

APPEARANCES

COMMISSIONERS

Chuck Winner, Chair

Bo Derek, First Vice Chair

Richard Rosenberg, Second Vice Chair

Jesse Choper

Steve Beneto

George Krikorian

Madeline Auerbach

STAFF

Rick Baedeker, Executive Director

Robert Miller, Staff Counsel

Jacqueline Wagner, Assistant Executive Director

Rick Arthur, Equine Medical Director

Mike Marten

Jeff Salmon

ALSO PRESENT

Darrel McHargue, Steward

Sherwood Chillingworth, Oak Tree Racing Association

Kim Lloyd, Barretts Equine Sales

Brian Trela, Owner

Dr. Ed Allred, Los Alamitos Race Course

Bryan Wayte, Northern California Off Track Wagering, Inc.

Joe Morris, TOC

George Haines, Northern California Off Track Wagering, Inc.

Mike Ernst, Del Mar Thoroughbred Club

Dan Schiffer, Pacific Coast Quarter Horse Racing Association

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P R O C E E D I N G S

9:41 A.M.

PROCEEDINGS BEGIN AT 9:41 A.M.

(The meeting was called to order at 9:41 A.M.)

LOS ALAMITOS, CALIFORNIA, THURSDAY, DECEMBER 18, 2014

MEETING BEGINS AT 9:41 A.M.

CHAIR WINNER: Actually, we can get started, because I have to read this speech.

Ladies and Gentlemen, this meeting of the California Horse Racing Board will come to order. Please take your seats. This is a regular noticed meeting of the California Horse Racing Board on Thursday, December 18, 2014, at the Los Alamitos Race Course, 4961 Katella Avenue, Los Alamitos, California.

Present at today's meeting are: Myself, Chuck Winner, Chairman; Bo Derek, First Vice Chair; Richard Rosenberg, Second Vice Chair; Madeline Auerbach, Commissioner; Steve Beneto, Commissioner; Jesse Choper, Commissioner; George Krikorian, Commissioner.

Before we go on to the business of the meeting, I need to make a few comments. The Board invites public comment on the matters appearing on the meeting agenda. The Board also invites comments from those present today on matters not appearing on the agenda during a public comment period, if the matter concerns horse racing in California.

1 In order to ensure all individuals have an
2 opportunity to speak and the meeting proceeds in a timely
3 fashion, I will strictly enforce the three-minute time limit
4 rule for each speaker. The three-minute time limit will be
5 enforced during discussion of all matters as stated on the
6 agenda, as well as during the public comment period.

7 There's a public comment sign-in sheet for each
8 agenda matter on which the Board invites comment. Also,
9 there is a sign-in sheet for those wishing to speak during
10 the public comment period for matters not on the Board's
11 agenda if it concerns horse racing in California. Please
12 print your name legibly on the public comment sign-in sheet.

13 When a matter is open for public comment, your
14 name will be called. Please come to the podium and
15 introduce yourself by stating your name and organization
16 clearly. This is necessary for the court reporter to have a
17 clear record of who speaks. When your three-minute time
18 period is up, I'll ask you to return to your seat so others
19 can be heard.

20 When all the names have been called, I will ask if
21 there is anyone else who would like to speak on the matter
22 before the Board. Also, the Board may ask questions of
23 individuals who speak.

24 If a speaker repeats himself or herself, I will
25 ask if the speaker has any new comments to make. If there

1 are none, the speaker will be asked to let others make
2 comments to the Board.

3 Thank you. All right, next on the agenda is
4 Rick's comments.

5 SECOND VICE CHAIR ROSENBERG: Approve the minutes,
6 Mr. Chair?

7 CHAIR WINNER: Oh, we have to approve the minutes.
8 I apologize. Are there any corrections or changes,
9 additions to the minutes?

10 (No audible response.)

11 CHAIR WINNER: Hearing none, is there a motion to
12 approve?

13 COMMISSIONER CHOPER: So move.

14 VICE CHAIRMAN ROSENBERG: Second.

15 CHAIR WINNER: Commissioner Choper moves, Vice
16 Chairman Rosenberg seconds. Minutes are approved. And,
17 now, the Executive Director's Report.

18 EXECUTIVE DIRECTOR BAEDEKER: Thank you, Mr.
19 Chairman.

20 This last week, the University of Arizona held its
21 annual racetrack industry program symposium. And much of
22 the focus of the panels over the four days was on the future
23 of field sizes, given the reduction of the foal crop from a
24 high of I think 36,000 not too many years ago to a current
25 level of 22,000, and the effect that that reduction will

1 have on field sizes over the next few years.

2 Out here, of course, in California, in many
3 instances we've reduced the number of race days and
4 sometimes races per day. Other jurisdictions haven't done
5 that yet. They're probably are going to have to. There was
6 a discussion, for instance, of combining race
7 classifications within the condition book to put more horses
8 in similar categories into fewer races, I suppose is a way
9 of saying it.

10 And I think, you know, given the -- this
11 discussion, programs like the Ship and Win that we currently
12 have in place here in California, programs like that are
13 going to become increasingly important for us, especially
14 because, you know, we're an island here and we need to draw
15 horses from further away than most.

16 But, of course, it just -- it's apparent, you
17 know, we're dealing -- we're talking about dealing with the
18 lack of horses and what we do about it in the condition
19 books and so forth and reducing days and so forth. And one
20 thing seems really clear and -- but it's a difficult topic
21 because there aren't many answers. And that is that I think
22 we'd all agree that the way to fix the problem long term is
23 to restart the economic engine of this sport.

24 And I took the opportunity to make a long-winded
25 boring speech on the topic on the panel that I was on, and

1 I'll give you the abridged version. And I came away from
2 there believing that if anything is going to get done with
3 this harebrained idea of mine, it's California is the one to
4 do it. And here it is. Most of us grew up with a mentor
5 that taught us the game, whether it was our dad, uncle,
6 cousin, whoever it was. We learned in stages as we went
7 along. We learned to love the sport, and we learned all
8 about handicapping. And we learned that the magic of the
9 sport is figuring out the puzzle, the upcoming puzzle,
10 putting the pieces together and reading all of this data,
11 crunching it all. And over a period of years, you know, we
12 become very familiar with thousands of individual pieces of
13 information that's contained in past performances. It's
14 great. We love it.

15 Old people like myself, you know, we don't like
16 distractions between races. We don't think there's too much
17 time between races because we need that much time to figure
18 out the next one.

19 But people that are new to it that haven't had the
20 mentor, frankly, there's two things going on. One, there's
21 not much depth to it. And two, they're intimidated by it
22 almost at every turn. We learned that in research way
23 back in 1990 in Kansas City when I was at the Woodlands,
24 Greyhound racing was a huge success; horse racing was a huge
25 flop. Same market. Why? Simple answer, particularly among

1 the men, Greyhound racing was perceived as easy. Nobody
2 really knew what they were doing, so I have just as good a
3 chance as anybody else, it doesn't matter that I don't know
4 all these particular terms. It was fast. It was every 14,
5 15 minutes, the music was playing.

6 And then we went over to the horse track. We had
7 a horse track and Greyhound track perpendicular on the same
8 property, shared a parking lot. Went over to the horse
9 track. Races were 30 minutes apart. And that guy over
10 there had this thing called the racing form. I didn't know
11 what that was. I didn't know how to use that. You know, I
12 hear terms like pari-mutuel, trifecta and all those. I
13 don't know what those things mean.

14 And the men said, "I don't like to feel stupid."
15 How many here in the room still refuse to stop and get
16 directions? We won't do it. And so, "I'm not going to
17 play. I'll go -- I'll wait for the easy game to come back."

18 Fast-forward all of these years and all of those
19 things that we learned. People were intimidated by walking
20 up to the front of the building for the first time and
21 saying, "Grandstand? Okay, I get that. Clubhouse? Okay I
22 can't go in there, that's a club. Turf Club? Oh, I can't
23 go in there either, that's a club." And we found this at
24 Hollywood Park. So the newcomer goes into the grandstand
25 and very rarely goes anywhere other than the main line,

1 never goes up to one of the 25,000 seats we had overlooking
2 the racetrack. And then they don't know how to play the
3 game and they leave and they don't come back.

4 So, okay here's -- this is what I've dubbed
5 Project Uncle Ed. And I'm going to be pestering the
6 marketing people in this sport to help with this. We have
7 an amazing tool, and it's right here (demonstrating). Now,
8 we should be able to develop an app that knows where you are
9 in the track. And if you want to know where you can get a
10 carved sandwich, it knows where where you are and it can
11 direct you there. If you're sitting next to somebody and
12 they're talking about blinkers, and you don't know what
13 blinkers are, you can go to your app, you can see a
14 15-second video of Ron Ellis putting blinkers on a filly and
15 showing, you know, how they go on standing behind her and
16 saying, "This is what it's for and now see she can..." And
17 that quick (snap), I get it.

18 Multiply that about a thousand different things
19 around the racetrack here, and we leave -- the newcomer may
20 leave thinking, "Yeah, I can play this game." And all of a
21 sudden is goes from something that is unpopular to popular.

22 So, with your leave, Mr. Chairman and
23 Commissioners, I am going to be a royal pain going forward
24 until this either flops and turns out to be a bad idea or
25 something gets done. So I just thought I would preface my

1 upcoming badgering with that statement.

