

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CALIFORNIA HORSE RACING BOARD

REGULAR MEETING

Thursday, April 24, 2003
9:30 A.M.

HOLLYWOOD PARK CASINO
1050 South Prairie Avenue
Inglewood, California

BOARD MEMBERS PRESENT:

- ROGER H. LICHT, Chairman
- JOHN C. HARRIS, Vice-Chairman
- WILLIAM A. BIANCO, Commissioner
- SHERYL L. GRANZELLA, Commissioner
- ALAN W. LANDSBURG, Commissioner
- MARIE G. MORETTI, Commissioner
- JOHN C. SPERRY, Commissioner

Reported by: NEALY KENDRICK, CSR 11265

Job No.: 03-24942

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

A G E N D A

PAGE

Action items

1. Discussion and action by the Board on the application for license to conduct a horse racing meeting of the San Joaquin Fair (F) at Stockton, commencing June 11, 2003, through June 22, 2003, inclusive. 5
2. Discussion and action by the Board on the application for license to conduct a horse racing meeting of the Alameda County Fair (F) at Pleasanton, commencing June 25, 2003, through July 6, 2003, inclusive. 7
3. Discussion and action by the Board on the request from the Oak Tree Racing Association to utilize the following ARCI rules for Breeders' Cup Day: 12
 - A. ARCI Model Rules of Flat Racing: Chapter 9, Section V(5), Section V - Future Wager Rule.
 - B. ARCI Model Rules of Flat Racing: Chapter 9, Section V(5), Section X - Match Rival Rule.
4. Discussion and action by the Board on the request from the Oak Tree Racing Association to suspend CHRB rule 1606 - Coupling of Horses and Rule 1691 - Colors, Number, and Advertising for Breeders' Cup Day. 18
5. Discussion and action by the Board on advertisements for California residents to make wagers through offshore or out-of-state wagering sites. 20
6. Discussion and action by the Board on the status of the veterinary hospital at Golden Gate Fields. 63
7. Discussion by the Board on the ways to improve the license application and to review the current requirements necessary for conducting a race meet. 70
8. Staff update on the Advance Deposit Wagering handle. 73

1	A G E N D A (continued)		
			PAGE
2	Action items		
3	9.	Report from the medication committee:	
		Vice-Chair John Harris, Chairman	
4		Commissioner William Bianco, Member.	77
5	10.	Report from the Legislative Committee:	
		Commissioner Marie Moretti, Chairman	
6		Commissioner Alan Landsburg, Member.	82
7	11.	Report from the Pari-Mutuel Operations	
		Committee:	
8		Commissioner Alan Landsburg, Chairman	
		Chairman Roger Licht, Member.	84
9	Other business		
10	12.	General Business: Communications,	
11		reports, requests for future action	
		of the Board.	89
12	13.	Old business: Issues that may be raised	
13		for discussion purposes only which	
		have already been brought before the Board.	93
14	14.	Executive Session: For the purpose of	
15		receiving advice from council,	
16		considering pending litigation, reaching	
17		decisions on administrative licensing and	
		disciplinary hearings and personnel matters	
		as authorized by Section 11126 of the	
		Government Code	
18		A. Personnel.	
19		B. Board may convene an Executive Session	
		to consider any of the attached pending	
		litigation.	
20		C. The Board may also convene an Executive	
		Session to consider any of the attached	
21		pending administrative licensing and	
		disciplinary hearings.	
22			
23			
24			
25			

1 INGLEWOOD, CALIFORNIA; THURSDAY, APRIL 24, 2003

2 9:30 A.M.

3

4 EXECUTIVE DIRECTOR WOOD: Good morning,
5 everyone, and welcome to a regularly scheduled
6 meeting of the California Horse Racing Board. This
7 meeting is being conducted on Thursday, April the
8 24th; and we're in the casino area of Hollywood Park
9 Racetrack in Inglewood, California.

10 Present at today's meeting are
11 Chairman Roger Licht, Vice-Chair John Harris,
12 Commissioner Sheryl Granzella, Commissioner Alan
13 Landsburg, Commissioner Marie Moretti, and
14 Commissioner John Sperry.

15 Before we begin with this morning's
16 meeting, I would respectfully request that, if you
17 give testimony to the Board today, you specifically
18 state your name and your organization for our court
19 reporter. If you have a business card to provide
20 her, that would be most helpful.

21 Also if you speak into the microphone,
22 please get close to it because we do have a little
23 audio problem with some of the speakers. So please
24 speak clearly into the microphone. Put it close to
25 your mouth, like I'm doing right now.

1 So with that, I'd like to turn our
2 meeting over to our Chairman, Mr. Roger Licht.

3 Excuse me. Mr. Bianco is not here. I
4 mistakenly quoted him as being here. But he's not
5 here at this time. He was here yesterday and I'm
6 sure he'll be here shortly; so pardon me for that.
7 So let the record show that Commissioner Bianco is
8 not here.

9 CHAIRMAN LICHT: Good morning, everybody.
10 We'll start with Item Number 1 on the agenda, the San
11 Joaquin County Fair application.

12 MS. WAGNER: Good morning, Commissioners.
13 Jackie Wagner, CHRB staff.

14 The application that's from the San
15 Joaquin County Fair -- they have filed their
16 application to race from June 11 through June 22, for
17 ten days, which is the same number of days they raced
18 in 2002. They have proposed to race a total of 104
19 races, which is the same that they raced in 2002.

20 There will be racing five days a week,
21 Wednesday through Sunday, with 10 races per day the
22 first week. During the second week, they will have
23 10 races per day on Wednesday through Friday and 12
24 races on Saturday and Sunday. Their first post time
25 is proposed for 12:45 P.M., with a 3:15 post time on

1 Friday.

2 They will be utilizing CHRB-wagering
3 rules. We have missing from the application the fire
4 clearance and the name of the assistant clerk of
5 sales and the stewards' aides. And we have received
6 the horsemen's agreement.

7 Staff would recommend that the Board
8 approve the application contingent upon us receiving
9 the missing items.

10 CHAIRMAN LICHT: Any comments from any of the
11 commissioners?

12 (No audible response.)

13 CHAIRMAN LICHT: From the public?

14 (No audible response.)

15 CHAIRMAN LICHT: How about a motion to approve
16 San Joaquin County Fair's application?

17 COMMISSIONER LANDSBURG: I make the motion.

18 CHAIRMAN LICHT: Moved by Commissioner
19 Landsburg.

20 COMMISSIONER MORETTI: I second the motion.

21 CHAIRMAN LICHT: Second by Commissioner
22 Moretti.

23 All in favor.

24 BOARD MEMBERS' VOICES: Aye.

25 CHAIRMAN LICHT: Opposed?

1 (No audible response.)

2 CHAIRMAN LICHT: Passed unanimously.

3 The application from Alameda County
4 Fair for their meet.

5 MS. WAGNER: Jackie Wagner, CHRB staff.

6 COMMISSIONER LANDSBURG: Closer, Jackie, to
7 the mike, please.

8 MS. WAGNER: Jackie Wagner, CHRB staff.

9 The Alameda County Fair has filed its
10 application to race from June 25 through July the
11 6th, or 11 days, which is the same number of days
12 they raced in 2002. They're proposing to race a
13 total of 120 races, which is also the same that they
14 raced in 2002.

15 They will be racing Wednesday through
16 Monday the first week and Wednesday through Sunday
17 the second week, with 10 races per day on Monday,
18 Wednesdays, Thursdays and Friday, June 27th. And
19 they will be racing 12 -- they will be having 12
20 races on Friday, July the 4th, and on Saturdays and
21 Sundays.

22 Their post time is proposed for 12:15
23 P.M. They also will be utilizing the wagering
24 program using CHRB rules.

25 From this application, we have missing

1 the fire clearance, worker's compensation, and the
2 name of the fitness vet and the paddock judge. We
3 have received the horsemen's agreement. Staff would
4 recommend that the Board approve the application
5 contingent upon us receiving the missing items.

6 COMMISSIONER MORETTI: Jackie, what is needed
7 to get the worker's compensation agreement?

8 MS. WAGNER: We just need a copy of that. At
9 this point we have not received that.

10 COMMISSIONER MORETTI: Is there any thought
11 that you won't get it? I mean is it in the process?

12 MS. WAGNER: They're -- we're in the process.
13 We've always received that from this fair.

14 COMMISSIONER HARRIS: Yeah. Some of those
15 things, I think we really need to make sure we get
16 in. I mean I guess we need to check and the parties
17 that are responsible need to get them in because it's
18 frustrating. There's always something out.

19 EXECUTIVE DIRECTOR WOOD: Mr. Harris, all the
20 items that are shown as missing in the presentation
21 this morning on all the race applications are
22 verified as received by the staff before the race
23 meets start.

24 If, for some reason any of those
25 documents are not in, we diligently go to the phone

1 and make sure we get those before they start racing.
2 So this is quite a time-out before the meet starts.
3 It's part of the application process, but we would
4 not let one -- a meet start without making sure all
5 those documents are in.

6 COMMISSIONER HARRIS: Yeah. I realize that.
7 And it's not -- I'm not really picking on this
8 particular application. But it seems like a lot of
9 the applications have things out. And it always
10 seems to me like some of the applicants -- not
11 necessarily this one -- but, in general, oftentimes,
12 think that it's not really that important to get
13 everything in.

14 MR. BLONIEN: Chairman and the Members --

15 COMMISSIONER LANDSBURG: Get closer.

16 MR. BLONIEN: I don't --

17 AUDIENCE MEMBER: It's not on.

18 MR. BLONIEN: It's not on. Well, I don't
19 really need a mike anyway. Now it's on.

20 Mr. Chairman and Members, Rod Blonien,
21 representing the Alameda County Fair. With respect
22 to our worker's comp insurance, we have a policy
23 currently in effect, but it expires at the end of
24 May. So we need to get a new policy in place. And
25 we will do that before the meet.

1 And so, even if we provided you with
2 what we have now, it wouldn't be meaningful because
3 it will have expired before we have opening day.

4 In terms of the fire clearance,
5 generally that's obtained about 30 days before the
6 meet begins. And we certainly will have that.
7 Horsemen's agreement is in place. And we would
8 respectfully ask for your approval.

9 With your indulgence, I would like to
10 introduce the Vice President of the Alameda County
11 Fair Board who happens to be here today. Mr. Tony
12 Macchiano.

13 MR. MACCHIANO: Thank you. And it's a
14 pleasure being here in front of all of you, checking
15 out the process and knowing a few of you. So it's a
16 great pleasure to be here today.

17 CHAIRMAN LICHT: Well, we look forward to
18 having a meeting up at Pleasanton, our next Board
19 meeting, and hopefully all the -- the entire
20 California horse racing community will get an idea of
21 how important the fairs are to our racing and so
22 forth.

23 MR. MACCHIANO: Exactly. And we're very
24 excited about you coming up. So we'll be ready for
25 you.

1 COMMISSIONER HARRIS: As I recall, Pleasanton
2 is the oldest track in California, I think, that's
3 still --

4 MR. MACCHIANO: Yes, it is. Yes.

5 COMMISSIONER HARRIS: -- operating. And I
6 think actually both Pleasanton and Stockton have had
7 a long heritage in racing. Stockton just put out a
8 book of their history, which goes way back. But it's
9 really interesting, back in the mid-1800's, there was
10 active horse racing in both Pleasanton and Stockton.

11 MR. MACCHIANO: Well, it's nice meeting
12 everyone. And thank you very much.

13 CHAIRMAN LICHT: Get those corn dogs ready.

14 MR. MACCHIANO: It's chicken now.

15 CHAIRMAN LICHT: Okay. Who would like to get
16 up a motion to approve the Alameda County Fair
17 application subject to, obviously, the worker's comp
18 insurance certificate?

19 COMMISSIONER GRANZELLA: So moved.

20 CHAIRMAN LICHT: Moved by Commissioner
21 Granzella.

22 COMMISSIONER LANDSBURG: Seconded.

23 CHAIRMAN LICHT: Second, Commission Landsburg.

24 All in favor.

25 BOARD MEMBERS' VOICES: Aye.

1 CHAIRMAN LICHT: Opposed.

2 (No audible response.)

3 CHAIRMAN LICHT: It's unanimously passed.

4 Item 3.

5 MR. REAGAN: Are you going to read the --

6 CHAIRMAN LICHT: Oh, Item 3 -- Oak Tree's
7 application to utilize the amended or to use the ARCI
8 rules specifically for Breeders' Cup rule, those
9 being the future wager rule and the match-rival rule.

10 MR. REAGAN: Good morning, Commissioners.

11 John Reagan, CHRB staff.

12 As you know, Commissioners, the
13 Breeders' Cup organization plans these events well in
14 advance. They work hand in hand with the racing
15 association, and they've been doing that with Oak
16 Tree. They have determined at this point that, for
17 Breeders' Cup at Oak Tree this year, they would like
18 to offer the future wager and the match-rival rule.

