Not many of the horseplayers who commented seem to have much sympathy for horse owners who spend at least \$2 billion a year on training costs and compete for half that amount in purses.

Many of those horseplayers want to see takeout reduced, especially on exotic bets such as exactas, trifectas, superfectas or multi-race wagers where the takeout often exceeds 25%. Some of them feel ADW companies should get a large enough share of the takeout so they can be profitable and still offer rebates to their best customers.

The problem with that, as I see it, is that the stronger position the ADW companies have, the greater a percentage of handle will migrate from on-track business to phone or internet wagering. We're already seeing horseplayers at the track making wagers through ADW companies because some of them will offer rebates. As handle moves from on-track to ADWs, there is less retained revenue for the tracks and local horsemen to put on the show. Less revenue means lower budgets for marketing,

capital improvements and technology advancement for tracks, and less incentive for horse owners to stay in the game.

Pope's proposal may not be without flaws, but the current model clearly is upside down, and any business structure that puts more power in the hands of the bet takers is going to make it even worse.

Source: *Paulick Report*.

### **Equine industry in turmoil**

#### **The horse industry and the world economy have gone into skids simultaneously**

Milan Kosanovich saw a year ago that the thoroughbred industry was going to get hit hard by a sour economy, just not this hard.

A year ago, his 40-acre breeding facility was doing well enough. He owned six broodmares and bred a young colt named Macho Again, which went on to place in some prestigious stakes races.

The 64-year-old retired steel executive kept his expenses low by doing most of the farm work himself. He took his yearlings to the Ocala Breeders' Sales Co. auctions and usually left with a profit and enough to invest in the next year's crop of thoroughbreds.

"Now, if I didn't have any of my other income [primarily retirement from a previous job], it would be difficult to say if I'd even be here in two years," Kosanovich said. "At this point, I don't see me making any windfall profit. I'm just trying to survive."

Kosanovich isn't the only horseman holding on for a rough ride.

There are several hundred thoroughbred farms in Marion County and the surrounding areas. They range from smaller than 10 acres to spreads of more than 500 acres, and have an economic impact of about \$500 million and generate thousands of jobs.

Almost all of them are feeling the same financial crunch and agree the bad economy is hitting every aspect of the business, including auction houses, stallion stud fees and racetrack purses.

Bridlewood Farm manager George Isaacs described what's affecting the horse industry as "the perfect storm." Bridlewood is a nearly 1,000-acre breeding and stallion operation formerly owned by Arthur Appleton, for whom the Appleton Museum of Art in Ocala is named.

"In my heart, I know that 2009 will be as difficult a year as our operation has faced," Isaacs said. "The world economy is in a recession, so these are very uncertain times for all of us. At the same time you have the horse industry in a downward cycle, and I don't know if we've ever had both of these factors at the same time."

#### **SALES DOWN**

Sales prices for racehorses at auction have plummeted. During the Ocala Breeders' Sales August yearling sale, \$12.3 million changed hands as 751 horses went through the auction ring. That was about 32 percent less money than the same auction in 2007 when 945 horses sold.

The buyback rate for one portion of the sale was 42.5 percent compared to 25.1 percent a year ago. The buyback rate is the percentage of horses that didn't sell because they didn't meet the owner's minimum price or were bought back by the owner.

OBS typically oversees more than \$100 million in thoroughbred sales annually. Its October mixed sale wasn't much better. The average sales price was down 25 percent, and one portion of the sale saw a 53 percent buyback rate.

But OBS isn't doing worse than other auctions. Keeneland Thoroughbred Racing and Sales in Kentucky, which oversaw nearly \$341 million in sales during its November 2007 auction, watched gross receipts drop 46 percent for November sales this year. The buyback rate jumped from 22 percent to 28 percent, but that didn't reflect the large number of owners who pulled horses from the sale to avoid getting hurt by the ailing market.

Fasig-Tipton Co., with auction sites in Florida, Texas, Maryland and New York, saw December sales receipts fall 38 percent from \$13.3 million last year to \$8.2 million this year at its Maryland auction. The buyback rate jumped from 25 percent last year to 36 percent this year.

## **PURSES SLIDING**

Purses at racetracks in November were nearly \$83.5 million, down 2.35 percent from the same month a year ago, according to Equibase, an industry analysis Web site. Meanwhile, the number of racing days increased during the month, meaning less money was spread over more days and races.

To make matters worse, wagering from November 2007 to November 2008 was down 6.2 percent.