2 It might encourage you to know that the race track
3 industry program, which at its maximum, I think, had about
4 45 students, has 38 students today. And it's very
5 encouraging to see that some of the young people, and sharp
6 young people, really want to get involved in racing.

7 All right, end of speech. Thank you for that
8 consideration.

9 I want to make sure that everybody is aware of the
10 fact that -- in case you missed the press release, that this
11 Board issued perhaps the stiffest penalty in CHRB history
12 after last month's meeting, suspending Trainer Jose Del La
13 Torre for 38 months and issuing a \$160,000 fine. Obviously,
14 these Commissioners have a strong statement -- have made a
15 strong statement. And quoting from the Chairman that abuse
16 of medication in races, in race horses in California, will
17 not be tolerated. I know that you all commend them for
18 their position on that. I feel like it should be said
19 publicly.

20 Financials for the month, actually don't look that
21 great, because last year during November we had two
22 Breeders' Cup days. This year, we had one on the last day
23 of October, one on the first day of November. So as a
24 result, overall business for the month was down just
25 under -- just about six percent. Daytime business was down

1 6.4, nighttime business down 1.1. For the month, year to
2 date we still have our head above water. We're -- overall
3 business is up just under one percent at .07 percent.

4 And now I'd like to single out a couple of people
5 in the room here. One is Dr. Rick Arthur. Also, while I
6 was in Arizona I had the -- I joined the race track -- Race
7 Commissioners International for meetings on Thursday and
8 Friday. And the names Dr. Arthur and Dr. Stanley, come up
9 repeatedly when these commissioners from around the -- and
10 executive directors from around the country, gather and talk
11 about upcoming issues.

12 The work that these doctors have done has blazed
13 the trail for the rest of the country, and Dr. Arthur this
14 last week was given the President's Award by the American
15 Association of Equine Practitioners. I think we take his
16 work for granted, and we probably shouldn't, so this is an
17 opportunity to recognize Dr. Arthur. Thank you.

18 (Applause)

19 EXECUTIVE DIRECTOR BAEDEKER: And along those
20 lines the Racing Officials Accreditation Program, ROAP, is
21 an entity that is funded by the Jockey Club and has been
22 accrediting stewards for the last 25 years.

23 This year, ROAP established a kind of hall of fame
24 for stewards for outstanding contributions to the sport.
25 They're honoring an active steward and a retired steward.

1 California has been honored in two ways. First, the award
2 has been named for Judge Pete Pedersen, who served racing
3 here in California with great distinction and was the
4 ultimate gentleman, as we all know.

5 Second, the winner of the inaugural award for
6 active steward, who was chosen from a list of 40 candidates
7 from around the country, is our own Darrel McHargue.

8 (Applause)

9 EXECUTIVE DIRECTOR BAEDEKER: And I would like to
10 invite Chili, Mr. Chillingworth, to come forward. Chili is
11 a Member of the Board of Directors of the Racing Officials
12 Accreditation Program, and we have a plaque to present.

13 MR. CHILLINGWORTH: Well, Darrell, we're going to
14 hand this over to you in a minute, but we have a few words
15 to say before we do that.

16 EXECUTIVE DIRECTOR BAEDEKER: If you don't mind
17 looking at a (indiscernible).

18 MR. CHILLINGWORTH: Well, first of all, we want to
19 talk about Darrel's racing career. It extended from 1972 to
20 1988. He won over 2,500 races, 6 million dollars, when a
21 buck was a buck in those days.

22 MR. MCHARGUE: Right.

23 MR. CHILLINGWORTH: And he was awarded the George
24 Woolf award and he's also an Eclipse Award winner. He's had
25 a distinguished racing career.

1 One of the things that I was told when I was asked
2 to present this trophy was, -- Pete Pedersen, the trophy,
3 this is the first year it's been awarded. And it's
4 remarkable that we on the West Coast have one of the people
5 who is one of first of the five awards.

6 Congratulations, Darrel, on a great career. And
7 the award is given in recognition of career excellence and
8 personal conduct that is beneficial for the whole society,
9 and you apparently accomplished that. Thank you very much,
10 and here you go.

11 MR. MCHARGUE: Thank you.

12 (Applause)

13 MR. MCHARGUE: I would like to thank the
14 California Horse Racing Board for their support over the
15 years, and for taking the time to recognize this achievement
16 of me winning the first Pete Pedersen award. It's an honor,
17 and especially an honor, because of Pete Pedersen. Any
18 steward that ever worked with him was in awe of him
19 throughout his career. He had a way with words. He had a
20 way to phrase things, which is a big part of being a
21 steward, and he was a master at it.

22 I want to thank you for taking this time to honor
23 me. Hopefully, I can live up to it throughout my career.
24 Thank you.

25 (Applause)

1 EXECUTIVE DIRECTOR BAEDEKER: And that concludes
2 my report, Mr. Chairman. Thank you.

3 CHAIR WINNER: Thank you very much, Mr. Pain, for
4 your report.

5 EXECUTIVE DIRECTOR BAEDEKER: Call me what you
6 will.

7 CHAIR WINNER: Congratulations to Dr. Arthur and
8 congratulations to Darrel McHargue. It's about time that
9 stewards were recognized for the tremendous work that they
10 do, the thankless job that they do, and how hard -- and how
11 dedicated they are. And for Darrell to receive the first
12 award of its kind is, I think, appropriate. And I feel that
13 it's -- that all of the stewards in California should be
14 proud and proud of Darrell as well. So congratulations to
15 both Dr. Arthur -- who we all know how important he is to
16 this industry. Anybody who has ever worked with him,
17 realizes the dedication that he puts in, and the kinds of
18 changes that have taken place in racing both for the safety
19 of the horse and the safety of the people on their backs,
20 because of the work that Dr. Arthur and Dr. Arthur and
21 Stanley and others in our state and in that professional
22 have done for racing. So, again, thank you to both of you.

23 Let's go on then to the public comment period.
24 Let me first ask Kim, did you want to speak now?

25 MR. LLOYD: Sure.

1 CHAIR WINNER: About -- you want to talk about the
2 sale. Is that --

3 MR. LLOYD: Right

4 CHAIR WINNER: Because you didn't put a number on
5 here.

6 MR. LLOYD: Oh, I'm sorry.

7 CHAIR WINNER: So why don't you come up first and
8 do that and then we'll move on.

9 MR. LLOYD: Good morning, Chairman Winner,
10 Commissioners. I'm Kim Lloyd, General Manager of Barretts.

11 I just wanted to -- first, we have a sale coming
12 up January the 26th. I will make everybody aware of that.
13 More importantly, I wanted to make everybody aware of
14 Barretts' circumstances. There seems to be questions, we --
15 over and over again whether we're staying open, what we're
16 doing. We have never varied. We are staying open. We have
17 been open 25 years; we expect another 25 years.

18 We have our January sale. After that, we have our
19 select sale in February, February 23rd. From then on, our
20 sales will move to Del Mar. I wanted take at this time an
21 opportunity to thank Del Mar Thoroughbred Club, and Tim
22 Fennell of the 22nd Agricultural District, and their
23 gracious patience in negotiating the contract with us that
24 will benefit us and the industry far into the future.
25 They've been very good. It's been very refreshing, the

1 support we've had from Del Mar, Joe Harper and all the guys.
2 We're very grateful for that.

3 We look for our move -- we're sad to be moving,
4 frankly. We have great facilities, but we look for our move
5 to be an opportunity to give us an ability maybe to recruit
6 more new owners. We feel like there's -- the horse shortage
7 that we face is more an owner shortage than anything else.
8 And we feel the move to Del Mar will enable us to maybe get
9 new owners in.

10 And it's a very positive step up for us, but we
11 want to make sure everybody is aware we are going forward
12 and we will be there for the industry and we expect to be
13 there for the long run. And thank you for your time.

14 CHAIR WINNER: Thank you very much. And it's good
15 to hear that.

16 Next, we have Brian Trela.

17 MR. TRELA: Yes. My name is Brian Trela,
18 T-R-E-L-A.

19 I'm here to address the stable situation. I
20 believe that the Commissioners should be aware of the fact
21 that Pomona will be closing as an off-track facility, as an
22 auxiliary race horse barn facility, as of March 1st at the
23 latest, according to my conversation with Mr. Lloyd just
24 moments ago.

25 That leaves a void of -- that leaves 450 horses in

1 limbo, which I'm told by the stable manager at Fairplex
2 that's the approximate number that are presently stabled
3 there. There is no room at Santa Anita, there's no room at
4 San Luis Rey Downs, and there's no room here at Los Alamitos
5 for those 450 horses to go.

6 Therefore, a lot of people's livelihoods are going
7 to be put in jeopardy unless an alternative is found in the
8 immediate future. Moreover, the potential closing of
9 Fairplex Park could come at any time. I'm told that the
10 contract that it presently has expires as of December 31.
11 There's every hope and expectation that it will continue on
12 into the end of February. For one reason the two-year old
13 training sale requires that the facility be open, but
14 there's no guarantees. And, again, as of March 1, there's
15 going to be nowhere for those horses to go.

16 I would hate to see a situation like they're
17 having this month at Calder where you've got 700 horses
18 being displaced on just a moment's notice and there's no
19 facilities ready for them -- ready for those horses to go.
20 Again, the same situation as here, there's no place for
21 those horses to go.