19 Of course, we've done the future wager
20 in California before. And as indicated in the
21 package, there will be periods in the future here,
22 prior to the Breeders' Cup, in which various races
23 will be available for the future wager.

24 The racing associations in California
25 have worked well together in the past. The last few

1 years with the Kentucky future wager, in that the
2 opportunities for this future wager to take place,
3 are actually not at Oak Tree but prior meets. And
4 then, finally, the payoff is made at the Oak Tree at
5 the Breeders' Cup.

6 And they've all coordinated together.
7 And the money has been moved around properly, through
8 the "money rooms," and everybody's been taken care of
9 very well. So that's worked very well. I think we
10 can certainly do that again.

11 "The match-rival rule" is this new
12 wager they put together last year called the "head to
13 head." And that's kind of an extra pool on given
14 races in which feature horses are proposed as kind of
15 a match race within a race. And I think it went over
16 fairly well for its first year. And, of course, this
17 will be the second year; and we'll have to see how
18 the action continues.

19 So if you have any questions, I can
20 answer what I can and Mr. Ken Kirchner of the
21 Breeders' Cup is here if you have additional
22 questions. Otherwise, you can approve or not.

23 CHAIRMAN LICHT: Could you go through the
24 takeout on that and how it's allocated on those bets.

25 MR. REAGAN: Well, the future wager and the

1 match rival -- they are California pools. And we
2 will use the appropriate California takeouts and
3 distributions for those wagers.

4 CHAIRMAN LICHT: For the exotic -- they're
5 exotic take?

6 MR. REAGAN: Yes, sir. For a thoroughbred
7 meet, we're talking 20.18.

8 CHAIRMAN LICHT: And the money is then
9 allocated as if it were a regular bet? In other
10 words, if somebody makes a bet at Belmont on a
11 Kentucky Derby future book, our take is the same as
12 what? I mean how is it allocated?

13 MR. REAGAN: Well, in the case of a California
14 wager, we put that in our pool and distribute it as
15 normal. If we're talking about an out-of-state
16 wager -- that person's wager is made in some other
17 state -- it's put into our pool and calculated with
18 the pool. And they get the same payoff as the
19 Californian.

20 In terms of the distribution of that,
21 there's a fee that we would charge to New York -- 3
22 or 4 or 5 percent to participate in the pool. We
23 keep that portion distributed between the State, the
24 horsemen, and the track. And the rest would go back
25 to the other jurisdiction, in this case, New York.

1 CHAIRMAN LICHT: The same way as if somebody
2 bet \$2 to win at Belmont on one of our Santa Anita
3 races or something?

4 MR. REAGAN: Correct. Correct.

5 CHAIRMAN LICHT: So how does Breeders' Cup --
6 how about Breeders' Cup's participation?

7 MR. REAGAN: Well, without going into too much
8 detail of the arrangement between Oak Tree and
9 Breeders' Cup, Breeders' Cup does take a percentage
10 of the action on that day. Yes.

11 CHAIRMAN LICHT: Ken.

12 MR. KIRCHNER: Yes. Ken Kirchner with NTRA
13 and Breeders' Cup. Just to correct one point that
14 John said -- both the future bet and the head-to-head
15 wagers -- the match rival -- are win bets. So they
16 would apply at the 15 percent takeout rate as opposed
17 to the exotic 20 percent rate.

18 COMMISSIONER HARRIS: On the match rival bet,
19 does a horse have to win? Or could one horse finish
20 11th and one 12th and the 11th one would win?

21 MR. KIRCHNER: That's correct, Commissioner.
22 It's one horse versus the other. And whether it's
23 11th or 12th or 1st and 2nd, as long as one
24 outfinishes the other.

25 COMMISSIONER HARRIS: If one scratches, would

1 that be --

2 MR. KIRCHNER: Yes. We would refund any money
3 at that point. Last year we had "Sky Mesa" scratched
4 the day before the race, in which case we simply
5 cancelled the match rival bet for that race.

6 Last year we did about \$770,000,
7 \$110,000 per race, on each of the head-to-head
8 wagers. So it was fairly popular. And one of the
9 better benefits was it created a great bit of
10 publicity. It gave the rider something new to focus
11 upon. And it made a very simple bet for new fans.

12 COMMISSIONER HARRIS: It looks like -- we like
13 the concept. I think one of the problems is, even
14 with a 15 percent takeout, payoffs aren't going to be
15 too good because you only have two bet against each
16 other.

17 MR. KIRCHNER: No. That's correct. I would
18 make it analogous to a sports bet where you're
19 betting 11 to win 10. This is similar in that
20 concept.

21 CHAIRMAN LICHT: John, is it clear that it
22 should be the win rate and not --

23 MR. REAGAN: Absolutely. Absolutely. I
24 apologize. And I thank Mr. Kirchner for correcting
25 me on that. But these are simply win pools. And in

1 California, that's a 15.43 takeout for a
2 thoroughbred. Absolutely clear.

3 COMMISSIONER LANDSBURG: Is there any way to
4 see the flow of betting on it?

5 MR. KIRCHNER: Yes. For both the future bet
6 and the head-to-head, we will have updates as the
7 tote updates the odds during the course of the
8 betting pattern.

9 COMMISSIONER LANDSBURG: But, of course, a
10 future bet would simply appear on the tote board as
11 the betting opens for it, would it not?

12 MR. KIRCHNER: Yes. During the three-day
13 periods that we're looking at for the future
14 wagering --

15 COMMISSIONER HARRIS: In the future bet,
16 though, if a horse is scratched, you lose, basically.

17 MR. KIRCHNER: That's correct. I mean if it's
18 scratched during the period in which the betting is
19 open -- say, he gets injured or something -- we would
20 immediately suspend betting on that horse.

21 COMMISSIONER HARRIS: Yeah. 'Cause that's one
22 of the sort of tricky parts of these future bets --
23 like, why is somebody betting on a horse that has,
24 you know, basically been scratched but nobody knows
25 about it except some people.

1 MR. KIRCHNER: Yeah.

2 CHAIRMAN LICHT: Thank you.

3 Any other comments from anybody --

4 public or the commissioners?

5 (No audible response.)

6 CHAIRMAN LICHT: A motion to approve Oak

7 Tree's request?

8 COMMISSIONER SPERRY: So moved.

9 CHAIRMAN LICHT: Moved by Commissioner Sperry.

10 Second?

11 COMMISSIONER MORETTI: Second it.

12 CHAIRMAN LICHT: Second from Commissioner

13 Moretti.

14 All in favor?

15 BOARD MEMBERS' VOICES: Aye.

16 CHAIRMAN LICHT: Opposed?

17 (No audible response.)

18 CHAIRMAN LICHT: It is passed unanimously.

19 Next is Oak Tree's request to suspend

20 our rule 1606 and 1691 regarding colors, numbers, and

21 the jockeys' right to advertise during Breeders' Cup.

22 MR. REAGAN: Yes, sir.

23 Commissioners, in addition, I'd like

24 to say 1606 has to do with the coupling of horses;

25 and 1691, the colors, numbers, and advertising. Once

1 again, we have a situation where a Breeders' Cup has
2 certain ways they like to take care of business with
3 runners coming from all over the world.

4 They want to make sure that everybody
5 can participate and kind of on a level playing field
6 in terms of the rules. So as they go from state to
7 state, there's a few adjustments they have to make
8 every year.

9 And in this case, these are the two
10 rules they've identified in California that they
11 would ask you to waive on Breeders' Cup Day so that
12 they can keep the program fairly well consistent. We
13 think that's a good idea. In the past this has been
14 done, and we haven't experienced too many problems.

15 CHAIRMAN LICHT: Have the jockeys been
16 contacted about this? Are they aware of this?

17 EXECUTIVE DIRECTOR WOOD: Mr. Chairman, I
18 spoke with the Jockey Guild quite extensively about
19 this not only this week but into the negotiations and
20 discussions in the rule-making process of the
21 advertising regulation that we created.

22 And they're well aware of this
23 suspension. The guild has no -- supports this
24 suspension for one day under the condition it's only
25 going to be for one day. And so I can tell you that

1 they've been contacted and this issue has been
2 discussed with them in detail.

3 CHAIRMAN LICHT: Any comments from anyone on
4 this?

5 (No audible response.)

6 CHAIRMAN LICHT: I'd like to have a motion to
7 approve this -- these two rule changes.

8 Make the motion?

9 COMMISSIONER BIANCO: So moved.

10 CHAIRMAN LICHT: Moved by Commissioner Bianco.

11 COMMISSIONER LANDSBURG: Second.

12 CHAIRMAN LICHT: Second, Commission Landsburg.

13 All in favor?

14 BOARD MEMBERS' VOICES: Aye.

15 CHAIRMAN LICHT: Opposed?

16 (No audible response.)

17 CHAIRMAN LICHT: Unanimously passed. Both
18 rules will be suspended for Breeders' Cup Day only.

19 The next item is the discussion of
20 advertisements for California residents to make
21 wagers through offshore out-of-state wagering sites.
22 And I think we're -- this discussion really is not --
23 does not pertain to people who are authorized to
24 receive simulcast signals but rather to unlicensed
25 sort of bookmakers, I guess we'll call them.

1 And though the Racing Form feels that
2 it could not provide this kind of service to the
3 industry if it were not for these ads, the important
4 thing to keep in mind that these ads are not for
5 anybody who contributes one cent to not only
6 California racing but racing in general.

7 These are essentially bookmakers that
8 fill the Racing Form with full-page ads.

9 John.

10 COMMISSIONER HARRIS: I'd like to expand a
11 little bit on this. The bookmakers are obviously
12 concerned, but I think it's more than just
13 bookmakers. It could be an ADW provider that is
14 commingling but is not licensed to do business in
15 California.

16 And I think it's important that, if
17 someone's in that business, that they come to the
18 Board and become licensed if they're going to deal
19 with California residents. If they're not, it
20 doesn't really matter. But if ads are aimed at
21 California residents, even from people that are
22 commingling, that would be -- I would consider them
23 to be illegal.

24 CHAIRMAN LICHT: And also one of the
25 incongruities -- and I think we need to discuss this

1 too -- it's my understanding that these legal shops
2 that receive the simulcast signal and commingle their
3 pools are not allowed to advertise anywhere by virtue
4 of their contracts with the various racetracks.

5 And obviously the racetracks have some
6 control over these people because they have
7 contractual relationships with them. They have no
8 relationship with the bookmakers; so they have no
9 control, except there have been some people in the
10 industry who have stepped forward, probably more than
11 this, but I know of California Marketing Committee
12 and Hollywood Park have stepped forward and agreed
13 not to advertise on any radio show that takes ads
14 from any of these offshore bookmakers.

15 And I would hope that -- and I don't
16 know whether Santa Anita has the same policy or Del
17 Mar -- but I would hope that they would as well --
18 and Oak Tree.

19 Charles.

20 MR. HAYWARD: Good morning. My name is
21 Charles E. Hayward. I'm the president and CEO of the
22 Daily Racing Form. I appreciate the opportunity to
23 be here and speak with you.

24 Just quickly, what I'd like to try and
25 accomplish in a very few minutes is just give you

1 some background on myself; on the Racing Form; our
2 relationship with California, which we think is a
3 very good one, an important one; talk a little bit
4 about the legal issue, what our perspective is on how
5 it relates to that; and then talk about the financial
6 issues and the implications of that.

7 And I'm sure you'll have some
8 questions for me. Obviously feel free to interrupt
9 at any time, or we can talk and entertain questions
10 afterwards.

11 As far as myself goes, I have -- my
12 business background has been as a book publishing
13 executive. I was in the book publishing industry for
14 25 years. My last job was the president and CEO of
15 Little Brown and Company, which is a \$200 million
16 book publishing company that's owned by Time-Warner.

17 I've been a licensed horse owner in
18 the State of New York since 1985. I was a member of
19 the New York Racing Association Board for five years.
20 And I only left the board because I resigned when I
21 took my position as president and CEO of the Daily
22 Racing Form 'cause I felt that was a conflict of
23 interest.

24 I've been a big fan of California
25 racing. I counted up in my head. I've been to about

1 a little over a hundred racing days here in
2 California, virtually all the tracks, except I've
3 missed some of the fair tracks. I was here, right
4 here, in Hollywood Park in 1984 for the original
5 Breeders' Cup race. And I've been a very committed
6 and devoted racing fan.

7 As far as my involvement with the
8 Racing Form, I became president and CEO in January of
9 2000. One of the first things that we did just --
10 yes; this is a commercial -- one of the first things
11 that we did is we had a relationship with the CTBA,
12 where we took a paid ad from them and they were able
13 to write their own column.