For Florida horsemen, shrinking purses nationwide was only salt in an already painful wound.

Purses have almost always been comparatively low at Florida's three tracks: Calder Race Course, Gulfstream and Tampa Bay Downs.

That was exacerbated this summer when Calder sliced its daily purses by a third during an impasse in negotiations with the Florida Horseman's Benevolent and Protective Association. The dispute was over how to split the track's future slot machine revenues.

And even though horsemen get a cut of slot machine revenues in Florida, it isn't nearly enough to make up for rising costs, horsemen say.

While slot machines generate revenue to subsidize horse racing purses, they also pull money from the sport and could hurt in the long term.

Horsemen also must contend with casinos owned by Indian tribes that often pay no state taxes from slot machine revenue and aren't required to share profits with neighboring racetracks.

Additionally, horsemen who have focused on raising stallions for stud fees are facing a dwindling demand for their services. Isaacs said stud fees are falling about 25 percent and even Kentucky, which is home to arguably the most successful stallions in the world, is having trouble filling bookings.

## THE BOTTOM LINE

Terry Arnold, who manages a farm in Kentucky and Tomok Hills Farm in Alachua County, said the sales of higher-end horses are hurting. Arnold's yearlings typically sell for an average of \$80,000, but often go for more than \$200,000. The two-farm operation owns about 100 breeding mares.

Where investors often pooled their money to buy three or four horses in the \$70,000 to \$200,000 range, they now might buy two horses. "Our bottom line is different than a few years ago, too," he said.

Kosanovich said he is buying mares with partners to share the risk, even if it means sharing the profits. He is also ignoring his own rule to only breed with Florida stallions, which he did to help the Florida horse industry. Now, it has come to what is best for his own farm, he said.

"I didn't breed one mare with any Florida sire and this is a guy who was 100 percent behind the Florida program," he said.

But the only way he'll quit the industry he loves is if there isn't enough money for food on the table.

"That's why I'm hanging around," he said laughing. "I'm hoping it will turn around ... but now it's an industry in turmoil."

Source: *Ocala.com*



### **2009 RCI ANNUAL CONFERENCE**

**\*\*\*SAVE THE DATES\*\*\***

**April 21-23, 2009**

Radisson Plaza Hotel  
Lexington, KY

Reservations Phone: 859-231-9000  
RCI Room Block Rate \$139 per night

Registration Details Fothcoming

## Available Positions

### **PRINCIPAL EXECUTIVE/MANAGER C**

(Supervisor of Account Wagering Hubs)

\$4,039 - \$6,249 MONTHLY

The **Oregon Racing Commission** currently has a full time management level position available

#### **GENERAL INFORMATION**

Agencies have authority to set pay within the range for this class. The salary should be discussed during the interview process.

This position is with the Racing Commission in Portland.

This recruitment will be used to establish a list of qualified people.

If you are hired, you will become part of the State's management team.

If you are hired, you may have to give out facts about past employment and present financial interests if they could be connected with the business regulated by this job.

#### **TO QUALIFY**

Your PD100 application form will be reviewed to verify that you meet the qualifications stated in this section. To receive credit, your PD100 must clearly show that you have the following experience and skills:

- Five years of experience in supervision, staff-technical, or professional-level work related to information technology management. This experience must have included at least one year of supervision and management of a program, section, or unit that included one or more of the following areas:
  - a) Development of program rules and policies;
  - b) Development of long- and short-range goals and plans;
  - c) Program evaluation; or
  - d) Budget preparation.
- A Bachelor's degree or courses in a field related to management or information systems such as Business or Public Administration or a field directly related to information technology management may be substituted for up to three years of the required experience, but will not substitute for the one year of specialized experience.

In your resume and cover letter, you must clearly describe your experience in each of the a), b), c), d) areas listed. Failure to provide this information may result in eliminating your application from further consideration.

#### **DESIRED ATTRIBUTES**

The ideal candidate would possess the following desired attributes:

- Experience interpreting, applying and enforcing relevant legal authorities.
- Experience in working with a wide range of individuals in varied situations as well as effectively managing and resolving conflict.

- Experience in facilitating, building and maintaining a liaison role between state government and licensees while at the same time holding them accountable to statutes, rules and policies.
- Experience in establishing priorities and dealing effectively with demands from various individuals which result in meeting the organization's goals and mission.
- Experience in utilizing management skills which include but are not limited to planning, organizing, goal setting and decision making.
- Experience in working with licensees to achieve compliance with statutes and rules; or similar experience that would provide you with the skills to be successful in this type of work setting.
- Experience in writing and analyzing general, statistical, technical and budget reports.
- Experience with racing industry wagering systems.