22 The trainers that are stabled at Pomona, I've
23 talked to several of them. Some of them are planning on
24 possibly moving out of the state, moving to Northern
25 California. My wife's a trainer. She's got an owner from

1 Tampa who is a first-time owner. He put two, two-year olds
2 in training with her. One of those is a Cal-bred who won a
3 Maiden, 50,000 Cal-bred Maiden Claim, here at Los Alamitos.
4 He could probably find another trainer who has stalls and --
5 you know, and he'll be able to place that one. The other
6 one is Kentucky-bred that hasn't made it to the races yet.
7 He's most likely going to ship down to Tampa Bay where he
8 lives.

9 So the situation for a lot of people right now is
10 dire, and we'd like to have some indication from the Board
11 that there is concern and that there is action that is going
12 to be taken. I understand that Galway Downs is a
13 possibility. We would like to see that come to fruition. I
14 don't know how many people would chose to relocate their
15 horses there. My wife would certainly go there and --
16 because for the current Santa Anita Meet, trainers got one
17 of three letters from the Racing Office. One said -- one
18 gave the stable assignments. There's one Fairplex trainer
19 who was given half of his -- half of the number of the
20 horses that he needs or half the number of stalls that he
21 needs down at San Luis Rey Downs, so he's planning on moving
22 up north.

23 Other people got a wait and, you know, basically
24 the letter said, "You're on hold, we'll see how it shakes
25 out." My wife, unfortunately, got the letter that says, "We

1 don't want you." So that's the situation that we're in. We
2 would like to have some sort of direction and encouragement
3 from the Board that is problem is going to be addressed and
4 resolved.

5 CHAIR WINNER: Mr. Trela, thank you very much.
6 And let me assure you that not only is it going to be, it
7 has been, it is, and continues to be. And all of the
8 various participants, the TOC, the CTT, the three racing
9 associations in Southern California, the Board and others
10 are working on this. I think we have had conversations as
11 well as meetings. And I personally am very encouraged that
12 this problem is on the way to being resolved.

13 MR. TRELA: Thank you, sir.

14 CHAIR WINNER: And thank you for raising it.

15 Let's go on then to Item Number 4. I don't know
16 if anybody's here from Hollywood Park. We did receive an
17 e-mail from Jack.

18 The Item 4 is, "Discussion and Action by the Board
19 regarding the distribution of race day charity proceeds of
20 the Hollywood Park Racing Association in the amount of
21 \$82,356 to seven beneficiaries."

22 And if no one is here, I can just make the point
23 that Mr. Liebau sent us an e-mail explaining that he was out
24 of town and would not be back in time for this meeting. The
25 one issue that he wanted to explain on their charitable

1 contribution list was the amount of money that was being
2 allocated to the University of California, \$10,000 for the
3 Bancroft Library. And he explained that the reason for that
4 is that the Bancroft Library has agreed to house the
5 collection of DVDs of all of the races and to display those
6 to -- of all of the stakes' races that took place in
7 Hollywood Park during the life of Hollywood Park race track.

8 And given that they're doing this all pro bono, as
9 I understand it, Hollywood Park, or Jack, felt that this was
10 an appropriate contribution, to defer at least some of the
11 expenses that the library and the University of California
12 at Berkeley was incurring.

13 So based on that, unless there is any -- is there
14 any discussion beyond that?

15 (No audible response.)

16 CHAIR WINNER: Is there a motion to approve?

17 FIRST VICE CHAIR DEREK: I'll move.

18 SECOND VICE CHAIR ROSENBERG: Second.

19 CHAIR WINNER: Vice Chair Derek moves. Vice Chair
20 Rosenberg seconds.

21 All in favor?

22 ALL COMMISSIONERS: Aye.

23 CHAIR WINNER: Any opposed?

24 (No audible response.)

25 CHAIR WINNER: That carries.

1 Moving on then to Item Number 5: "Discussion and
2 action by the Board on the application for license to
3 conduct a Horse Racing Meeting at the Los Angeles-- or the
4 Los Alamitos Quarter Horse Racing Association at the Los
5 Alamitos Race Course, commencing December 26, 2014, through
6 December 20th, 2015, inclusive."

7 And, as some of you may recall, this has been put
8 off from the prior two agendas and is now on this agenda.

9 Did you want to make a comment about
10 (indiscernible)

11 EXECUTIVE DIRECTOR BAEDEKER: Yeah.

12 There was a question raised about the legal
13 structure of Los Alamitos and CHRB from its records,
14 financial statements. I've researched this with the help of
15 Mr. English. And just to set the record straight for
16 everybody Quarter Horse Racing, Incorporated is the parent
17 company of Los Alamitos. It's wholly owned by Dr. Allred.
18 Horseman's Quarter Horse Racing Association is 100 percent
19 owned by that parent. Los Alamitos Quarter Horse Racing
20 Association, in whose name the license is submitted, is the
21 d.b.a. of Horseman's Quarter Horse Racing Association. So
22 it falls clearly and accurately, and there's no issue with
23 the legal structure of the ownership or the license
24 application.

25 Going forward, and maybe as part of a motion, we

1 will amend the name to read Horseman's Quarter Horse Racing
2 Association, d.b.a. Los Alamitos Quarter Horse Racing
3 Association. Hopefully, that will make everybody happy.

4 CHAIR WINNER: Thank you, Rick.

5 Dr. Allred or Bob -- or who is going to come up
6 and -- Mr. English?

7 DR. ALLRED: Ed Allred.

8 I was recently reelected Chairman of the Board of
9 the Los Alamitos --

10 (Laughter)

11 SECOND VICE CHAIR ROSENBERG: Congratulations.

12 CHAIR WINNER: Was it a close vote?

13 DR. ALLRED: I've been trying for awhile you
14 understand?

15 Do you have any questions for me?

16 CHAIR WINNER: Anybody have any questions for --

17 COMMISSIONER AUERBACH: Yeah, where's Brad?

18 CHAIR WINNER: Pardon me?

19 COMMISSIONER AUERBACH: Where is Brad?

20 CHAIR WINNER: Where is Brad? That's the
21 question.

22 DR. ALLRED: Brad is President the Horse -- the
23 General Manager of the Thoroughbred Racing Association. We
24 have another Half Down, (phonetic) so --

25 COMMISSIONER AUERBACH: Yeah, all right. Thanks.

1 CHAIR WINNER: The only comment I would make is,
2 thank you once again for providing such a hospitable morning
3 and meeting fare for us here as you always do. We
4 appreciate that.

5 DR. ALLRED: It's interesting. You have not been
6 here for 15 years and now we've had you here two or three
7 times this year. We're delighted that you are here now.

8 CHAIR WINNER: So are we.

9 Are there any questions with respect to the
10 quarter horse meet and the approval of these racing dates
11 with the amendment that Rick, you know, earlier mentioned?
12 Any other questions, any comments?

13 Is there a motion?

14 COMMISSIONER KRIKORIAN: I'll make a motion.

15 COMMISSIONER BENETO: Second.

16 CHAIR WINNER: All right. Chairman --
17 Commissioner Krikorian moves and Commissioner Beneto seconds
18 approval of a license with the amendment of the d.b.a. as
19 per the Executive Director's comments.

20 All in favor?

21 ALL COMMISSIONERS: Aye.

22 CHAIR WINNER: Any opposed?

23 (No audible response.)

24 CHAIR WINNER: Thank you very much. Good luck.

25 DR. ALLRED: Thank you.

1 CHAIR WINNER: Going on then to Item Number 6:
2 "Discussion and action by the Board regarding the request
3 from Northern California Off Track Wagering Inc...."
4 otherwise known as NCOTWINC "...to continue the modification
5 of the distribution of market access fees from advance
6 deposit wagering at a rate of 2.9%, as permitted under
7 Business and Professions Code section 19604(f)(5)(E) for
8 wagering conducted for [sic] thoroughbred associations in
9 the northern zone."

10 Gentlemen?

11 MR. WAYTE: Good morning, Commissioner.

12 CHAIR WINNER: Good Morning.

13 MR. WAYTE: I am Bryan Wayte, General Manager of
14 Northern California Off Track Wagering. I am here to today
15 to ask for approval of the agreement executed between the
16 TOC and the Golden Gate Fields for the 2.9 percent ADW
17 withholding.

18 CHAIR WINNER: Joe?

19 MR. MORRIS: Joe Morris from the TOC, moral
20 support for Bryan as General Manager.

21 The 2.9 percent is the same as it was a year ago,
22 and it's part of the funding for NCOTWINC that we need to go
23 forward for the 2015 year.

24 CHAIR WINNER: Is there any discussion by the
25 Board?

1 (No audible response.)

2 CHAIR WINNER: On this issue, any discussion?

3 (No audible response.)

4 CHAIR WINNER: Is there a motion?

5 COMMISSIONER AUERBACH: I move.

6 COMMISSIONER KRIKORIAN: Second.

7 CHAIR WINNER: Commissioner Auerbach moves.

8 Commissioner Krikorian seconds.

9 All in favor?

10 ALL COMMISSIONERS: Aye.

11 CHAIR WINNER: Any opposed?

12 (No audible response.)