14 And it only ran here in California.
15 So there wasn't really any California breeding
16 coverage of any substance anyplace else in the
17 country. We went and met with the CTBA board. And we
18 suggested that we appreciated the advertising, but we
19 wanted to take control of that back.

20 We agreed to provide weekly breeding
21 coverage. And not only did that breeding coverage
22 run in California, it ran across every paper of the
23 Daily Racing Form across the U.S. and Canada.

24 And subsequent to that, I think our
25 relation with the CTBA has improved dramatically. We

1 were a big fan and supporter of the "Sunshine
2 Millions," which I know was controversial with
3 certainly a lot of our customers. But I think
4 anybody that owns a Cal-bred will agree it was a
5 great day in racing for Cal-breds.

6 Here in California, we have more
7 writers covering the tracks and the circuits than we
8 have in literally any other venue. We've got four
9 very talented people here in Southern California, one
10 in Northern California.

11 I'm sure you don't always agree with
12 everything they write. I don't always agree with
13 everything that they write. But I think they do a
14 darned good job.

15 We also work very hard in our business
16 relationships with the track. I see a lot of track
17 executives here in the audience. And our
18 relationships with each one of those, including our
19 relationship with CARF, is important and one that
20 we're developing.

21 Moving on to the legal aspects, Roger
22 was right. We have a legal opinion on this. I'm not
23 a lawyer. And I'd be happy to have our lawyer in
24 touch with somebody. But basically commercial free
25 speech is covered and recognized by the Supreme Court

1 as having First Amendment protections. And, in fact,
2 in a press release that was put out, that the CHRB
3 put out in, I think, February of 2002, they cited a
4 statute -- 1084-A -- as being -- dealing with this
5 specific issue.

6 In that statute, newspapers were
7 actually exempted from any coverage. So I also would
8 just share with you -- I went in and pulled down from
9 some web sites -- this was a page from USA Today,
10 Gannett Publishing Company, probably the most
11 middle-America media company that there is. This is
12 a page from CBS Sportsline. I don't need to tell you
13 who CBS is.

14 This is a page from The Sporting News.
15 This is a page from one of the largest baseball sites
16 called "Rotoworld" (phonetic). These pages all have
17 advertising for sports betting. So their legal
18 counsel has come to the same conclusion regarding the
19 legal aspects of that.

20 And also, just as another simple
21 matter, as you know pari-mutuel wagering is not
22 licensed and legal in every state in the country.
23 But we can sell our Racing Form in any state of the
24 country, whether pari-mutuel racing is legalized or
25 not.

1 Now I'd like to talk a little bit
2 about the financial aspects of the offshore
3 advertising and some of the dynamics of it. It
4 really breaks down to two types of offshores, which
5 Roger really alluded to. The very big ones and the
6 biggest one and the only one I'm directly familiar
7 with is a company called RGS.

8 They're based in Saint Kitts. In
9 2002, they handled \$564 million of just horse racing
10 wagering. And they only take horse racing wagering.
11 Ironically, it was started by a gentleman named
12 "Curt -- Kirk Brooks" (phonetic), who some of you may
13 be familiar with because he was one of the race book
14 managers in Las Vegas that started rebating a number
15 of years ago.

16 And I know California had a very
17 extended issue with that. And it certainly wasn't
18 unpleasant -- it wasn't pleasant. That's the
19 gentleman who's running RGS. They do bet into the
20 pools. And they do provide what they call
21 "dividends," what I would call "rebates," of up to 10
22 percent to their high-volume customers.

23 And Roger was correct in that regard.
24 These folks do know advertising.

25 Now, then, to the other category of

1 offshores, which are the ones that we're talking
2 about here. And Roger was also correct. All the
3 people that advertise in the Daily Racing Form do not
4 bet in the pools.

5 And, you know, that's something that I
6 have to face directly. I will say to you that,
7 though, it's my very strong belief that what those
8 advertisers are looking for is sports-betting
9 customers and not horse racing customers.

10 The reason I say that is our biggest
11 advertiser is a company called SGB Global. And they
12 put limits on, as all those folks do, on every wager
13 that they take. And the maximum payoff that they
14 will pay on any bet -- win, place, show, exacta,
15 trifecta -- they don't take Pick 6 wagering -- the
16 maximum payout is 50 to 1.

17 And I can tell you I don't believe
18 there's a serious bettor that would bet into a book
19 that was only going to pay 'em 50 to 1 on an exacta.

20 We had four major advertisers in
21 offshores last year, just to give you some sense of
22 the financial magnitude, that generated about.
23 \$500,000 in revenue for Daily Racing Form. The four
24 advertisers were World Sports Exchange, Royal Sport
25 Book, SBG Global, Triple Crown Racebook. And as I

1 said, they generated about \$500,000. We did take on
2 a new advertiser this year -- NVP. And you've
3 probably seen some of those ads in the paper if
4 you've been following this.

5 Our estimate, in each case in talking
6 to -- we got figures from three out of the four
7 books. The largest one -- SBG Global -- handles
8 almost a billion dollars in sports wagering. They do
9 a little over 1 percent in horse racing. So they
10 generated somewhere around \$15 million in handle in
11 horse racing by their estimates.

12 The other two people generated 1.5
13 percent and 2.5 percent. And that was a total of --
14 excuse me -- \$6.8 million. Our estimate -- the
15 sports books that advertise with us, our estimate is
16 they handle approximately \$20 million to \$25 million
17 in horse racing handle.

18 If you take the 25,000 -- \$25 million
19 figure and multiply that by a simulcast fee of 3
20 percent, you're really talking about \$750,000. You
21 spread that out, over the entire country over the
22 entire year, we're really talking about a minimum
23 amount of money. It's money. I recognize that.

24 But I think the impact and the view
25 that people have or the belief they have is that it's

1 significantly more money that's being bet. And,
2 again, our strong belief is the caps that they all
3 put on this, I think really restricts that wagering.

4 We've had -- The Racing Form has had
5 some discussions with the CHRB over "What we can do?"
6 We've had discussions about putting some copy in
7 there that would alert people to some of the
8 restrictions that might apply. And I'd be open to
9 any comments or any further thoughts people might
10 have.

11 CHAIRMAN LICHT: Any commissioners have any
12 comments or questions?

13 COMMISSIONER MORETTI: Mr. Hayward, what kinds
14 of restrictions are you talking about? Are you
15 talking about putting some kind of disclosure in
16 there that "It's illegal in California"? What would
17 it look like?

18 MR. HAYWARD: I do not think that we could say
19 that it's illegal in California for the following
20 reason: Number 1, we're not lawyers and we can't
21 know, every day in every jurisdiction, what is legal
22 and not legal. Also this paper that we produce here
23 in California doesn't just go to the State of
24 California. It goes to the State of Nevada.

25 And if we had to look at every ad and

1 every account wagerer and have to make a
2 determination ourselves as to whether this was a
3 legal ad or not, I'm not sure that we would be in a
4 position to be able to do that.

5 So it would be more general
6 advertising, something with a little bit more teeth
7 than "Void where prohibited by law," something that
8 would talk about checking the law within that
9 jurisdiction.

10 COMMISSIONER LANDSBURG: It is my impression
11 and I believe most of the Board's -- and I have
12 questioned the attorney general's office -- to
13 determine whether making these bets is an illegal
14 activity for the bettor.

15 As far as I can tell -- I am not a
16 lawyer either -- but as far as I can tell, on the
17 best advice I've received, is that it is illegal for
18 anyone in California to use an unlicensed-by-
19 California betting service, which would mean our
20 three ADW suppliers at the moment.

21 Otherwise, it is an illegal act for me
22 to pick up a telephone and use any of those
23 bookmaking wager services. I am subject to penalty
24 under California law. Now, that's my understanding.
25 I believe it's correct. I don't stand here and swear

1 on it.

2 The warning for some of these ads
3 would be an important step forward. As a Board, we
4 are recommending to our staff that any on-air
5 advertising for this kind of activity be challenged
6 with the FCC to -- would create a challenge to that
7 broadcaster's license at the FCC level, which is the
8 only way we can attack those people who are
9 encouraging illegal activities.

10 The newspaper that -- and under the
11 newspaper ruling that is general, we agree with you
12 that there's a First Amendment right for you to carry
13 these. However, we would encourage that the warning
14 be there if we can find -- we can all find language
15 that would state that warning.

16 It's on cigarette packs, and it
17 doesn't stop a lot of people. But it does bring to
18 mind the fact that they are committing an illegal
19 act. And I would encourage you to make that a part
20 of your policy.

21 Even though it's Nevada, it's for
22 California residents. And it should be a line for
23 California residents "It is illegal to use any
24 service not licensed for horse racing betting."

25 MR. HAYWARD: Excuse me. This would apply, of

1 course, not only to the offshore advertising we're
2 talking about, but there's an ad in the PP's today at
3 Hollywood Park for "Brisbet" (phonetic) or for other,
4 you know, legal account wagers that are betting in
5 the pool. It's still illegal for them to solicit
6 advertising from California bettors.

7 So we're going to open a little bit of
8 a box here with some of our advertisers, which we're
9 willing to entertain and do. But I'm just suggesting
10 this is going to take, you know, some cooperation and
11 work between us to --

12 COMMISSIONER LANDSBURG: "Brisbet" is not
13 licensed in California.

14 MR. HAYWARD: I understand that. So we would
15 have to put that same kind of warning in that
16 bettors -- in that advertisement as well.

17 COMMISSIONER LANDSBURG: Well, we would have
18 to encourage "Brisbet." They would have their own
19 problems getting a signal. But the signal is out
20 there on a rather general basis. We would encourage
21 anyone who wanted to contribute to, particularly from
22 out of state, contribute to our pools, to come in.

23 In fact, they have to be licensed in
24 order for California residents to use them, which is
25 what I think we want to get through.

1 CHAIRMAN LICHT: I'd like to hear from the
2 public and general comments before we go on with the
3 Commissioners because many times this Board, as well
4 as many administrative boards, are accused of
5 micromanaging industries.

6 And the way I see it, our leverage
7 here would be to exclude the sale of Daily Racing
8 Form from the grounds. And I don't see that as a
9 viable possibility at all, at least as far as I'm
10 personally -- I mean I wouldn't even consider that at
11 this point.

12 So I'd like to hear from the tracks
13 and NTRA, too, as long as they're represented, what
14 they think should be done here.

15 MR. BAEDEKER: Rick Baedeker, Hollywood Park.

16 We've had several discussions --
17 Charlie and myself -- about this issue. And the last
18 thing that I think we want to do is make the racing
19 fan pay the price for this controversy or make our
20 product less appealing because of the controversy.

21 I think the greater good here is
22 servicing our patron day in and day out. You know we
23 have instances where racetracks accept advertisements
24 that might be controversial as well. I think it
25 comes down to a business decision. And I think it's

1 unfortunate that the Horse Racing Board has to get
2 involved here. I would have hoped that Daily Racing
3 Form, realizing that its lifeblood is American
4 racetracks, that the Daily Racing Form would have
5 made the decision not to accept these advertisements.

6 But I think, ultimately, it should be
7 a business decision.

8 COMMISSIONER HARRIS: Is that the policy of
9 Churchill Downs in general?

10 MR. BAEDEKER: This is the policy of Rick
11 Baedeker. John, I believe it is. But I should speak
12 conditionally, I suppose, because I haven't had a
13 conversation with the folks back there about this
14 issue for some time. So I believe it is, but I can't
15 say for certain.

16 COMMISSIONER HARRIS: 'Cause one of my
17 concerns -- it is an important issue that you can
18 argue all sides of it. It's just that the
19 frustration is that racing is not doing well. We're
20 not showing any gains. We're, you know -- basically
21 costs are going up and revenue's going down.

22 And we need to, I think, look at why
23 this is. And I think partially it's because of the
24 competitiveness of a lot of wagering that is, you
25 know, illegal that is occurring. And I respect the

1 First Amendment rights. Clearly, I don't think we
2 can tell anybody what to advertise. But we can -- I
3 think the only lever we have as a commission would be
4 to sanction what can be sold on our facilities, the
5 facilities we license.

6 And, you know, perhaps the Racing Form
7 would have to create some employment opportunities
8 for people to clip out the illegal ads or something.
9 But I think it's clear they can print whatever they
10 want to print. It's just where can they sell it?

11 It would be the same if they
12 advertising for child pornography or prostitution or
13 illegal securities or anything. There's some
14 responsibility of it that, if they're selling it on
15 our your facility, that you're, in fact, endorsing
16 it.

17 MR. BAEDEKER: The other point I would make --
18 and, again, Charlie and I have had this
19 conversation -- and I think the Racing Form is
20 sensitive to these things but wants to stay in
21 business as well.