**Only the candidates whose experience most closely matches the “To Qualify” and “Desired Attributes” sections of this announcement will be invited to an interview.**

### **DUTIES AND RESPONSIBILITIES:**

The major duties for this position include, but are not limited to:

- Ensuring that licensed multi-jurisdictional simulcasting and interactive wagering totalizator hubs [Hubs] and operation plans for Hub applicants are in compliance with ORS Chapter 462 and/or Administrative Rules 462.
- Monitoring, evaluating and recommending necessary security systems, practices and procedures for Hub licensees to insure the integrity of the Hub operating systems.
- Reviewing in detail annual Hub license renewal applications and preparing verbal/written reports in order to assist the Commission in making informed decisions in their approval process.
- Recommending revisions to agency policy, procedures and administrative rules by evaluating their impact on Hub licensees and Commission regulatory activities in order to increase the effectiveness of agency operations.
- Thoroughly reviewing all simulcast contracts between the Hubs and host tracks to insure compliance with ORS 462 and administrative rules pertaining to Hub activities.
- Representing the Oregon Racing Commission in task forces and collaborative meetings involving members of other state regulatory agencies and licensed wagering systems operators in order to stay abreast of the constant changes in information technology in the racing industry.
- Communicating and interacting with other states on wagering issues.
- Reporting to the Executive Director in order to keep him/her regularly apprised of hub activities, policy updates and other matters as requested.
- Responding to requests from the Executive Director for additional staff support and special projects.

### **WORKING CONDITIONS**

The person in this position performs the majority of the work in normal office and meeting room settings either at the main commission office or at offices of the licensed hub operators.

Personal vehicle is used for most local travel.

Occasional in-state and out-of-state travel may be required and may include overnight stay.

A valid driver's license and an acceptable driving record is required.

### **HOW TO APPLY**

COMPLETE a State of Oregon Employment application (form PD100), resume and a cover letter. Copies of applications, supplements and job announcements can be obtained from:

- a. the State's Jobs Page at <http://www.oregonjobs.org/>
- b. local Oregon Employment Department field offices
- c. most state agency personnel offices

The **cover letter** of no more than three pages must clearly address the desired attributes listed above. If you do not respond to the desired competencies, you may not be offered an interview.

Qualified applicants whose background most closely matches the desired competencies will be invited to interview.

If you have a disability and need an alternate format in order to complete the employment process, you may call Recruitment Services at (503) 378-2130 or TTY (503) 378-4672 for the hearing impaired. Please be prepared to leave a message describing the alternate format needed.

**SEND completed application materials and cover letter to:**

**Recruitment Services/HRSD  
Attn: Jan Miller  
Department of Administrative Services  
155 Cottage St NE  
Salem, Oregon 97301**

You may FAX your application materials to **(503) 378-4596**. Your application materials must be received by the close date and must be complete and legible. We are unable to acknowledge or verify receipt of applications due to the possibility of a large response.

**Note: Emailed applications will not be accepted.**

NOTICE of results will be sent by mail. Although agencies are not required to delay their selection process, you may request a review of the results. Your request must be received within 10 days from the date of the notice. Additional information cannot be accepted. However, if your application was not accepted and if the recruitment is still open, you may submit a new application as long as it's received in our office by the close date.

SUBMIT only the required materials. Reference letters or work examples should be kept for interviews.

KEEP a copy of your application for job interviews. COPIES ARE NOT PROVIDED.

The pay on all announcements may change without notice.

### **Chief Commission Veterinarian**

The **Minnesota Racing Commission** is accepting applications for the contractual position of Chief Commission Veterinarian for calendar years 2009 into 2010 with the option of extending the contract for up to four additional years. There will be two live race meets running between May 15 and August 30, 2009. Canterbury Park will hold a 62 day TB/QH race meet, Thursday through Sunday, and holidays, from May 15 to August 30, 2009. Running Aces Harness Park will run a 51 day harness race meet, Tuesday, Friday, Saturday and Sunday, and holidays, from May 15 to August 9, 2009. The contractor will need to be available to work full-time from May through September 2009 and, as needed, from October through mid-April 2010 to handle administrative duties that arise during the off-season. The deadline for submission of resumes is 3:00 p.m. CST, Monday, February 9, 2009. For further information contact Executive Director Richard Krueger, at (952) 496-7950.