13 CHAIR WINNER: Thank you, gentlemen.

14 MR. MORRIS: Thank you.

15 CHAIR WINNER: Moving on then to Item Number 7:

16 "Discussion and action by the Board regarding the request
17 from Southern California Off Track Wagering Inc., SCOTWINC,
18 for approval of the modification of market access fee
19 distributions as permitted under Business and Professions
20 Code section 19604(f)(5)(E) for advance deposit wagering
21 hosted by Southern California Thoroughbred Associations
22 during the calendar year 2015."

23 CHAIR WINNER: George.

24 MR. HAINES: George Haines, General Manager of
25 SCOTWINC.

1 SCOTWINC is also asking the Board to approve the
2 agreement with the TOC to raise the ADW percentage to 2.9
3 percent for 2015.

4 MR. MORRIS: Joe Morris, TOC.

5 That percent was 2.4 percent a year ago. We've
6 added a .5, because their expenses have gone up. I'm in
7 SCOTWINC and we need that money. Any money's that's left
8 over at the end of the year does go back to commissions and
9 purses. You know, we need that percentage to fund SCOTWINC
10 for 2015.

11 CHAIR WINNER: Any discussion of the issue?

12 SECOND VICE CHAIR ROSENBERG: One quick question,
13 when does SCOTWINC or does SCOTWINC report on a regular
14 basis to the Board in terms of where it stands financially
15 on the profit and loss, et cetera, et cetera. I know we've
16 looked at this before at meetings, but I'm not sure if it's
17 based upon a required report of any kind. Do we have
18 a --

19 MR. HAINES: I'm not aware of the report that
20 you're asking for, however at yearend we would gladly report
21 our yearend performance to you in the appropriate meeting
22 following.

23 SECOND VICE CHAIR ROSENBERG: I think it's
24 appropriate because of the fact that there so much involved
25 in so many of the areas, including stable and -- stabling

1 and vanning.

2 MR. HAINES: Yeah, but we are audited and so --

3 MR. MORRIS: And we got a yearly audit and that is
4 turned in within 90 days of the end to the Commission for
5 review, also.

6 MR. ERNST: Mike Ernst, I'm the Chief Financial
7 Officer for Del Mar.

8 And I'd like to report that in 2014, for the first
9 time in many years, we saw an increase in the average daily
10 wagering at the ITW locations. That reverses a trend that
11 we've seen over several years as more and more patrons moved
12 over to the ADW wagering. And in a recently completed fall
13 race meet, we actually saw our ITW going at a higher level
14 than it was for the summer, so we're very excited.

15 We have had, I believe, ten new mini-satellites on
16 the -- join the network. So not only have we increased the
17 annual but, as the Commissioners mentioned it supports
18 stabling and vanning of CMC, Trainers' Workers Compensation
19 program. So we at Del Mar are very excited to see the
20 uptick in handle and I think it's attributed to the mini-
21 satellites. And then, of course, having George on the Board
22 now as a full-time executive. I think we're certainly
23 excited to see the trend in the ITW increase.

24 CHAIR WINNER: Well, Commissioner Krikorian?

25 COMMISSIONER KRIKORIAN: What was the dollar

1 budget for last year, and with the going from 2.4 to 2.9,
2 what is the estimated dollar budget to be next year?

3 MR. HAINES: The dollar budget last year was \$26
4 -- approximately 26 million dollars. About 70 percent of
5 that budget is labor, union lane at the sites, the tellers.
6 And going forward, it's right at that number for 2015.

7 We are seeing some decrease of brick and mortar
8 overall, so that's why we're asking for the increase of 2.4
9 to 2.9. There is some benefit increases that we're looking
10 at, there's the termination of the CRT Pension, which is an
11 increased cost.

12 So, you know, factoring in all of those things,
13 that's why we come up with the 2.9 percent on the ADW, which
14 comes to about \$9.8 million.

15 COMMISSIONER KRIKORIAN: Additional?

16 MR. HAINES: Yeah, not additional, overall. It
17 was 8.5.

18 MR. ERNST: And Mike Ernst, again. As Joe
19 mentioned, any excess funds at the end of the year would be
20 returned equally for purses and commissions. So, you know,
21 it's the goal to run SCOTWINC as efficiently as possible.
22 And if there are excess funds, it will be returned pro rata
23 back to purses and commissions.

24 COMMISSIONER AUERBACH: Historically, have there
25 ever been any excess funds at the end of the --

1 MR. ERNST: Almost every -- oh for the last four
2 or five years, there have been excess funds returned purses
3 and commissions.

4 COMMISSIONER AUERBACH: Any idea -- can you give
5 us any idea about what -- are we talking about \$6.82 or are
6 we talking --

7 MR. ERNST: Well, I will speak to Del Mar. Del
8 Mar, in 2014, had about 140,000 in purses and commissions
9 each returned back.

10 COMMISSIONER AUERBACH: Okay, so it's substantial.

11 MR. ERNST: So it is substantial. Again, we don't
12 spend every dollar that we get. We want to make sure that
13 we have sufficient funding. We run our operation as
14 efficiently as possible and then those excess funds will be
15 returned back to purses and commissions.

16 SECOND VICE CHAIR ROSENBERG: I seem to recall one
17 in of the prior reports that -- well, some of the tracks or
18 a number of the race tracks lent money to SCOTWINC at a
19 period of time, so has that been repaid?

20 MR. ERNST: Well, back in 2009, SCOTWINC lost
21 their bank line of credit and they had no ability to have
22 monies for what's called the change fund, which is basically
23 cash for the satellite locations, mutuel operations. So
24 Hollywood Park and Del Mar and then later Santa Anita
25 (indiscernible) changed from an LLC to provide the funding.

1 So we've stepped in, the industry has stepped in, to be the
2 bank, so to speak, for SCOTWINC. And that's ongoing.
3 Hollywood Park has left, so now we're 50/50 owners of the
4 changed LLC for Santa Anita and Del Mar.

5 SECOND VICE CHAIR ROSENBERG: Thank you.

6 CHAIR WINNER: And that's ongoing?

7 MR. ERNST: That is ongoing. Just very difficult
8 for SCOTWINC to receive a line of credit with no guarantees,
9 and so Santa Anita and Del Mar stepped in and provided that.

10 CHAIR WINNER: Thank you.

11 Any other questions?

12 (No audible response.)

13 CHAIR WINNER: Is there a motion?

14 COMMISSIONER CHOPER: So moved.

15 SECOND VICE CHAIR ROSENBERG: Second.

16 CHAIR WINNER: Commissioner Choper moves, and Vice
17 Chairman Rosenberg seconds.

18 All in favor?

19 ALL COMMISSIONERS: Aye.

20 CHAIR WINNER: Any opposition?

21 (No audible response.)

22 CHAIR WINNER: The motion carries.

23 Thank you, we'll move on.

24 MR. ERNST: Thank you.

25 CHAIR WINNER: Number 8 on the agenda: "Report

1 from the Legislative, Legal and Regulations Committee."

2 COMMISSIONER CHOPER: Yes. The Committee, which
3 is made up of Commissioner Rosenberg and I, met yesterday in
4 this room for about three-and-a-half hours, I think, with a
5 fairly substantial agenda.

6 Mike Marten is the person from the staff who tells
7 us -- I mean, helps us out. And I would invite both Mike
8 and Commissioner Rosenberg to supplement or correct anything
9 that I say in connection with this -- I've just got a few
10 notes here.

11 Item Number 1 was the question generated by the
12 Breeders' Cup claim of foul in the Classic. And although
13 that was not, by any means, the major point of the
14 discussion that we had. It was how we could improve the
15 rules for when a foul is committed, what a foul is, and what
16 are the consequences of that.

17 We received, when the agenda went out, lots of
18 suggestions, which in a way were helpful, because there were
19 a lot of intelligent things said in those suggestions. In a
20 way, they were totally unhelpful, because they ranged from
21 one extreme to the other. You know, "A foul's a foul to a
22 foul should only be found when a horse is, you know,
23 seriously injured or something like that by the action of
24 another horse."

25 So the commenter -- I think there was general

1 agreement that there was no easy answer to this plight.
2 Executive Director Baedeker had come up with a proposal that
3 we spent a lot of time focusing on and seeing which ways
4 that might be made more specific, improved, clearer, or what
5 have you.

6 And I think it was judgment of both Commissioner
7 Rosenberg and myself that there is no great hurry. Of
8 course, we don't do very much in a great hurry in this
9 organization. But that there was no great hurry to put out
10 an amended rule, but that what we ought to do is keep
11 tinkering with it, sending it back out for more comments.
12 And if it takes a couple of months and we get a more
13 improved rule, that would be ideal and that's the way we
14 left it. Did you want to add anything to that?

15 SECOND VICE CHAIR ROSENBERG: No, that's a perfect
16 summary.

17 I think that if anyone is interested, the page 1
18 point [sic] -5 of the packet for the meeting yesterday,
19 which is a public record, you can get it on the website,
20 lays out the proposed draft that Director Baedeker drafted.
21 But he did so based upon a meeting he had and
22 Commissioner -- Chairman Winner had with the stewards. So
23 it's just a work in process. And I think there's a lot of
24 work that has is to done based upon the hours that we spent
25 on this yesterday.

1 CHAIR WINNER: Vice Chair Derek was also at that
2 meeting with the stewards.

3 So the recommendation of the Committee is to take
4 no action on it at this point.

5 COMMISSIONER CHOPER: That's right, but continued
6 input and review of suggestions that come in.

7 SECOND VICE CHAIR ROSENBERG: Yeah. And I believe
8 the Executive Director offered to have staff work on it when
9 time allows to come up with some -- with another draft based
10 upon yesterday's meeting, correct?