22 I don't think any of us want to
23 convert horse players to sports bettors. Any number
24 of them that quit playing races with discretionary
25 dollars in hand and start playing professional sports

1 affect all of us and make the product -- make our
2 game weaker. So, you know, I -- again, I would just
3 hope that the Daily Racing Form, on a business level,
4 would decide that it's in its best interest --
5 regardless of a bottom line increment each year, it's
6 in its overall long-term best interest to stop this.

7 CHAIRMAN LICHT: I think it's clear -- and,
8 Rick, I would assume you'll agree with me on this --
9 the Racing Form is a much better publication both for
10 the gambler and for the racing sports fan than it was
11 10 years ago.

12 And I believe, Mr. Hayward, part of
13 the reason for that is this extra ad revenue. Would
14 you agree?

15 MR. BAEDEKER: I completely agree that it's a
16 much better publication. And I think it's vital.
17 And I think we want the Racing Form to not only
18 survive but to thrive. And so, you know, I think we
19 do need to be sensitive to both sides of this
20 argument.

21 We want this paper to stay in business
22 and to provide us the information that it does, day
23 in and day out, not just the PP's but the news part
24 of it as well. It's really our only widely
25 distributed source of news information, at least in

1 print.

2 CHAIRMAN LICHT: Any comments from the other
3 tracks or NTRA, TOC on this? Any position?

4 Charles.

5 MR. HAYWARD: Just to respond to a couple of
6 things. First, I just want to make it clear to
7 everybody that I'm here as a -- I'm here
8 voluntarily -- I wasn't summoned to come before the
9 Board -- because it is important. And I think one of
10 the things that I've wanted to try and convey is sort
11 of a scale-of-a-magnitude issue here.

12 There was an article in The New York
13 Times two weeks ago that internationally there's \$6
14 billion being bet on sports betting. So the horse is
15 out of the barn in that regard. And, you know,
16 people do it.

17 I would submit to you that the
18 racetrack players have been sports bettors and have
19 been sports bettors for a long time. So that's just
20 sort of one observation.

21 Second point is, you know, we all have
22 bosses and we all -- most of us have owners. And
23 we're owned by a venture capital group. They've been
24 extremely supportive. We put a lot of money into
25 talent that wasn't here before. And they expect a

1 return on their money.

2 The reason I speak to the issue of
3 scale -- it's very difficult for me to go to them and
4 say, "I'm going to make a decision that's going to
5 cost you guys \$500,000, even though that decision
6 doesn't have a material impact on the industry per
7 se."

8 And it's hard for me to figure out how
9 to do that. And you folks, as business people, I
10 think would appreciate that if I were to come to you
11 with that similar situation.

12 One thing that I would offer, which I
13 haven't been asked about, but I would be curious as
14 to your position is -- we edit very carefully what
15 they can put in the ads in regards to horse racing.
16 And but my position is that these people are mostly
17 going after sports bettors, not after horse racing
18 dollars, for the reasons that I said.

19 If the Racing Form were to consider
20 eliminating all mention of horse racing entirely and
21 just took these ads as if they were sports betting
22 ads, would that be meaningful? Or are we still
23 looking at -- 'cause that's going to cost me some
24 advertising dollars but it might start to address the
25 concern that the Board has about leakage.

1 COMMISSIONER HARRIS: Well, I think that would
2 almost be worse because that is still an illegal
3 activity that's, you know, attracting horse players,
4 I guess. I mean I agree it is a tough situation that
5 there is so much sports betting going on. And maybe
6 we're just a hopeless industry that's doomed to kind
7 of drift off into obscurity.

8 But the \$500,000 -- I can see, from
9 looking, if I was on your board, I'd be concerned
10 about it obviously not going away. But I think you
11 also have to look at the circulation that you have
12 that you've lost due to the, you know, basically the
13 decline in the interest in racing.

14 You know, 500,000 seems like a lot of
15 money -- and it is -- but it's about 2,000 a day over
16 250 days; so if you could sell another thousand forms
17 a day, somehow, that you could get that back.

18 That's the real -- the real problem is
19 that just that we're losing our on-track interest in
20 racing. And even though you really have a better
21 publication than you've ever had, I would suspect
22 your circulation is probably worse than it's ever
23 been.

24 MR. HAYWARD: Just to that point, when this
25 group bought the company in 1998, the circulation

1 declines of the Daily Racing Form were double digits.
2 They were running between 10 and 13 percent over the
3 prior years. Our decline last year was 1.5 percent.
4 So our, you know -- we're working -- and thanks to
5 all the racetrack folks here -- we're working with
6 them. We're trying to sell more and more papers and
7 help promote the industry.

8 But there's no question. That's one
9 of the issues. We've had a decline in our core
10 product. We've been able to stem some of that
11 decline. So as the unit sales go down and sales go
12 down, you look for other ways to try and supplement
13 that.

14 And so I don't believe it's a chicken
15 and an egg. I don't believe that this offshore
16 advertising, again, is part of the problems that we
17 have. I don't think that it's any part of the
18 problem of the handle figures that were announced at
19 Santa Anita. But we could sit here, I guess, and
20 discuss that all day.

21 CHAIRMAN LICHT: I think that I disagree with
22 Commissioner Harris. I think that, if we limited
23 these ads to just sports, it would be a major step in
24 the right direction and would be very helpful to the
25 game.

1 And frankly I'm shocked that even the
2 Board is so concerned about this and the industry
3 itself doesn't seem to be. TOC, NTRA, and none of
4 the tracks, except Hollywood Park, have any comment
5 on this at all? No input for us at all with respect
6 to this? That, to me, is shocking.

7 COMMISSIONER HARRIS: Yeah. I thought that
8 TOC made a big point in their last notes from the
9 boardroom that this was a concern.

10 So does TOC have a position?

11 MR. VAN DE KAMP: John Van De Kamp, TOC.

12 I guess I'd ask you a question, Mr.
13 Hayward. Do you think that these ads are good for
14 horse racing?

15 UNIDENTIFIED MALE VOICE: Can I say --

16 CHAIRMAN LICHT: Well, I don't know.

17 John, do you want to sit at the table
18 so he doesn't have to look backward?

19 MR. VAN DE KAMP: Oh, I'm sorry.

20 MR. HAYWARD: Are they good for horse racing?
21 They're -- I guess a restatement of my earlier
22 position is that they're certainly good for the Daily
23 Race Form, and the Daily Racing Form is certainly
24 good for the industry.

25 And the revenue that -- the potential

1 lost revenue that these ads are generating by
2 generating horse racing handle that doesn't go into
3 the pools, by the figures that I've tried to
4 assert -- and I'd welcome anyone to challenge those
5 or find figures that would replace them -- I think
6 are -- that impact is minimal.

7 CHAIRMAN LICHT: I think that we should also
8 limit the questioning to come from the Commissioners,
9 and you can make your comments or statements. But I
10 don't think we should have an interrogation of
11 Mr. Hayward by Mr. Van De Kamp.

12 MR. VAN DE KAMP: I think it was a fair
13 question.

14 MR. HAYWARD: I think it was too.

15 CHAIRMAN LICHT: Okay. I'm just talking --

16 MR. VAN DE KAMP: And he responded. And I
17 appreciate that.

18 The TOC doesn't like it. I don't
19 think the industry likes these ads because they --
20 they're hurting us. And as you've just heard, it's a
21 mixed bag. We need the Racing Form. TOC itself
22 advertises in the Racing Form. And it's productive
23 because we get people to come to horse courses as a
24 result.

25 And we're, you know, hopefully finding

1 some owners that get into the business. Now, that's
2 a positive thing. And a lot of the things that the
3 Racing Form does are positive. But this is a
4 negative.

5 The simple answer is an economic one.
6 If the tracks, TOC, and others were willing to
7 provide the advertising that they need to make up,
8 hopefully we could convince 'em to stop carrying this
9 kind of advertising. That's a business decision that
10 the tracks and TOC, to a very small extent because we
11 don't have that kind of funding to make that kind of
12 a difference, should probably think about.

13 With respect to radio that's been
14 discussed earlier, we are a member of the TO -- of
15 the CMC board. And we did have one of our broadcast
16 partners, who has come in now this last year and
17 wanted some advertising from us but started to carry
18 ads from one of these kinds of organizations, and we
19 had to notify that person that we were no longer
20 going to be advertising with them as long as they
21 carried those kinds of ads and we've cut them off.

22 So we carried out our part of the
23 bargain with respect to that. He is continuing to
24 carry those ads, but we no longer advertise with him.

25 COMMISSIONER LANDSBURG: John, while you're on

1 that subject, will you join the Board in complaining
2 to the FCC that they are encouraging an illegal act?

3 MR. VAN DE KAMP: Yeah. We've been at this
4 now for a number of years, by the way. And you go
5 back, Alan, with us. We got the attorney general's
6 office, I believe, back in the -- oh, about '96 or
7 '97, to bring an action to cut off the telephones
8 with respect to one of these entities.

9 And it's a long drawn-out process that
10 you can follow. And I believe it was successful. We
11 cut off the phone lines to that particular entity.
12 God knows whether or not they opened other phone
13 lines later on.

14 But to basically get D.A.'s or the
15 attorney general to prosecute bettors who are in
16 violation of law is virtually impossible because to
17 them it looks like a de minimis activity when they're
18 confronted by murder, robbery, rape, and the most
19 serious kinds of violation.

20 And so we are confronted here with
21 something we have to sort of deal with on our own,
22 and I guess the best answer is in the marketplace. I
23 think that's where we're going to have to find the
24 answer and try to persuade the best instincts of the
25 Racing Form, which has been so supportive of the

1 industry, that there may be another way of going.

2 COMMISSIONER LANDSBURG: I was just going
3 toward on the air. That's all. The FCC does have
4 the power to license them. If they're encouraging an
5 illegal act, they should at least be warned that that
6 is not a proper utilization of public airwaves.

7 MR. CHILLINGWORTH: Sherwood Chillingworth,
8 Oak Tree Racing Association.

9 COMMISSIONER LANDSBURG: May I, Chilly?

10 We have a whole group of people who
11 are giving us an eye test in the back. We respect
12 your right to do that. But I can't read and I think
13 most of us can't read what you're holding up. If
14 you'd like to wait for your turn to speak, fine.
15 Otherwise, I just expect that your arms are going to
16 get tired holding up the signs.

17 MR. CHILLINGWORTH: I'm a great believer in
18 the survival of the Racing Form. I'm on the board of
19 management committee of the -- of "Equibase"
20 (phonetic), who provides the PP's to the Racing Form.

21 And one of the things I've insisted on
22 is that we not price them out of the market because
23 we need the continuation of the Racing Form. I'm
24 very sympathetic to their economic situation. I
25 guess the issue is -- we know that they're obtaining

1 revenues of \$500,000 a year from this source. How.
2 significant is that in their total bottom line? I
3 mean if they're doing \$50 million a year, how much is
4 500,000?

5 My other thought is that, even though
6 we are depriving them of money, if they are betting
7 an illegal activity -- i.e., having California
8 residents betting it out in never-never land with
9 bookies -- I mean you can say that same thing about
10 drug dealing -- that, if it's an illegal activity and
11 you take it away from them, why the person's going to
12 lose money.

13 And I don't think that is a cogent
14 point to make a decision on. And I -- again, I
15 stress I want to see the Racing Form succeed. I've
16 done that practically from where I am on the
17 management committee of "Equibase" to be sure that
18 they don't raise prices on their royalty fees to
19 impact them -- the Racing Form -- unnecessarily.

20 But on the other hand, I don't see how
21 we can put money ahead of illegal activities.

22 MR. LIEBAU: Jack Liebau from Magna
23 Entertainment. I have to confess I was reluctant to
24 speak because I don't know the answer. I think that,
25 you know, as far as constitutional rights, I'm not an

1 expert in constitutional law. My grade in
2 constitutional law will attest to that.

3 But I do think it is protected under
4 the First Amendment. I think it's of extreme
5 importance that the Racing Form remain viable. And I
6 guess that I may be violating some confidentiality
7 agreement that my son signed because I suspect that
8 he was the underbidder for the Racing Form in 1998
9 and, fortunately, was the underbidder.

10 I suspect that the \$500,000 to the
11 bottom line is of extreme importance, as far as
12 maintaining the viability of the Racing Form.

13 And for that reason, I think that, you
14 know, if, as I believe and as Charlie has referred to
15 his lawyers, that there is a constitutional amendment
16 that protects their right to carry this advertising,
17 I do not see how anybody can interfere with that
18 constitutional right.

19 And any talk about barring them from
20 the enclosure would be a tremendous hardship to the
21 tracks and, I think, just wouldn't be right, even if
22 there was the power to do so.

23 Thank you. Again, I'm sorry I don't
24 have the answer.

25 COMMISSIONER MORETTI: Jack, I don't think any

1 of us would vote to bar them from the enclosures.
2 And I -- actually I would like to thank Mr. Hayward
3 for coming here and for talking with us, in the first
4 place, because he doesn't really have to do this.
5 But from my point of view, I would encourage you to
6 continue discussions with us to see where we can come
7 up with some kind of disclosure, some kind of generic
8 language that fits, at least, our needs a little bit
9 more than -- but that would also fit with your needs
10 because I agree with Mr. Baedeker.

11 I do believe that it's also a business
12 decision. It might not be a great business decision,
13 but, from my point of view, I can't -- I'm not asking
14 you not to do it.

15 MR. HALPERN: Ed Halpern, California
16 Thoroughbred Trainers. Based on what you said,
17 Commissioner Licht, I just wanted to express that we
18 did not speak for the reason that we're not upset or
19 unhappy about the activities of the Daily Racing
20 Form.

21 I represent all of the trainers in
22 California, and there are probably 4,000 employees
23 who work each day -- from 4:00 or 5:00 o'clock in the
24 morning, seven days a week, 365 days a year -- to
25 produce this product.

1 And we're very upset that someone
2 would advertise ways to obtain this product and use
3 this product and benefit from this product without
4 paying us for that effort.

5 I would suggest that Mr. Hayward would
6 have a very different attitude if the racetracks were
7 advertising in their programs free ways to get the
8 Daily Racing Form and ways to get money back if you
9 do get it by using these methods. If we had a
10 constitutional right to do that, he might feel that
11 the constitutional right is not the ultimate
12 decision-maker.

13 We all have many constitutional
14 rights that we don't take advantage of because, for
15 one reason or another, we think they're wrong and
16 they're inequitable -- not the right but the act that
17 the right allows us to do.

18 The Constitution doesn't make the
19 judgment of whether the act is right or wrong. It
20 merely says you may do it, and others must make that
21 judgment.

22 MR. HARPER: Joe Harper, Del Mar racetrack. I
23 don't want to be the only racetrack that doesn't say
24 something here. I wasn't going to say anything. But
25 I do want to commend the Racing Form, especially in

1 the last number of years that have been a tremendous
2 help to the tracks not just in the content of what
3 they have in the Form but also in their willingness
4 to go through such things as the partnership programs
5 in the past and things to that level. Economically
6 they have been a good supporter of the tracks.

7 Clearly we don't like those ads.
8 There's no question about it. And I'm certainly not
9 going to argue the First Amendment. And I hope that,
10 if anything, Charlie might be holding his nose a
11 little bit when he puts the ads in there. And I
12 don't know what we can do to get him to stop it.

13 It's something that he knows we don't
14 like. And I guess it's just how important is that to
15 the bottom line and his relationships to the rest of
16 us.

17 I think this industry has a lot of
18 concern over offshore wagering. And maybe speaking a
19 little as the President of the TRA, this is a subject
20 that has come up continuously in our meetings not
21 just with the illegal ones but with some concern as
22 to the legal ones. And that's not a subject for this
23 agenda item. But it is something that is of great
24 concern and probably a lot bigger concern than we'll
25 be facing here today with this agenda item. Thank

1 you.

2 CHAIRMAN LICHT: Thanks.

3 Charlie, do you have any idea what
4 type of disclaimer you would consider? Have you
5 given any thought with your attorneys or in general
6 what you might be willing to say?

7 MR. HAYWARD: We've had four different ones
8 that -- in fact, I shared one with Roy.

9 And he came back with suggestions
10 similar to what Mr. Landsburg was suggesting. And so
11 I think we've got a ways to go. But, you know, we
12 can certainly make some progress in that regard.
13 And, you know, I really support the idea of an
14 ongoing dialogue to address this entire situation.

15 CHAIRMAN LICHT: Ken.

16 MR. KIRCHNER: Ken Kirchner with the NTRA.

17 I'll make two observations, one from a
18 business perspective. We're dealing with, I think,
19 an economic issue, an economic issue that the ad
20 revenue affects the Daily Racing Form which affects
21 their ability to continue as a viable entity.

22 At the same time, we're looking at it
23 from our perspective in the racing industry and the
24 potential detrimental effect these type of ads would
25 have in drawing potential handle out of our business

1 and into sports betting business, which, I believe,
2 clearly that's where these ads are directed.

3 As with most other business issues,
4 though, there has to be a solution. We're talking
5 economics. What that compromise is -- and whether
6 it's language that Charlie just mentioned or
7 increased support from the business, doubling down on
8 what the ads, you know -- can you price them out of
9 business in terms of how that goes?

10 But at the same time, I think we need
11 to find a business solution to this. And I think
12 that's where it has to go.

13 From a personal perspective, I
14 understand the First Amendment rights. It's very
15 difficult for any of us, I think, to say, "They
16 cannot accept ads in the Daily Racing Form."

17 At the same time, personally as a
18 horse player, I don't even read the ads. I
19 wouldn't -- I couldn't name you the four companies
20 Charlie mentioned that are doing their advertising.
21 I jump right past those to the next article I'm
22 reading, to the next PP I'm looking at.

23 Certainly there are some business --
24 some players that are probably looking at that. But
25 we are so inundated on the internet and everywhere

1 else that, if we want a make a sports bet, I'm not
2 sure the Daily Racing Form is necessarily the
3 influence that's causing us to make sports bets.

4 So from that perspective, I'm not sure
5 the ads are hurting us as much as we may fear. But
6 at the same time, I'm hopeful that we could find a
7 solution and whether that's disclaimers or some other
8 business relationship to try to address the ad
9 revenue.

10 CHAIRMAN LICHT: Thanks, Ken.

11 Jeff.

12 MR. TRUE: Hi. Jeff True, Los Alamitos.

13 Inasmuch as you asked for racetrack
14 input, I'll go ahead and give the Los Alamitos and
15 partly the nighttime racing perspective. We spend,
16 as I suspect the other racetracks do, six figures a
17 year in advertising in the Racing Form. And we're
18 looking for a solution on how to eliminate
19 advertising.

20 We have an option, I think, as
21 operators, whether to distribute the Racing Form or
22 not. Speaking just for Los Alamitos, we're not even
23 covered by the Form. We sell it at our racetrack --
24 several thousand copies a year. We advertise in it
25 every day that we race, all year long.

1 But we, in our night racing, we
2 distribute past performances in an 8-and-a-half-by-11
3 program. We all have that option. If the
4 advertising were compelling enough to each individual
5 racetrack that we thought we were losing enough money
6 to these offshore places, we'd quite selling. We'd
7 distribute PP's in other ways.

8 There are other options for the kinds
9 of things we're talking about. Nobody likes the ads.
10 But they're not in my view, in our view, compelling
11 enough to make us stop doing business with the Form.
12 We need the Form. We don't like the ads, but I don't
13 think that this prohibition we're talking about, this
14 censorship we're talking about, is any kind of an
15 answer.

16 And I think there are options that are
17 available to us if we did. The evidence speaks very
18 clearly.

19 CHAIRMAN LICHT: Thanks, Jeff.

20 I'd like to poll the Board informally
21 to see how we would feel about limiting those ads to
22 sports only and not having horse racing -- see how
23 people feel, if that would make any impact.

24 John, do you have a feeling on this?

25 COMMISSIONER SPERRY: Personally I don't think

1 it will make any -- would make any effect on it.

2 COMMISSIONER LANDSBURG: I'm thinking -- the
3 figure that you gave, Mr. Hayward, was very
4 interesting of this so-called illegal betting, that
5 is, not the ones that flow into our pool, clearly,
6 but that just go out of our hands is at \$750,000 is,
7 I believe, the sum figure that you gave; is that
8 correct?

9 MR. HAYWARD: The 750,000 was an approximation
10 of what I think these advertisers that we're speaking
11 of that advertise in the Form --

12 COMMISSIONER LANDSBURG: Right.

13 MR. HAYWARD: -- total handle was, multiplied
14 by a simulcast fee of approximately 3 percent to get
15 to a net take, if you will, of \$750,000 spread across
16 the entire country for the entire year. That's
17 correct.

18 COMMISSIONER LANDSBURG: Well, in a \$3 billion
19 to \$4 billion wagering business that we have, that
20 seems to be a relatively insignificant sum to
21 penalize you for. I think the more important area
22 here is the general area of sports betting so that,
23 sports betting is illegal, other than horse racing,
24 in California.

25 And I think that the Board is better

1 focussed on trying to make clear to the public that
2 it's an illegal act -- actually it's illegal to make
3 those kinds of bets and that you are subject, should
4 anyone crack down, to arrest for them.

5 I think it's more important that we,
6 as an industry, have that small note in your ad that
7 identifies that fact and that we, as an industry --
8 you, after all, preached to our choir. Our choir
9 knows this. You are a main publication for the
10 people who come to racing day in and day out and
11 want to make these bets.

12 I don't want to penalize you for that.
13 I do want to go after other areas of sports betting
14 in the public arena, which I think is a far more
15 important job to have the industry undertake, as well
16 as the Board's support.

17 COMMISSIONER GRANZELLA: All right. I
18 absolutely agree with Alan.

19 COMMISSIONER HARRIS: Well, I think I would,
20 as I mentioned before, that I would be concerned
21 about sports betting if that's the issue. I think --
22 obviously, I respect First Amendment rights. I think
23 you can do about anything you want to do as far as
24 publications, which is a good thing.

25 But the only thing that we can really

1 control is what's done in our enclosures; that we
2 clearly could restrict sale, you know, of -- or any
3 illegal activities that are within our enclosures,
4 and we do. We just chose to not do anything on
5 this -- I mean I agree.

6 This is kind of like a nuclear weapon,
7 and I think that the consensus of the crowd is that
8 this is sort of a nuclear-free zone, that no one's
9 going to use that nuclear weapon. But I think we
10 could if we wanted to. And I think the tracks could
11 if they wanted to.

12 And there are other -- I mean you can
13 buy "Equibase" PP's and, you know, come up with a
14 rival of the Form, which was what it originally had
15 done. But I think, you know, that's not the
16 solution. The solution is to find some way to work
17 it out and to, you know, get -- make an economic
18 decision, which has happened.

19 And actually I think probably what's
20 going to happen is that, at some point these other
21 operations are going to saturate the market. And
22 it's not going to be cost effective for them to
23 advertise because everyone that wants to be a sports
24 bettor already is a sports bettor.

25 And we've got such an aging population

1 in racing that they probably can't see anymore
2 anyway. But I do appreciate you being here. And I
3 think we all appreciate the Form. It's not really
4 beating up on the Form. It's just the frustration
5 that we're doing something that's not quite right.

6 COMMISSIONER MORETTI: Well, my opinion would
7 be -- well, in all honesty, I don't look at those
8 ads. I pass them up. I go to -- I know I have
9 specific things I'm looking for in the Form and I
10 like looking -- reading the news. But, just like any
11 other publication, frankly, if I'm not interested in
12 that ad, I just keep moving.

13 However, because it is detrimental to
14 the horse racing industry here, I would probably go
15 along with, if we had any say in it, if you just did
16 sports betting alone. But I would still, again,
17 strongly encourage the use of a disclaimer or
18 disclosure, something like that for Californians.

19 COMMISSIONER BIANCO: I was very surprised,
20 Charles, when you told us how much money you felt was
21 out there because I've heard numbers that go up into
22 the hundreds of millions that are, you know, bet
23 offshore or illegally. In business, whether a big
24 corporation or a mom and pop, \$500,000-a-year worth
25 of revenue is a lot of money to me. I can't see us

1 dictating to you to fix our problem.

2 We have a problem in this industry of
3 attracting people and keeping those people. And as
4 long as we keep expanding, you know, like casino
5 Indian gambling -- and I'm not picking on that -- but
6 the amount of revenue over the last 15 years, you
7 could probably correlate watching that growth and see
8 the decline in our industry, you know.

9 To me -- I don't have the answer. I
10 don't think the answer is here. And I think, you
11 know, fooling around with constitutional rights of
12 people or businesses -- I don't think that's going to
13 get us anywhere.

14 I'd like to have a way of corralling
15 more people into the tracks and into the sport. But,
16 you know, we're trying. I hope we succeed. I want
17 to succeed; and, you know, I hate to lose. But,
18 right now, I don't think we have the proper programs
19 in effect.

20 And I don't want to come and tell any
21 businessperson that they can't do this or that and
22 it's only \$750,000 worth of revenue that could be
23 lost on a, you know, an estimate. That's not the
24 numbers I've heard in the past.

25 CHAIRMAN LICHT: Okay.

1 Charles, again, thanks for coming.

2 And thank you for putting out such a great
3 publication that we all read. Great --

4 MR. HAYWARD: I appreciate the opportunity to
5 come and at least articulate the Form's point of
6 view. I very much agree this is a dialogue that we
7 should continue, and hopefully we can reach a
8 business solution that will be acceptable to
9 everyone. Thanks.