11 COMMISSIONER CHOPER: Correct.

12 And we're going to try to keep moving it along
13 consistent with what people can do. And I want to
14 emphasize, I know the jockeys were very well represented.
15 Al was there with two of his colleagues. The people from
16 Los Al were there, Dr. Allred, particularly on
17 subsequent items, but some on this as well. And we welcome
18 more suggestions, and we urge you, if you are at all
19 interested in it, to read the proposed -- and they are just
20 proposed -- drafts which show the amendments that we have,
21 you know, produced to date.

22 Now, I will -- I think it would be a good idea for
23 us to keep everybody informed knowing that this is not some
24 final proposal.

25 CHAIR WINNER: Thank you.

1 Can I just ask any one of you that were there, was
2 there any discussion with respect to camera angles that
3 might be available to the stewards given that, as some of us
4 know, the blimp angle of the particular race you mentioned
5 gives quite a different perspective than the angles that
6 were shown publicly. And whether or not an overhead -- was
7 that discussed at all?

8 COMMISSIONER CHOPER: We did discuss angles, which
9 -- and I think anyone who is familiar with review of rules
10 in other sports knows that the angle sometimes totally
11 changes your opinion on what happened, as to whether someone
12 was out or whether there was interference or what have you.

13 We were aware of the fact that -- what was the
14 network?

15 SECOND VICE CHAIR ROSENBERG: It was a blimp shot.

16 CHAIR WINNER: The blimp.

17 COMMISSIONER CHOPER: Had a blimp and it also gave
18 a -- I haven't seen it myself, but I understand a lot of
19 people felt that it was quite (indiscernible) and helpful in
20 determining. Now, I don't think anybody who was there would
21 be against that. The question is how --

22 CHAIR WINNER: How do you a forward --

23 COMMISSIONER CHOPER: -- do you have a blimp up
24 there all time?

25 CHAIR WINNER: Right, except the question is

1 whether or not -- there has been discussion by some about
2 having a camera on the gate looking down.

3 FIRST VICE CHAIR DEREK: Uh-huh.

4 CHAIR WINNER: There have been discussions about
5 drones, obviously, and various other kinds of wire
6 technology possibilities. Again, I just wondered whether
7 that was discussed and whether it can be discussed --

8 COMMISSIONER CHOPER: It wasn't discussed, but I
9 think it's very helpful if there is a way of duplicating the
10 angle that that presented or coming closer to it than we
11 have now. I'm out of my element really when I am talking
12 about this, but that's welcomed. I mean, I think the more
13 information you get that's at least relevant the better it
14 is.

15 CHAIR WINNER: Mike? Yeah, thank you
16 Commissioner, Mike?

17 MR. MARTEN: Mike Marten with the CHRB staff.

18 Commissioner Choper asked how many camera angles
19 there are shown and I indicated it depends on the race
20 track, right? Santa Anita, a thoroughbred meet is going to
21 have more than a -- you know, a quarter horse race for
22 example, right?

23 We have looked at this whole camera-angle issue
24 over the years going back 10 or 15. The stewards were all
25 asked, "Is there a camera angle you would like to have

1 added?" And there were some adjustments made to the camera
2 locations at that time. And we even did an experiment at
3 San Anita where they had a mobile camera stick over near the
4 quarter pole taking a cross-view of the turn, looking
5 towards the back side to provide some depth on the turn that
6 the stewards didn't have. And that turned out it didn't
7 work, as I recall. I might be -- I stand to be corrected on
8 that, but I believe that it was a consensus that it just
9 didn't do what they wanted.

10 So the point is, we have looked at camera angles
11 over the years. And I'm definitely going to, because of
12 this blimp shot that was not available to the stewards and I
13 don't believe it was shown to the simulcast audience --

14 COMMISSIONER AUERBACH: No, it wasn't shown to
15 anybody.

16 CHAIR WINNER: It wasn't shown to the public.

17 COMMISSIONER AUERBACH: It wasn't shown to the
18 public.

19 MR. MARTEN: It was shown on network.

20 COMMISSIONER AUERBACH: No, it wasn't.

21 CHAIR WINNER: No, it wasn't.

22 COMMISSIONER AUERBACH: No it wasn't. It was not.

23 MR. MARTEN: Okay. I'm corrected there, but the
24 point is, I am going to talk to stewards and to publicity
25 and to the network about maybe even having a shot like that

1 provided to the stewards for the inquiries. That's --

2 CHAIR WINNER: Okay.

3 MR. MARTEN: But I hadn't planned to talk to them
4 about cameras at starting gates and things like that. If
5 that's what you want, we can --

6 CHAIR WINNER: Well, I would think -- this is just
7 a suggestion -- that whether or however you interpret that
8 blimp shot it certainly gave a difficult perspective of the
9 issue than all the other shots. And, of course, actually a
10 lot of the questions that have been raised is why didn't NBC
11 show that shot?

12 The fact is that if there are angle shots -- and
13 you know, technology has changed since you went through that
14 process in the past -- if there are ways of showing angles
15 that make it easier for the stewards to make a decision and
16 a more acceptable decision to the people who are involved
17 including the owners, trainers, and people wagering on the
18 races, it seems to me we ought to do everything that we can
19 technologically and within economic parameters to make it
20 more -- to have a better chance of getting it -- getting a
21 more clear decision. Which doesn't mean they haven't gotten
22 it correct up to now. It just simply means that it makes it
23 easier to get it correct, and to explain to the public, and
24 to show the public.

25 So, from my perspective, the next time the

1 Committee meets or any work that you're doing from a
2 technological standpoint, Mike, in these discussions, I
3 would be very much in favor of trying to determine if there
4 is a way to do that.

5 COMMISSIONER CHOPER: If you will take the
6 responsibility for that I think it would be very good.

7 MR. MARTEN: Right and I will. And also I have a
8 clip of that blimp shot if anyone wants to see it. Just let
9 me know, mikem@chrb.ca.gov, and I can send you that clip.

10 Unfortunately, I sent it to people who couldn't
11 open it --

12 SECOND VICE CHAIR ROSENBERG: Yeah, that's right.

13 MR. MARTEN: -- and maybe they have Macs.

14 SECOND VICE CHAIR ROSENBERG: Yeah.

15 MR. MARTEN: And I think it takes Windows Media
16 clips, but I don't know enough about --

17 CHAIR WINNER: I have a DVD of it where -- which
18 where I have the clip from.

19 FIRST VICE CHAIR DEREK: I was able to open it.

20 CHAIR WINNER: Pardon me? Yeah.

21 MR. MARTEN: So I don't know enough about the
22 technology to know how to get around the Windows Media
23 Player, but I'm willing to provide that clip to anyone that
24 wants to see it. But that aside, I will be working on this.

25 CHAIR WINNER: Thank you very much, Mike. Thank

1 you.

2 Any other discussion?

3 SECOND VICE CHAIR ROSENBERG: Just one more thing.
4 It was interesting yesterday, as a side note, on this
5 subject of the riding rules that we did receive a lot of
6 public comment, but there wasn't one comment as I recall
7 from a trainer -- perhaps one, who was really a
8 lawyer/trainer if you know what I mean, but no trainer
9 showed up yesterday. They were adequately and ably
10 represented by Mr. Balch, which is always here, but there
11 were no trainers here. You would think the trainers would
12 be very interested in having specific ideas how to solve
13 this very controversial issue.

14 CHAIR WINNER: Especially, with all the noise that
15 went on afterwards. I think there are other items discussed
16 at your meeting.

17 COMMISSIONER CHOPER: Oh, yeah. Yes.

18 CHAIR WINNER: Okay. Do you want to go ahead?

19 COMMISSIONER CHOPER: We had Numbers 2 and 3.
20 There were four all together, so we don't surprise you with
21 anything.

22 Numbers 2 and 3 both involve house rules and their
23 application, house rules at Los Alamitos. And one had to do
24 with a house rule that seeks to bar any use of Clenbuterol
25 in respect to quarter horse racing, even though we have a

1 rule which permits for all breeds a certain limit on the
2 amount of Clenbuterol that could be used. Okay. So that
3 was a fairly thorough, I would say, discussion and a
4 controversial discussion. The extent to which a house rule
5 can be different than a rule of the CHRB. And I think that
6 there was a conclusion that was reached, and that was that
7 that house rule ought to go on. But there was not any real
8 agreement as to exactly what the rationale was.

9 So I think that I speak -- and if I -- for
10 Commissioner Rosenberg and for Counsel Miller, that there is
11 a -- we're sympathetic to the position that if a house rule
12 in no way contradicts the official CHRB rule but, in fact,
13 seems to implement it in a favorable way, then that ought to
14 be accepted.

15 I think there was no dispute only simply because
16 your house -- happen to have a house rule that could be
17 inconsistent with the rule of the CHRB. The question is,
18 when is, when is it inconsistent and when is it consistent
19 or indeed helpful.

20 And that Clenbuterol for quarter horses
21 specifically, the genesis of this problem that we have is,
22 at least in part, on our agenda today, although not totally.
23 But that's where we left it at the end of the meeting, that
24 there was no -- that it would -- that there would be no
25 disagreement with the rule that was in effect at Los Al.

1 And it, apparently, is very close to being in effect
2 throughout the quarter horse industry.

3 Questions?

4 SECOND VICE CHAIR ROSENBERG: Yeah, I would just
5 like to add to that and clarify. I think Commissioner
6 Choper correctly summarized our feelings on the matter, but
7 I think it's important to clarify that the -- statements
8 have been made at the prior meetings and at our Committee
9 meeting by Counsel that the house rules are a private
10 agreement between the trainers and the tracks. And that is
11 true.

12 However, that does not mean, in my opinion and I
13 believe in Commissioner Choper's opinion, that the CHRB does
14 not have jurisdiction to look at a proposed house rule if it
15 is brought to the attention of the Board. And decide
16 whether or not it in any way violates our rules or whether
17 it's in any way unreasonable in terms of the horse racing
18 industry.

19 GENERAL COUNSEL MILLER: Robert Miller, Counsel to
20 the California Horse Racing Board.

21 That's correct. By the discussions yesterday
22 regarding the use of Clenbuterol for quarter horse racing
23 and acceptance of the house rule here at Los Alamitos, this
24 does not mean that the CHRB is giving carte blanche to any
25 association or any track to impose any house rule they wish.

1 If a house rule contravenes existing CHRB regulations it is
2 the responsibility of this Board to take action in that
3 matter.

4 With regards to Clenbuterol, I analogize it to the
5 fact that, in California if the State imposes on a
6 particular highway a speed limit of 55 miles an hour, and
7 then over alongside that is a toll road, a private toll
8 road, that for safety reasons imposes a speed limit of
9 35 miles an hour the question can be raised, well, that is
10 in conflict with state law. And my advice to the Committee
11 and to this Board is no, it is not in conflict. What it
12 does is, for the best interests of safety -- and in regards
13 to the Clenbuterol rule in the best interests of quarter
14 horse raising a lower amount, and zero tolerance, really is
15 the way to go. And it doesn't conflict with existing law.
16 It amplifies it and it's a lower thing. It's a lower
17 amount, it's a lower speed, so --

18 CHAIR WINNER: What would happen, Mr. Miller, if
19 that toll road said that the legal speed limit on the toll
20 road was 85 miles an hour?

21 GENERAL COUNSEL MILLER: Then that's a conflict
22 with state law.

23 CHAIR WINNER: That would then conflict with state
24 law.

25 COMMISSIONER CHOPER: Not necessarily.

1 CHAIR WINNER: So as long as it's within the
2 limits that is are required by the State, or in this case by
3 the Commission, as long as it's within that and doesn't
4 exceed the limits that are required by the Commission with
5 respect to Clenbuterol or any other medication, correct?

6 GENERAL COUNSEL MILLER: That is correct.

7 CHAIR WINNER: Then it's permissible?

8 GENERAL COUNSEL MILLER: That's correct.

9 COMMISSIONER CHOPER: I think the issue very
10 simply is does the rule, the house rule, is it in some way
11 inconsistent with the purpose of the --

12 CHAIR WINNER: Intent.

13 FIRST VICE CHAIR DEREK: Intent.

14 COMMISSIONER CHOPER: -- of the regulatory rule.

15 CHAIR WINNER: Right.

16 COMMISSIONER CHOPER: It can be inconsistent by
17 being too slow, by too fast. You've got to find out what
18 they had in mind when they passed the official rule.

19 CHAIR WINNER: Got it.

20 COMMISSIONER CHOPER: I can say --

21 CHAIR WINNER: So it is based on the intent --

22 COMMISSIONER CHOPER: -- this is a very, very
23 common problem that when a federal statute, for example, is
24 set to conflict with a state statute. Well, if the federal
25 statute -- if the state statute conflicts with the federal

1 statute, and the federal government has the power to pass
2 that statute, then the federal statute is supreme. It's
3 called the Supremacy Clause in the Constitution.

4 However, you could have very close questions as to
5 whether it is inconsistent and whether the state law is
6 inconsistent with the federal law or is not inconsistent.
7 And that is a question of determining what did Congress
8 intend when they passed this law?

9 If you would ask them, "What would you do in this
10 situation?" And you got an answer which, of course, is
11 purely hypothetical. And that's not the way it's done. But
12 if you asked them, all of them, as the vote then you know
13 you're clear. So that's what they have courts for, is to
14 interpret what the federal statute means: Does it mean to
15 bar or permit this particular difference? And that's the
16 same thing here.

17 EXECUTIVE DIRECTOR BAEDEKER: Commissioner, if I
18 might, I liked the way you put it yesterday. And I hope I
19 have this right, I think it just said what you just said,
20 but your words were, "The question is does it further the
21 intent of the rule."

22 COMMISSIONER CHOPER: Exactly.

23 EXECUTIVE DIRECTOR BAEDEKER: And I think in this
24 intense both Commissioners believe that, in fact, it does.

25 CHAIR WINNER: Any other discussion on that item?

1 Commissioner Krikorian?

2 COMMISSIONER KRIKORIAN: Well, here is my
3 question. If you have a house rule that says no
4 Clenbuterol, the trainer uses Clenbuterol and then points to
5 the law and says, "The rules say you can use Clenbuterol."
6 So it seems to me we would have to change the rule for it to
7 really work, because it's a contradiction.

8 COMMISSIONER CHOPER: Well, that's a nice
9 question. Let me say this, it's a complicated question.
10 Because if the trainer is sanctioned for using the
11 Clenbuterol contrary to the house rule but seemingly
12 consistent with the state rule -- with the CHRB rule, then
13 the question is, well is -- it's the same question. It's
14 the same answer, but a different question. And that is well
15 was that -- first of all, was it made clear to the trainer.
16 That is an independent question. You're entitled to fair
17 notice before you get punished for something.

18 It's one thing to say you're punishing these
19 people. It's another thing to say you're officially
20 punishing them. And it's another thing to say that, "We're
21 saying that they shouldn't do this." That's what the house
22 rule says. The house rule says you shouldn't do it; no more
23 Clenbuterol. But it doesn't say that if you do, do it
24 you're going to be sanctioned by the CHRB. That's a
25 different issue.

1 COMMISSIONER KRIKORIAN: Can I --

2 CHAIR WINNER: Now, you're raising an issue that I
3 have a question about. And that is, and perhaps I'm very
4 wrong about this, it's been my understanding that with
5 respect to the house rule that's an agreement between the
6 house and the trainer.

7 COMMISSIONER CHOPER: Right.

8 CHAIR WINNER: It' a private agreement. So the --
9 Los Alamitos, if they chose to do so, once they have that
10 agreement with the trainer, they can keep them from racing
11 there, they can keep them from housing there -- stabling
12 there. But if they go -- if the trainer is within our
13 regulatory rules, even if it's in violation of their house
14 rules, it was my understanding that we then -- they haven't
15 committed any offense against our rules that would allow us
16 to then sanction.

17 GENERAL COUNSEL MILLER: Robert Miller, Counsel of
18 the California -- that's correct. We do not enforce house
19 rules.

20 CHAIR WINNER: Right.

21 COMMISSIONER AUERBACH: Right.

22 CHAIR WINNER: Right.

23 COMMISSIONER AUERBACH: But Los Al can say --

24 CHAIR WINNER: Okay. I just wanted to clarify
25 that.

1 COMMISSIONER AUERBACH: -- they could say --

2 CHAIR WINNER: They can do whatever they want.

3 COMMISSIONER AUERBACH: Okay.

4 GENERAL COUNSEL MILLER: Within the law.

5 CHAIR WINNER: Right. And it's a question of
6 whether we have then -- if they violated a house rule, that
7 is not grounds for us to sanction the trainer. They have to
8 violate our rules.

9 GENERAL COUNSEL MILLER: That's correct.

10 COMMISSIONER AUERBACH: Can they put in their
11 rules possible sanctions aside from just saying, "You can't
12 race here anymore"? Can they in their rule include a
13 sanction for Clenbuterol that is -- has nothing to do about
14 what we would have in our rules?

15 COMMISSIONER CHOPER: Give me an example of what
16 kind of sanction.

17 COMMISSIONER AUERBACH: Well, I'll give you an
18 example. Here's what I'm thinking, because obviously we
19 can't sanction them. I mean, I would think that the
20 sanction, the penalty, would be enough for these trainers to
21 know that Los Al has this house rule. So if you use
22 Clenbuterol, you're out and you can't race here. But can
23 they put in their own sanctions? Can they say, "Well, not
24 only are you out or we'll give you one chance, but it's a
25 \$10,000 fine"?

1 COMMISSIONER CHOPER: Yeah, they can if --

2 COMMISSIONER AUERBACH: Can they do that in their
3 house rules?

4 COMMISSIONER CHOPER: -- that house rule is
5 specific enough to make that clear. The house rule is a
6 contract --

7 CHAIR WINNER: Right.

8 COMMISSIONER CHOPER: -- between the house --

9 COMMISSIONER AUERBACH: So it would have to be
10 very specific.

11 FIRST VICE CHAIR DEREK: That's right.

12 COMMISSIONER AUERBACH: It wouldn't be like a
13 judge situation like we have, it'd be very specific.

14 COMMISSIONER CHOPER: Right, the more specific you
15 can get, the more likely it is to get the money probably.

16 COMMISSIONER AUERBACH: Okay.

17 CHAIR WINNER: Any other questions on this
18 particular issue?

19 Did you have a question, Commissioner Beneto?

20 COMMISSIONER BENETO: Well, my question was that
21 if he doesn't supersede our rule, he can operate on a lower
22 level or not at all.