10 EXECUTIVE DIRECTOR WOOD: Mr. Chairman, could
11 I ask Charlie?

12 Will you continue to work with us to
13 try and develop the disclaimer we've been discussing?

14 MR. HAYWARD: Absolutely. Absolutely.

15 EXECUTIVE DIRECTOR WOOD: Thank you.

16 CHAIRMAN LICHT: All right. I'd like to take
17 a 10-minute break now. We'll come back, say, at 10
18 minutes to 11:00.

19 (Break: 10:40 - 10:50 A.M.)

20 CHAIRMAN LICHT: Okay. This meeting is back
21 in order. And we'll start with Commissioner
22 Landsburg's going to make a comment on the last item
23 of the agenda -- previous item.

24 COMMISSIONER LANDSBURG: The comment that I'm
25 making is that I am encouraging our Board and I would

1 like to move that our Board make it official that we
2 complain to the FCC about stations that are
3 broadcasting sports betting and illegal activity and,
4 if the Board agrees, ask the staff to prepare or
5 begin working on a letter to the FCC based on the
6 advertising for general sports betting, on media --
7 on radio and television -- which is encouraging
8 Californians to pursue an illegal activity.

9 I would like to make that a motion, if
10 I may Mr. Chairman.

11 CHAIRMAN LICHT: Okay. So moved. Do we have
12 a second?

13 COMMISSIONER HARRIS: I'll second.

14 CHAIRMAN LICHT: Seconded by Commissioner
15 Harris. All in favor of Mr. Landsburg's motion?

16 BOARD MEMBERS' VOICES: Aye.

17 CHAIRMAN LICHT: Opposed?

18 (No audible response.)

19 CHAIRMAN LICHT: It's unanimously passed.

20 COMMISSIONER LANDSBURG: Thank you.

21 CHAIRMAN LICHT: Next item on the agenda is
22 the status of the veterinary hospital at Golden Gate
23 Fields, Mr. Tunney.

24 MR. TUNNEY: I'm Peter Tunney, representing
25 Magna Entertainment Corporation. It's been just a

1 little over three weeks following the last Board
2 meeting. And at that time Magna -- following that
3 subsequent Monday, Magna Entertainment Development
4 released the contractor or, in this case, fired the
5 contractor after the shell had been completed for the
6 equine hospital.

7 Subsequent to that, they've taken over
8 the "TI" or the interior development of that. As
9 recently as last Tuesday, Tom Austin (phonetic) of
10 that group faxed or e-mailed to each of you -- and I
11 apologize it was not in the packet for that very
12 reason. We wanted to get the most recent update that
13 we could.

14 And Tom Austin has sent to all of
15 you -- Roy Wood has some copies that he could share
16 with you; I don't have enough for each of you,
17 assuming that they had been received. I apologize
18 for that -- a time line suggesting the progress.

19 At the same time, there are a couple
20 of photographs, somewhat ancient history now, of the
21 interior undeveloped and, as recently as yesterday
22 afternoon, a series of about a dozen pictures showing
23 what has been completed. So what has been completed
24 on the interior?

25 The interior was formed out. Curbs

1 were poured. Framing has gone up. Insulation has
2 been installed. The completion of the overhead-hoist
3 mechanism that is used to hoist horses in for the
4 equine surgeries. Rough electrical on the outside.
5 Rough plumbing on the outside. And at this point,
6 there are two or three others that were on the time
7 line -- roof insulation, as I say, and the wall
8 insulation and rough electrical. Those are actually
9 scheduled for next week, and those are already
10 commenced.

11 I think it's safe to say -- and I will
12 commit to this Board -- that the time line will be
13 adhered to -- and I don't want to overpromise and
14 underdeliver -- but I think it's safe to say that we
15 could probably beat that time line.

16 But the fact is that we feel strongly
17 that we've made substantial progress in the
18 completion of the equine hospital.

19 CHAIRMAN LICHT: I notice you say "completion
20 date" on the letter. You also have a opening date
21 with a -- I think it's July 31 is the day you say
22 construction will be complete.

23 MR. TUNNEY: Yes.

24 CHAIRMAN LICHT: Will you, then, essentially
25 be ready to open August 1?

1 MR. TUNNEY: Well, I think, Mr. Chairman,
2 that one of the hangups in this is some reinforced
3 doors -- and I've had a subsequent conversation --
4 reinforced doors on each end and because of horses,
5 you know, under sedation or coming out of sedation
6 might be fractious.

7 And I had a conversation with the
8 veterinarians, including conversations with the
9 veterinarians who say they've got equipment coming in
10 as well as equipment that's stored. I'm digressing
11 here a little bit. And I've said we will provide
12 space and availability of storing that equipment
13 close to the hospital and/or if not inside.

14 But the point is that the doors were,
15 for whatever reason -- this was a decision made
16 between the veterinarians and the contractors -- on
17 that completion of those doors, the substantial
18 substance to them -- the strength.

19 And I did have a conversation with
20 Dr. Hunter at the last Board meeting and said, "You
21 know, if this thing is ready to go in June and we're
22 waiting on the doors, we'll come up with some
23 mechanism by which we can make temporary doors until
24 those doors are installed."

25 So I think from the contractors -- our

1 contractors' standpoint -- Magna Entertainment
2 Development's contractors -- is that they're hoping
3 that all of this will be completed and we'll have the
4 final, final, final. And I think we're going to have
5 to get in there before, for example, the doors are
6 installed. So that would bring us to a date that I
7 would hope would be closer to June 30.

8 CHAIRMAN LICHT: After construction is
9 completed, is there any other barrier to opening,
10 such as licensing, permits, or anything like that?

11 MR. TUNNEY: No. All the city permits -- and
12 I was involved in that, participated in that -- all
13 the city permits, going back to actually it was
14 Mr. Bianco's question some time ago.

15 Originally we had the -- we were
16 attempting to get permission or permitted in the City
17 of Berkeley. We could not. We've moved it out of
18 the City of Berkeley. And it is in the City of
19 Albany. And all these permits have been granted for
20 construction and for completion of everything.

21 COMMISSIONER HARRIS: Who will actually
22 operate the hospital? 'Cause it will be basically
23 a --

24 MR. TUNNEY: On this momentous occasion,
25 Mr. Harris, we will, in fact, turn the keys over to

1 "MESH," which has now changed their name to the
2 Northern California Equine Medical, you know --
3 Equine Medical Hospital Group, similar to the
4 Southern California operation. And, in fact, those
5 veterinarians will be in charge of operating the
6 facility for the purpose of, you know, availability
7 to owners and trainers on the back side.

8 The track itself or Magna
9 Entertainment will have no future involvement in its
10 operation.

11 COMMISSIONER HARRIS: I think there will be a
12 lot of things that have to happen as far as what the
13 veterinarians are going to have provide as far
14 equipment they want to do and --

15 MR. TUNNEY: Well, we had a meeting on this
16 not long ago. There's a significant amount of
17 equipment that has been stored since the Bay
18 Meadows facility closed some years ago. They've
19 subsequently bought a surgery table and that's --
20 quote -- on its way. I talked to -- that was my
21 point about talking to Dr. "Kuhlman" (phonetic) the
22 other day.

23 I said, "We'll store it for you. If
24 not inside, we'll store it for you in the grandstand
25 in close proximity so we can scoot it right in there

1 when it's ready to go."

2 DR. JENSEN: Dr. Ron Jensen, the Equine
3 Medical Director for the California Horse Racing
4 Board. I also have had a conversation with Dr. Roger
5 Hunter, who is the veterinarian that heads up their
6 equine hospital group up in -- at Golden Gate Fields.

7 And he told me that he's quite happy
8 with the progress that's been made since the last
9 Board meeting and that he is pleased that the funding
10 has been made available and that they're going
11 forward in a positive manner.

12 CHAIRMAN LICHT: Well, that's good to hear.

13 COMMISSIONER LANDSBURG: Very good. Bravo.

14 MR. TUNNEY: Thank you, Dr. Jensen.

15 CHAIRMAN LICHT: I assume, if the hospital's
16 not open in August, you will not be appearing at --

17 MR. TUNNEY: Thank you, Dr. Jensen.

18 CHAIRMAN LICHT: Any other comments from
19 public or the board?

20 COMMISSIONER LANDSBURG: Just delighted that
21 it's happening.

22 CHAIRMAN LICHT: Thank you.

23 MR. TUNNEY: Thank you.

24 CHAIRMAN LICHT: Okay. The next item, I
25 think, is quite a crucial item. And Commissioners

1 Harris and Landsburg have been working on trying to
2 develop some ideas what the Board should do to make
3 sure that the State of California is receiving the
4 full value of its license to operate race meets.

5 Which one of you is going to present?

6 COMMISSIONER LANDSBURG: I think John first
7 and --

8 CHAIRMAN LICHT: Mr. Harris.

9 COMMISSIONER HARRIS: We really haven't
10 completed the project. But I think what we're trying
11 to do is look at our license application and see what
12 types of things could be looked at to make sure that,
13 anytime we license a racing facility, there's not any
14 loose ends that would be the detriment of racing.

15 I think one of the things is the
16 camera systems or video cameras -- we make sure that
17 is all adequate. I think Alan can cover some of
18 the --

19 COMMISSIONER LANDSBURG: What we had hoped and
20 why this is open for discussion is that we could
21 appeal to the industry, to the racing associations
22 and the fairs, to help us develop lines of licensing
23 items which would cover security, Number 1.

24 We don't have any input from the
25 industry on how they're going to improve security.

1 How are we going to improve video? How are we going
2 to improve backstretch conditions?

3 And all of this is part of licensing.
4 And we have no input from the industry as to what
5 they are willing or what they think they can do so
6 that we can form license regulations that would be
7 fair, that would improve conditions at the track,
8 that would improve our ability to see what goes on at
9 the track.

10 There are a number of items that we
11 would like to cover. And we're happy to discuss it
12 on a one-on-one basis as to what the industry would
13 like. But we would like, from the industry, ways in
14 which they think they can improve what they're doing
15 on track and make it part of the licensing agreement
16 or take out items in the license that may or may not
17 be profitable to have and workable to produce.

18 We have a very long licensing
19 agreement. I would ask all of the industry members
20 who are here to submit to Commissioner Harris and
21 myself recommendations for improving that license so
22 that we could have it in front of the Board, if not
23 the next meeting, within the next two meetings.

24 So if you could have your staffs take
25 a look at our license regulations and -- how can we

1 improve backstretch conditions? How can we improve
2 security? How can we improve video arrangements? Is
3 there a better way to take care of charities?

4 We have so many items in our license
5 agreement that have grown over the years. We'd like
6 you to review that agreement and see what it is that
7 we can to do, A, simplify and, B, improve on the
8 things that you are required to do, in order to get
9 your licenses.

10 CHAIRMAN LICHT: Well, Alan, if it's okay with
11 you and John, I'd like to have this as a continuing
12 item on our agenda just because I think it's a very
13 crucial item to continue the discussion.

14 COMMISSIONER LANDSBURG: We're calling it "The
15 Best Interests of Racing." And how do we improve
16 them through our licensing agreement with all of you?

17 COMMISSIONER HARRIS: Yes. I think we need --
18 I think we did revisit the license maybe two or three
19 years ago. But we need to -- we could do it, you
20 know, some more. But just one example is the
21 backstretch security hasn't really changed much, you
22 know, in the last 60 years as far as the use of more
23 technology to -- more surveillance cameras and things
24 like that.

25 I don't know if CHRB necessarily wants

1 to just impose a rule without some input. But we're
2 hoping the tracks will come up with what they think
3 a good, you know, basic set of standards would be.

4 CHAIRMAN LICHT: Okay. Thank you. And we'll
5 continue this discussion. And hopefully we'll get
6 the input that has been suggested.

7 Number 8 now. Staff update on Advance
8 Deposit Wagering.

9 MR. REAGAN: Commissioners, John Reagan, CHRB
10 Staff. Not only an update on the ADW handle per se
11 but also trying to step back a little and see what
12 the overall impact on the handle is. With just a
13 little more than a year of ADW experience, we get a
14 lot of questions regarding the impact of ADW.

15 Even at the Pari-Mutuel Meeting
16 yesterday, there was a brief discussion about
17 possible cannibalization. And everyone kind of
18 admitted that, at this point, there's anecdotal
19 information but certainly not any hard evidence.

20 I know that, as we were putting this
21 package together -- and it was alluded to at the last
22 Board meeting -- at first, we were trying to look at
23 it very closely, keep a very narrow scope.

24 We're looking at just the 12-month
25 data. And we found it was just one of the

1 forest-for-the-trees type of situation that, when we
2 step back and try to put it in perspective by giving
3 you the graphs here with the 12, 13 years' worth of
4 data, I think we can see much more clearly that the
5 trends that were in place and have been in place for
6 quite some time have not been affected, really, one
7 way or the other.