23 The question I'd like to ask Doc is a trainer, if
24 he's caught with Clenbuterol, is he barred from the track at
25 that point or what --

1 COMMISSIONER AUERBACH: He's going to tell us.

2 SECOND VICE CHAIR ROSENBERG: It's the next issue
3 we've got actually.

4 COMMISSIONER BENETO: I kind of want to know about
5 now is where --

6 DR. ALLRED: Ed Allred, I'm the Chairman of Los
7 Alamitos. Clenbuterol has evolved -- I don't want to get
8 too lengthy here -- but the last five years as a replacement
9 for testosterone. The person will take the testosterone and
10 like products (indiscernible). It took some trainers,
11 quarter horse trainers and perhaps others, I don't know, to
12 become very expert. We have two-year olds here in the fall
13 that looked like four-year olds. They're giant, muscular
14 horses. They're huge. And some trainers are far more
15 aggressive. I think it's common in New Mexico, where I have
16 an interest in a racetrack and other places, common for this
17 to be used contrary to the rules.

18 Almost never are they caught because Clenbuterol
19 is given on a long-term basis and it has some probably
20 off-label uses at times. Dr. Arthur is a great expert at
21 this sort of thing. And they withdraw them and so the blood
22 test is useless. And so we have been working with Dr.
23 Arthur and the lab at Davis to evolve hair testing. And
24 they've gone back to England and -- for the hair testing.
25 And the state of the art is basically quite good, and it

1 will get better as time goes on.

2 In answer to your question in quarter horse
3 racing, much more so than thoroughbred racing, the big money
4 races -- we ran a \$2 million race last week. We run four
5 races for over a million dollars here. Ninety percent of
6 that money comes from horsemen who make payments over a
7 number of years from the time the horse is -- sometimes
8 they're weanlings. Now, we feel an obligation to the people
9 that pay their money in good faith that they will have
10 an honest chance to run. And I strongly feel that has not
11 been the case for the last couple of years. And personally
12 I could not have gone on, you know, if we couldn't stop
13 this. This is too much for me. I can't do it.

14 But I am delighted to know that we're updating the
15 progress. And what we do in the new conditions that we make
16 for the races, any horse that is tested: hair, blood,
17 retested within 24 hours after the race, after timed trials
18 -- we do timed trials of ten horses and the top ten horses
19 ordinarily get in these big races. If say two horses came
20 back with the presence of Clenbuterol, no penalty except
21 they get a non-time for that race and they don't advance to
22 the finals.

23 Now, the Horse Race Board will also be doing its
24 own testing. If they come up with something -- and you do
25 the licensing thing. We don't have anything to do with

1 that, of course. We don't want anything to do with that.
2 So then a horse that is positive will not be able to run
3 back in the finals. And this is a lot of money at stake.

4 EXECUTIVE DIRECTOR BAEDEKER: In your -- Dr.
5 Allred, it was stated yesterday that PCQHRA is very
6 supportive of your policy.

7 DR. ALLRED: True. True, the American Quarter
8 Horse Association could have a big problem and they know
9 that. And they're working -- I keep trying to tell them the
10 blood testing is not going to get it done. And so there is
11 a possibility that some other university or laboratory,
12 private laboratories, will learn the technique. Right now,
13 I think that Davis stands alone. And we're grateful for
14 this. If this had not developed I don't know how we could
15 have gone on. I really don't.

16 FIRST VICE CHAIR DEREK: Doctor, do you think --
17 are you getting all the help you need and support from this
18 Board? Is there something else we can be doing?

19 DR. ALLRED: Well, just let me do what I think is
20 a reasonable thing. Let me do it.

21 FIRST VICE CHAIR DEREK: Okay. Okay.

22 CHAIR WINNER: That's what we're trying to do
23 here.

24 DR. ALLRED: That's all. I know what we're trying
25 to do and I can take care of the problem. And, believe me,

1 it will stop. It will stop.

2 FIRST VICE CHAIR DEREK: Good.

3 CHAIR WINNER: We intend to let you continue as
4 long as it's within the rules and the confines of the law,
5 and we appreciate that.

6 Did you have something else, Commissioners Beneto?

7 COMMISSIONER BENETO: My question to the Doc is,
8 if the horse is caught with Clenbuterol, is the trainer
9 ruled off the track or can he still run here?

10 DR. ALLRED: In all likelihood we would interview
11 the trainer, of course. In all likelihood, he would not
12 have any stalls.

13 COMMISSIONER BENETO: That answers my question.

14 DR. ALLRED: If there were some suspicious -- I
15 mean security, we have the same problem as this Board.
16 Security -- you have people manipulating horses and you have
17 to at least take a look at that. And we try to maintain
18 security at our big races. Personally, in my barn, we
19 always hire extra people to stand watch during that time.

20 But any pattern -- I ruled on something several
21 years back. Last year, the very same person that you just
22 fined a lot of money, I ruled him off last year as far as
23 having any stalls. I just did that administratively. He
24 had abused the process enough that we couldn't have him
25 around here. And we won't go into that. I'm very

1 delighted that you took an interest and were very
2 supportive. One of the best things that happened to us,
3 thank you very much.

4 COMMISSIONER CHOPER: I like your style.

5 DR. ALLRED: Well, thank you.

6 CHAIR WINNER: Thank you.

7 Anything else on this issue, because I think there
8 were other --

9 COMMISSIONER CHOPER: Yes, there was one other,
10 but I think we could manage through the next two, but there
11 was a sub-issue or a companion issue, to this one, is a
12 better way to put it. And that had to do with the house
13 rule at Los Alamitos concerning the ability of the
14 association to bar anyone that they wanted to if they felt
15 it was in the best interest of racing. I forget the exact
16 language. And that involved an individual who was barred
17 from the track. And on a further explanation -- well, that
18 individual was represented by counsel at the Committee
19 meeting that we had yesterday. And his point was that there
20 are California decisions that permit him to have a hearing
21 for that no matter what the house rule would be.

22 To make a long story short, we've learned from
23 Dr. Allred just when it happened as to why he was barred.
24 And also Dr. Allred said that he would be willing to have --
25 to participate in a hearing on these allegations if that

1 person requested it. So that sort of ended the issue for
2 us, both for the barred person's lawyer and for us. So that
3 was the end of that.

4 Any questions on that, Richard?

5 SECOND VICE CHAIR ROSENBERG: No.

6 CHAIR WINNER: Any other --

7 GENERAL COUNSEL MILLER: No.

8 CHAIR WINNER: Rick?

9 EXECUTIVE DIRECTOR BAEDEKER: No.

10 CHAIR WINNER: Okay.

11 MR. MILLER: Well, with regard to that hearing,
12 the question is who should hear the matter. And I advised
13 the committee that I felt it came under Rule 1530, which
14 would give a hearing before the Board of Stewards.

15 CHAIR WINNER: Okay.

16 COMMISSIONER CHOPER: The fourth item also
17 involves the questions of hearing. And that is for
18 medication violations involving either a revocation of the
19 license of the person who has actually (inaudible) That
20 will be the trainer usually, but the owner also on occasion
21 or non-revocation, but different sorts of penalties. Who
22 should the hearing officer be? Should it be subject to the
23 rules of the Administrative Procedure Act on the one hand or
24 can you have the regular -- the most often used procedure is
25 having it heard by either the stewards or a hearing officer

1 as opposed to an administrative law judge.

2 And the long and the short of it was that this was
3 an issue for trainers almost exclusively. And Mr. Balch,
4 their director, was here. And he and Mr. Miller agreed that
5 some brief conversation to be facilitated by our Executive
6 Director would solve the problem. And I would just add,
7 that finally it would solve the problem, because it's been
8 going on for a long time. And I think that the time is
9 overripe for finishing it off, particularly if it can be
10 done simply. So that's our report. That was sort of taken
11 care of as well.

12 CHAIR WINNER: Thank you very much.

13 Any other comments on the report of the Committee?

14 (No audible response.)

15 CHAIR WINNER: Thank you very much.

16 Before we go any further, I should have done this
17 earlier. One of our former chairmen has joined us today,
18 Mr. Tourtelot. I just wanted to welcome him and say thank
19 you for being here and thank you for all of the terrific
20 work you did as chairman of this Board for so long.

21 MR. TOURTELOT: Thank you.

22 CHAIR WINNER: Moving on then to Item Number 9:
23 "Discussion and action..." which is what we've been
24 discussing. "Discussion and action by the Board regarding
25 the Request from the Los Alamitos Race Course and the

1 Pacific Coast Quarter Horse Racing Association, to suspend
2 the use of Clenbuterol for quarter horses at Los Alamitos
3 Race Course for 12 months, pursuant to the provisions of
4 CHRB Rule 1844.1, Suspension of Authorized Medication."

5 Dr. Arthur, and also we have Daniel Schiffer from
6 the Pacific Coast Quarter Horse Racing Association to speak
7 on this issue.