8 So we can say at this point we don't
9 see that the ADW is hurting or helping. And the
10 trends on-track, offtrack, and out-of-state and
11 interstate continue as they have, as you can see by
12 the charts. You can pretty much draw a trend line
13 through a lot of them, and we don't see any really
14 changed -- real change to that trend line.

15 So if you have any other questions,
16 I'll try to answer those.

17 CHAIRMAN LICHT: Do you see anything that we
18 could -- any statistical evidence that shows that,
19 for instance, the TVG's strong presence on the
20 television dial, as they say, versus a limited
21 exposure of Xpress Bet affects handle for those
22 particular two entities?

23 MR. REAGAN: I think we can certainly say
24 that, in general, when the TVG folks are in the front
25 seat with the meets that they have the agreements

1 with, they seem to have the better handle.

2 But, once again, you can see that this
3 year, when Xpress Bet was in the front seat, they've
4 had quite a nice increase in their handle. So --

5 CHAIRMAN LICHT: I understand that. But I'm
6 saying do you think that the television exposure --
7 can you see anything statistically that shows that
8 TVG's additional television coverage gives us
9 additional handle versus Magna's limited television
10 exposure?

11 MR. REAGAN: Right now, with the limited data
12 we have, there is certainly no hard statistical-type
13 data that would indicate that. But we certainly have
14 a gut feel that that's got to be an advantage.

15 But, once again, you can see, from the
16 numbers, we don't have anything that would actually
17 prove that one way or the other.

18 CHAIRMAN LICHT: Yeah. I have a gut feel,
19 too, but I haven't been able to see anything in the
20 numbers. Maybe Mr. Hindman (phonetic) or Mr. Liebau
21 could comment on that.

22 COMMISSIONER HARRIS: Do you see anything on
23 the days -- or as I recall, in Southern California,
24 Santa Anita is actually covered along with Golden
25 Gate. And the Horse Racing TV is taken by some

1 station down here on Saturdays, possibly Sundays.

2 Can you see anything that increases
3 those days? Or is that different than --

4 MR. REAGAN: We don't see anything -- any
5 statistical difference on the daily average or given
6 certain days of the week. They go seven days a week,
7 of course. Obviously, when there's live racing, the
8 handle has one aspect. And when they have their dark
9 days, it's much, much lower.

10 But comparing north and south, we
11 haven't seen anything that we could actually point a
12 finger at, at this point, either.

13 COMMISSIONER LANDSBURG: Well, TVG's increased
14 coverage will really impact these next two
15 meetings -- Del Mar -- Hollywood and Del Mar -- since
16 they've just expanded their coverage quite broadly
17 and quite satisfying. It's always interesting to see
18 how that coverage is going to impact their handle as
19 opposed to last year when they had bare television
20 representation.

21 This year they're going to have quite
22 wide television representation. We're concerned
23 about what will happen now that there is a San Diego
24 outlet for TVG. How will that impact Del Mar? It's
25 going to be an interesting -- an interesting

1 statistic toward determining cannibalization of the
2 audience.

3 This is the first time San Diego area
4 will have a major daily signal. And will it impact
5 in a favorable way or unfavorable way the attendance
6 that has been present at Del Mar? So we really have
7 to wait a little while -- the spread of the
8 television is an important part of why we approved
9 ADW.

10 TVG has certainly fulfilled its role.
11 I don't believe Magna has yet been able to fulfill
12 their role. Now that the signal is out there, we can
13 begin with the marketing push, which is what we all
14 hoped for toward reinventing an audience for horse
15 racing.

16 MR. REAGAN: Absolutely.

17 CHAIRMAN LICHT: Any comments from other
18 commissioners or the public?

19 (No audible response.)

20 CHAIRMAN LICHT: Medication Committee report,
21 Number 9. Commissioner Harris.

22 COMMISSIONER HARRIS: We held a meeting on
23 April 1, actually, at the University of California at
24 Davis's diagnostic lab -- the Ken Maddy lab -- which
25 is dedicated to drug testing. And we covered several

1 subjects.

2 One was the update -- hearing on the
3 update on the National Racing Medication and Testing
4 Consortium from Rick Arthur (phonetic). And
5 basically, forever, we've been talking about getting
6 uniform regulations between different states, which
7 is probably never going to happen in our lifetime.
8 But we're getting closer.

9 And California can be proud that our
10 regulations and testing protocol and all are very
11 similar to the national recommendation. So there
12 might be a few little things that we can fine-tune as
13 we go along. But we -- I think California is very
14 cooperative to the national scene and are doing what
15 they are recommending.

16 Then we went on to adding a couple of
17 things to prohibited practices. "Prohibited
18 practices" is to designate certain types of
19 medications as completely unauthorized at the track,
20 that there's no reason that anyone should be using
21 them, no equine need for them.

22 And one of those was "NPO," which we
23 did put on the list a while back. Now there's a
24 couple that sound kind of weird but apparently do
25 have some nerve-blocking abilities, which is snake

1 venom and snail venom. So we're adding those to the
2 things that a vet can't have around.

3 And I think we're --

4 Jackie, have those been published for
5 comment?

6 MS. WAGNER: Yeah.

7 COMMISSIONER HARRIS: You're going to put them
8 out for comment?

9 MS. WAGNER: The rule-making process has been
10 started at the office of administrative law. We
11 expect it to be before the Board for adoption in
12 June.

13 COMMISSIONER HARRIS: And then we'll have to
14 put them out for comment or we just adopt them?

15 MS. WAGNER: No.

16 COMMISSIONER HARRIS: They're out for comment
17 now. So if anyone has any strong feelings on the
18 snail venom issue, be sure to get to us.

19 Also we looked at the increase in
20 penalties for violation of -- I can't even say it --
21 it's "N-S-A-I-D." Basically it's nonsteroidal.

22 And those are medications that are not
23 race day medications, but they could show up in a
24 test result. There's a threshold level for them and
25 if someone goes over that threshold, what the

1 findings should be. I think it was agreed that we
2 continue being, you know, leaning towards warnings
3 for the first violation but increase the penalties
4 for any trainer that has repeat violations.

5 We discussed out-of-competition
6 testing and talked about EPO 'cause there's been a
7 lot of comments on EPO in the press. And really we
8 all feel that it's present in California, but we need
9 to be aware of it. And we need to take a look at,
10 you know, very strict about that it not be used
11 because it's a bad drug for horses in general and
12 it's definitely something that we want to keep out of
13 California.

14 We talked a little bit about the
15 testing priority, the funding for testing on
16 medications and drug testing, which the Maddy lab is
17 pretty well set up to do. And we need to try and
18 encourage them to get funding, from different sources
19 around, that can make sure that we are testing for
20 any types of medication or improving any kind of
21 tests we have.

22 We also talked a little bit about West
23 Nile virus, which has gotten quite a bit of attention
24 in horse circles, as you know. Right now, there's a
25 lot of talk on the SARS virus. Actually more people

1 died last year just in the United States on West Nile
2 than have died worldwide so far on SARS. Probably
3 the SARS is catching up rapidly, I think; but I think
4 there was something like to 300 or 400 people that
5 died last year from West Nile virus.

6 It's interesting that "deadend" hosts
7 are both horses and people, where people cannot -- a
8 person cannot get it from a horse or vice versa. But
9 the carrier are birds, and the birds are working
10 their way this way. Basically the mosquitoes are
11 really the vector for it. But the host the mosquito
12 picks it up from are birds. I think the birds
13 eventually die too, actually.

14 But the birds are in Monterrey,
15 Mexico, which is the same flyway as California. So
16 the conventional wisdom is it's going to be in
17 California this year. So actually the word -- the
18 vaccine for equines is pretty promising. It takes
19 two vaccinations. And but the success rate on that
20 is pretty much good.

21 There is no vaccine for people. I
22 guess there's more likelihood of a horse, being
23 outside all the time, being bitten by a mosquito than
24 a person. But still I think we all need to be
25 concerned with people.

1 And we need to have a type of mosquito
2 abatement that we can do. We need to do especially
3 the tracks and farms and all. We really need to be
4 on top of that 'cause I think it really hasn't got
5 the publicity in the press. It's been kind of lax.
6 Probably the press will start covering it about the
7 time we get it solved.

8 But it's a real prime concern. We
9 need to be all aware of it. It's a threat. But one
10 thing we do need to be sure of, though, it's not
11 something that you're going to get from a horse -- or
12 a horse can get it and people can get it.

13 Any other issues we covered,
14 Dr. Jensen?

15 DR. JENSEN: (No audible response.)

16 CHAIRMAN LICHT: Okay. Any comments?

17 (No audible response.)

18 CHAIRMAN LICHT: Thank you.

19 The legislative committee -- Marie
20 Moretti.

21 COMMISSIONER MORETTI: Yesterday Commissioner
22 Landsburg and I held a meeting of the legislative
23 committee. And we reviewed a number of bills that
24 are moving through the process in Sacramento right
25 now as they pertain to California-bred horses,

1 Charity Days, out-of-country thoroughbred races,
2 Racing Days and Weeks, satellite wagering facilities,
3 and the fairs.

4 And it is very early in the process,
5 in the legislative process. And we know that there
6 are a number of other bills that have been
7 introduced, but most of them at this point are spot
8 bills or placeholders, if you will, whose content --
9 the content of which could change drastically by the
10 time they move through the policy committees and
11 into -- from one house into the next house.

12 So we are going to be keeping our eyes
13 on those bills. And we've asked the associations --
14 and, of course, our staff is on top of it -- to keep
15 us -- Commissioner Landsburg and myself especially --
16 informed of the particular bills as they move because
17 our goal here is to see where we, as the CHRB, can be
18 most supportive to the industry.

19 To date the only one that's actually
20 ripe and where we have offered our full support as
21 the CHRB is on Assembly Bill 1128, which I think most
22 of you know is the one that would allow us to -- that
23 Pomona and Oak Tree thankfully came to a good
24 agreement with all parties to assist in our ability
25 to do Breeders' Cup this year.

1 And that should be going to the
2 governor Monday, I believe -- Monday, Tuesday --
3 sometime early next week. And hopefully we'll get
4 that out the door and processed soon.

5 I think that was basically it, without
6 going into the particulars of the bill. As I said,
7 most of them are still in the infancy stage. So as
8 they as grow, then we'll get more involved too. So
9 thank you for those of you who did come to the
10 meeting.

11 CHAIRMAN LICHT: Thank you.

12 Any comments or questions on the
13 Legislative Committee?

14 (No audible response.)

15 CHAIRMAN LICHT: Next the Pari-Mutuel
16 Committee. Alan.

17 COMMISSIONER LANDSBURG: The Pari-Mutuel
18 Committee met yesterday. And one of the subjects we
19 were dealing with was batch betting, the process by
20 which tote companies enable individuals to have a
21 computer link to betting progress on any given race
22 and thus allow them to dump large bets into the
23 system at the last legal moment.

24 It's one of the subjects under
25 discussion by an ad hoc industry committee inspecting

1 hubs in the US and offshore. And that committee
2 expects to report in the next 60 days. And when we
3 get it, we will be opening the subject even further.

4 We discussed ADW marketing as opposed
5 to ADW funds. The ADW marketing -- a suggestion was
6 made concerning public media -- that the ADWs use
7 their advertising revenue muscle to insist that they
8 will not advertise on radio and television stations
9 which carry illegal and offshore betting.

10 It was a discussion. No firm
11 commitment was made, although I would love to see
12 one.

13 TVG seems to -- we've also talked
14 about the spread of television signal. As you heard,
15 TVG has generated a substantive potential expansion
16 of its TV audience with the addition of outlets on
17 Adelphia, Cox Cable, Direct TV, and Dish Network. In
18 this respect, I regret to say that Xpress Bet
19 languishes.

20 The committee suggested that, when
21 marketing their services, ADW should emphasize the
22 fact that they are California's only legal
23 services -- and we're back to that question -- and
24 further that they defer to track attendance in their
25 marketing of their product -- at least make note of

1 the fact that, for instance, "See live racing at
2 Hollywood Park; but if you can't get there, watch and
3 wager with us."

4 Just try to impel audience
5 appreciation of the potential of going to live
6 racing.

7 Finally, the committee recommends to
8 the Board that we amend rule 1979.1 so as to remove
9 the requirements that at least five wagering -- that
10 at least five horses finish the race in order to
11 avoid a refund of the pool. At the moment, that does
12 not exist as part of the rule. None of the
13 representatives at the meeting offered opposition to
14 that proposed amendment that the only requirement is
15 five horses finishing the race in order to avoid a
16 refund of the pool.

17 COMMISSIONER HARRIS: Was anything brought up
18 on the issue that got a lot of conversation on this
19 alternate-runner issue that Pick 6 that I note -- I
20 think, at one of the days at Santa Anita recently,
21 there were a lot of scratches in the first leg of
22 Pick 6; and people were concerned that they didn't
23 win. It all went to the favorite, and the favorite
24 got beat.

25 It seems to me like the tote companies

1 have been really remiss in not getting this
2 alternate-runner deal program. I can't believe that,
3 you know, with all the technology available in the
4 United States, that they can't figure out how to
5 program an alternate runner for the multiple bets.

6 COMMISSIONER LANDSBURG: I think it's because
7 of -- the excuse that I've heard -- I call it an
8 "excuse" -- is that, in order to scan the bets so
9 that we don't have another Pick 6 scandal, they
10 cannot at the same time offer alternatives. It's a
11 technological jungle, which we hope they'll be able
12 to cure.

13 CHAIRMAN LICHT: I'm going to ask Autotote to
14 appear at our next meeting in Pleasanton, because I
15 think, again, it will be two months since the last
16 meeting or more since you said it was imminent.

17 COMMISSIONER HARRIS: Yeah. I can see they
18 couldn't do overnight. But I mean this is not nearly
19 as complicated as a lot of things. It just seems
20 like something should happen. I mean I'm sure we
21 don't want to do anything that could lead to these
22 scandals. It seems like it should be -- we need to
23 serve our bettors.

24 I mean one of the things is that we're
25 losing patrons every day. And this is one of the

1 reasons we lose them -- if you provide services that
2 are inadequate.

3 But one of the questions -- not to --
4 I'm not really arguing with either side of it or
5 to replot any old ground here -- but how is it
6 different if the California marketing were to
7 withdraw advertising from a radio station doing
8 illegal advertising or advertising for illegal
9 products versus if they withdraw advertisement from
10 the Form for advertising illegal products?

11 COMMISSIONER LANDSBURG: I think that -- John,
12 I think that what we're talking about is protesting
13 their use of this on public airwaves, which is
14 different than private enterprise.

15 Public airwaves -- they are licensed.
16 Media stations, television and radio stations are
17 licensed by the government to use the public
18 airwaves. If they're misusing the airwaves, their
19 license can be challenged.

20 The thought here is that we challenge
21 the license based on the fact that they are
22 encouraging Californians to promote an illegal
23 activity.

24 COMMISSIONER HARRIS: Yeah. That's -- I see
25 now that -- I think it's important. I think it's

1 important we stop it. I'm just trying to rationalize
2 it.

3 CHAIRMAN LICHT: Any comments on the
4 Pari-Mutuel Committee?

5 (No audible response.)

6 CHAIRMAN LICHT: Thank you Alan.

7 All right. We'll move to general
8 business now. Any general business?

9 MS. ROSIER: Good morning, Chairman and Board
10 Members. My name is Laura Rosier (phonetic). And
11 I'm a trainer and vice president of the San Luis Rey
12 Downs Horsemen's Organization. And last year, after
13 we met over subsidy, I promised that I would be back
14 this year with good news. And I'm here with good
15 news.

16 I sent some charts up there, and I
17 tried to make 'em simple and basic so they're just
18 from the first of the year. On our stall situation,
19 we've had -- the lowest occupancy has been 87 percent
20 and the highest is 92 percent, which we feel is very
21 good.

22 On the racing chart -- we put that in
23 for Mr. Licht because last year he was very
24 interested in the quality of horses that were coming
25 from the off-site stabling facilities. So we showed

1 there where the horses were placing and how much they
2 earned. On the earnings, we did not include any
3 stakes races that were won out of state. We only
4 included the SCOTWINC facilities.

5 On the workouts, we had a lot of rainy
6 days. Our track is always open. But on the rainy
7 days, of course, there's not many people working. So
8 the charts are pretty simple. And I won't elaborate
9 unless anybody has a question on them.

10 I'm very proud that this year our
11 horsemen and management have cooperated to upgrade
12 San Luis Rey Downs and to increase runners from San
13 Luis Rey Downs. We have kept pretty meticulous data.

14 It was important for us to track if
15 there was an increase or decrease in runners to
16 disprove the theory that starter fees were what was
17 keeping our trainers and owners from running horses.
18 We have disproved this theory by showing an 11.3
19 percent increase in runners out of San Luis Rey Downs
20 this year.

21 And, of course, our bragging right
22 this year is Azeri. We produced Horse of the Year.
23 We're very proud of that and happy to say that we are
24 seeing signs of tremendous community involvement and
25 people coming as far as from Riverside to do tours of

1 the facility to meet Azeri.

2 So it's a good promotional, not for
3 San Luis Rey Downs itself but for the whole industry.
4 People are intrigued to see a little filly like that
5 doing what she's doing and want to know more about
6 horse racing. We have a seven-minute video that we'd
7 like to show you. And that's about all I have unless
8 I can answer any questions.

9 CHAIRMAN LICHT: Okay. The video, we're going
10 to postpone until the end. We have another video
11 also that's going to go ahead of yours.

12 COMMISSIONER HARRIS: One thing I would
13 suggest, too, though, is you need to keep in mind the
14 CHRB basically does not directly set these different
15 stabling situations. I guess we're an arbitrator if
16 there's a dispute.

17 But really these sort of presentations
18 should be made to the SCOTWINC or the different
19 members of SCOTWINC, where you go to the boards of
20 TOC and the tracks of different people like that who
21 are really your audience more than CHRB.

22 MS. ROSIER: I understand, Mr. Harris. We're
23 not coming here asking for anything today. I just
24 felt and our horsemen's organization felt that,
25 because we did say we'd be back, we wanted to come

1 back and show you what's happening there.

2 COMMISSIONER HARRIS: Yeah. I think that's
3 good. I'm not adverse to that. But are you also
4 going to the TOC board and different people like
5 that?

6 MS. ROSIER: I don't think we've needed to
7 because everything's going so well. I don't think
8 they really -- we are keeping the data with SCOTWINC.
9 SCOTWINC now has a plan and a whole format that we're
10 going to keep our numbers in line with. And we're
11 moving forward.

12 So that's basically what we wanted to
13 show you -- that we're moving forward -- and update
14 you since you were so helpful with us last year.

15 COMMISSIONER HARRIS: Probably the LA County
16 Fair Board would be particularly interested in that.

17 MS. ROSIER: Well, if anybody would like to
18 meet with us, we'd be glad to meet with them.

19 CHAIRMAN LICHT: One thing I'm happy about is,
20 that a couple of years ago, when I first started as
21 commissioner, I received a lot of complaints about
22 the sort of tough discipline handed out at San Luis
23 Rey with the employees, making their lives just
24 miserable and too difficult, being compelled to come
25 to Los Angeles for stewards' meetings for parking

1 violations or being caught with a beer or something.

2 And I'm glad to see that that's being
3 relaxed to a degree that it's workable for an
4 employee. And I hope you guys will continue that on
5 a management basis.

6 MS. ROSIER: Actually I'm not in management.
7 But I have heard some of complaints also. I know
8 there's two sides to all the stories. But that's
9 really not my forte or business. Sorry.

10 CHAIRMAN LICHT: Okay. Thank you.

11 Any other general business?

12 (No audible response.)

13 CHAIRMAN LICHT: Under old business, I spoke
14 to Mr. Liebau.

15 And he is willing to make a
16 presentation here regarding Santa Anita, not only
17 their numbers for the prior meet but also to explain
18 why we didn't have numbers on Sunday that incited a
19 near riot among the press at least.

20 MR. LIEBAU: I don't know whether it was all
21 the press. But we certainly excited the Los Angeles
22 Times. The problem was -- and I think it was sort of
23 highlighted here today by Mr. Reagan and his report
24 about ADW -- Sunday night, after the conclusion of
25 the meet, we did not have the ADW numbers.

1 And that is the reason why the numbers
2 weren't released on Sunday night. They were, in
3 fact, released before, I think, 2:00 o'clock on
4 Monday afternoon.

5 As Mr. Reagan told you, the ADW
6 represents about 8 percent of the handle and is
7 significant. I think that we probably learned a
8 lesson at Santa Anita in that there should have been
9 more of an explanation as to why the numbers were not
10 available Sunday night.

11 I will say that, in the north, we
12 probably might have a more understanding press
13 because the numbers were released midweek and there
14 wasn't any problem. But, again, we should have told
15 people why the numbers weren't being released.

16 I think that, if you did see the
17 release, the total handle was down about 2 percent.
18 We were down 7 percent on track and handle. And we
19 were down 7 percent off-track in Southern California
20 handle. But the ADW was up an astronomical amount.

21 Are there any questions?

22 CHAIRMAN LICHT: Do you have a comment about
23 that remark that I made about television penetration
24 and what it may or may not mean for ADW handle?

25 MR. LIEBAU: I think it's probably too early

1 to tell, but I have to say that I personally was
2 maybe surprised, gratified, and thankful that our ADW
3 commissions and money for purses probably was a
4 little bit more than what had been averaged at Del
5 Mar and at Hollywood Park.

6 It was certainly depressing for the
7 first few weeks before we got the ADW numbers so that
8 we knew where we were and we weren't that far off
9 budget because of the ADW.

10 CHAIRMAN LICHT: But you think that that's
11 evidence, then, of some sort of cannibalization or
12 substantial cannibalization?

13 MR. LIEBAU: Oh, I think there is some
14 cannibalization. There has to be. Hopefully there
15 is incidental wagering also. But I mean I think
16 that I couldn't stand up here and tell you there
17 isn't some cannibalization.

18 CHAIRMAN LICHT: If this one year is just a
19 sample -- and I understand that you say it's not
20 conclusive -- it would seem that television
21 penetration may be irrelevant in ADW. People are
22 going to bet, no matter whether there's TV or there
23 isn't.

24 MR. LIEBAU: Well, I think what the ADW
25 providers -- you might be getting me here on thin

1 ice, and I know that you're not trying to do that.
2 But I think that the ADW providers maybe have gone
3 after the low-hanging fruit and that increases in ADW
4 in the future will be more from people that either
5 were, you know, seldom came or didn't come at all.

6 I think that those that we probably
7 have people betting on ADW now more frequently or
8 they're hard core that can't get to the track and
9 probably wagering more frequently than they did in
10 the past. And to that extent, there's incremental
11 wagering.

12 COMMISSIONER HARRIS: You know, as one of the
13 hard core that's been sapped to some extent --

14 MR. LIEBAU: Yes. I think that --

15 COMMISSIONER HARRIS: -- I do feel that the
16 HRTV presentation is good. I only picked it up in
17 the last month or so of the meet, but I think that
18 your commentators did excellent jobs. And as a
19 consumer, you do -- are more likely to bet watching
20 the TV than watching your computer because the
21 computer, at least, in a lot of situations doesn't
22 have nearly the appeal of the TV show. And I --

23 MR. LIEBAU: It also depends on how the horse
24 you bet on is running at any particular point in
25 time.

1 COMMISSIONER HARRIS: Well, sometimes it's --
2 the screen stopping is not a big problem.

3 CHAIRMAN LICHT: Any comments from anybody
4 else?

5 MR. LIEBAU: Thank you.

6 CHAIRMAN LICHT: Thank you for doing that,
7 Jack.

8 Okay. We have two videos. The first
9 one we're going to see was prepared by Commissioner
10 Landsburg, and some of us had the opportunity to see
11 it yesterday. It's an outstanding look at the
12 wagering process and how it's governed. And we'll
13 watch that first. And then we'll watch the San Luis
14 Rey video.

15 COMMISSIONER LANDSBURG: And I want to make
16 clear that it's also available to any racing
17 association for utilization without fee. It's there
18 as a part of our public service efforts.

19 (Video -- "Changing Perceptions" --
20 was shown.)

21 COMMISSIONER LANDSBURG: There is also a
22 thirty second -- if you want to use it on a
23 thirty-second breakdown of that, it has the same
24 message if you want to use it for follow-ups.

25 (San Luis Rey Downs video was shown.)

1 EXECUTIVE DIRECTOR WOOD: So we need to have
2 everyone exit as quick as possible; but,
3 Mr. Chairman, I need you to come and close our
4 meeting. Mr. Licht.

5 CHAIRMAN LICHT: All right. The meeting is
6 adjourned. We'll start the executive session.

7 (Proceedings concluded at 11:55 A.M.)

8 --o0o--

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

REPORTER'S CERTIFICATE

I, NEALY KENDRICK, a Certified Shorthand Reporter in the State of California, do hereby certify:

That the Regular Meeting of the California Horse Racing Board was taken before me at the time and place set forth, and was taken down by me in shorthand and thereafter reduced to computerized transcription under my direction and supervision, and I hereby certify that the foregoing transcript of the meeting is, to the best of my ability, a true and correct transcript of my shorthand notes so taken.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 14th day of May, 2003.

NEALY KENDRICK
CSR 11265