8 Dr. Arthur.

9 DR. ARTHUR: Yes, Dr. Arthur, Equine Medical
10 Director.

11 You certainly have had enough discussion on
12 Clenbuterol. I think you all understand the issue. You've
13 dealt -- we've had --

14 COMMISSIONER CHOPER: Pronouncing it is harder for
15 some of us.

16 (Laughter)

17 DR. ARTHUR: WE HAD 13 Clenbuterol violations at
18 Los Alamitos last year. It is a major problem in quarter
19 horse racing. It's being used in -- to replace anabolic
20 steroids when they were banned. The human drug testing
21 specialist told us when we banned anabolic steroids,
22 (indiscernible) with be a problem. But frankly, we didn't
23 think it would be this big of a problem, but it has become
24 that particularly in quarter horse racing, where they like
25 the big, stocky horses.

1 What this proposal is, is to ban Clenbuterol or
2 suspend authorization, which gets to Commissioner
3 Krikorian's issue. It suspend authorization for Clenbuterol
4 in quarter horses only -- at Los Alamitos only from January
5 1st to December 31st. This will give the Board and the
6 quarter horse industry an opportunity to look at alternative
7 ways to regulate quarter horse -- Clenbuterol in quarter
8 horses.

9 Very likely it's going to involve regulations to
10 include hair testing as part of our regulatory structure,
11 but this gives us time to work through this issue and gives
12 the quarter horse industry the opportunity to work out their
13 problems as was discussed in the previous discussion.

14 So we've done this before. We, the quarter horse
15 industry and myself as well, before this Board had expressed
16 concern as to whether the threshold that was authorized in
17 the Uniform Medication Policy would be appropriate for
18 quarter horses. And under the current circumstances if -- I
19 think it's just better to eliminate it to get this problem
20 out of the way. And it makes it easier for us to regulate
21 it more effectively.

22 MR. SCHIFFER: Good Morning, Dan Schiffer on
23 behalf of the Pacific Coast Quarter Horse Racing
24 Association. We are a proponent of this rule change and
25 request it.

1 CHAIR WINNER: Thank you.

2 Any discussion on this item? There has been a lot
3 of discussion up to now.

4 Is there a motion?

5 FIRST VICE CHAIR DEREK: I move.

6 COMMISSIONER CHOPER: So moved.

7 CHAIR WINNER: Moved by Vice Chairman Derek,
8 seconded by Commissioner Choper.

9 All in favor?

10 ALL COMMISSIONERS: Aye.

11 CHAIR WINNER: Any opposed?

12 (No audible response.)

13 CHAIR WINNER: Thank you very much. Thank you, I
14 think it's a good step forward.

15 Moving on then to Item Number 10: "Discussion by
16 the Board regarding allowing horses to run which have been
17 gelded since their first [sic] start, but not designated as
18 such in the official program."

19 EXECUTIVE DIRECTOR BAEDEKER: Mr. Chairman, I just
20 might begin the discussion by saying that we did bring this
21 up when we had the Stewards' meeting. And there was a good
22 discussion about it. And from my perspective, going back to
23 the handicapping days, which all of you are still enjoying I
24 presume, you know, there's a big difference here between a
25 handicapper not knowing that perhaps blinkers have not been

1 listed in the program as opposed to a horse that has been
2 gelded since his last start.

3 So what makes this a complicated issue is that
4 fact that our world now revolves around multi-race wagers.
5 And if you want to take a most extreme example you could
6 make a very significant investment in a big carryover Pick 6
7 and come down to the last race, after you've placed your
8 wager, and find out that, as a matter of fact, one of the
9 horses has been gelded since his last start and you didn't
10 know that before you made your wager. So this is -- I think
11 this is a -- goes right to the protection of the bettors.

12 And that's the -- I know that Commissioner
13 Auerbach is particularly interested in it. And so the item
14 is simply for discussion at this point. And based on what
15 Commissioners decide, that will determine how we move
16 forward with it.

17 CHAIR WINNER: Commissioner Auerbach?

18 COMMISSIONER AUERBACH: Yes. I wanted to say that
19 I was very involved in this issue years ago when it was
20 before the TOC and how we felt about this particular issue
21 of gelding a horse.

22 Over the years, it has become more of an issue. I
23 originally thought, "Wow, that's an awfully big fine, a
24 thousand dollars for forgetting to send -- you know, to say
25 it." "Oh, God, we forgot. We gelded this horse while he

1 was out at the farm." But the truth is, and I think you
2 said it quite well Mr. Baedeker, that it is a huge
3 disadvantage for the handicappers to not be aware of the
4 ultimate equipment change. And it's not fair for them to
5 put in their bets, have action going, and base everything on
6 information that certain people may have and they don't
7 have.

8 And I think the only fair way to do this is to not
9 allow the horse to run. In the first place, I think it will
10 stop any potential that someone thinks, "You know what? I'm
11 not going to tell people that this horse was gelded. It's
12 worth a thousand dollar fine, because I will have such a
13 tremendous edge in the handle that I can actually make a
14 wager and get away with it." And I would like to take that
15 possibility away. I think if you have people that are faced
16 with this situation -- and I know sometimes that it is just
17 a mistake -- I am aware of that. And I am not going after
18 people and saying, "You knew you gelded the horse and how
19 dare you." That's not my intent. My intent is that if you
20 gelded your horse and you forgot to say so, then you're just
21 going to have to wait until the next race, so everybody has
22 the same information.

23 I think it's ultimately fair. And I think we've
24 evolved to the point where we need to reexamine this and
25 perhaps make this charge.

1 CHAIR WINNER: All right. Thank you,
2 Commissioner.

3 One thing I would point out, and I'm not in any
4 way opposing or differing from what you're saying, but I
5 think it's important to point out that at the Steward's
6 Committee, as least as I recall -- and you guys can correct
7 me if I'm wrong -- you know, the point was made there that
8 in some cases it isn't the fault of the trainer. So the
9 trainer is being penalized for something that happened in
10 the racing office, that there was a mistake in the racing
11 office and --

12 COMMISSIONER AUERBACH: And you know what? That's
13 a good point. And that's why we need to have this out for
14 discussion to see if we can -- I don't know that we can find
15 our way around it, but I think it's certainly time to throw
16 some light on it and to address it.

17 CHAIR WINNER: Yeah, I am in total agreement with
18 you, as I said. And I do believe that it really does have
19 an impact on -- as Rick, as the Executive Director said, in
20 a situation where a wager is placed based on the program and
21 the program is inaccurate, for whatever reason, that's a
22 big -- could be a big disadvantage to the people who are
23 wagering on that particular race. Especially in an exotic
24 or some situation where it's a Pick 6, et cetera.

25 So I just think it's important to point out that

1 it's not always the trainer and it's unfair to point the
2 finger necessarily at the trainer, because the trainer
3 may have done exactly the right thing and the mistake was
4 somewhere else.

5 COMMISSIONER AUERBACH: Yeah, absolutely. And I
6 wasn't intending to -- I was trying not to. But so do we
7 now -- can we put this up for public discussion? Is that a
8 proper procedure? How do we do this?

9 SECOND VICE CHAIR ROSENBERG: I believe this was
10 discussed as mentioned, in the Medication and Safety
11 Committee, in the past.

12 FIRST VICE CHAIR DEREK: Definitely.

13 SECOND VICE CHAIR ROSENBERG: We've discussed it
14 at the Board.

15 CHAIR WINNER: It doesn't have to go to Committee.

16 FIRST VICE CHAIR DEREK: No, I wouldn't go to
17 committee.

18 COMMISSIONER AUERBACH: Can we just send it out
19 for public comment?

20 EXECUTIVE DIRECTOR BAEDEKER: If I might --

21 FIRST VICE CHAIR DEREK: You have to put our
22 proposal out.

23 EXECUTIVE DIRECTOR BAEDEKER: -- what we decided
24 when we had a similar issue several months ago and it came
25 directly to the agenda, we decided that that did not give

1 the stakeholders adequate opportunity to put their thoughts
2 together and address it in an open meeting. And so the
3 recommendation here would be that this goes to committee and
4 we do hear from the stakeholders, and then we bring it back
5 to the Board and -- with a draft of the language. And if
6 the Boards approves that, then it goes to 45-day period.

7 SECOND VICE CHAIR ROSENBERG: Right.

8 CHAIR WINNER: And that would be fine with me. Is
9 there any objection to that?

10 SECOND VICE CHAIR ROSENBERG: No, but just one
11 question. When we discussed this on terms of a scratch,
12 wasn't there some discussion about when the information
13 would become available? In other words, it was X minutes
14 before the race or something? Wasn't there some prior
15 discussion about that issue as becoming an issue as to when
16 you scratch the horse, because people make their bets at a
17 certain time, they've already bet?

18 CHAIR WINNER: Mr. Marten?

19 MR. MARTEN: Mike Marten with CHRB staff.

20 CHAIR WINNER: And historian.

21 MR. MARTEN: Over the years in various discussions
22 of this, it's always come back to when the pool closes. If
23 there's any pool that that horse is involved in that's
24 closed prior to their getting that information, then that's
25 too late.

1 And so if it was the third race and that's
2 already, you know, the Pick 3 has been going since the
3 first, that that would be reason to scratch or allow the
4 horse to run for purse money only. And that's the other
5 suggestion, which I see some shaking of the heads here.
6 But, anyway, that's been mentioned before.

7 It does -- this information does sometime not
8 reach the public till about a half an hour before the race
9 because, although we have safeguards, you know, the official
10 heads are supposed to look for this exam the morning of
11 race, but sometimes they miss it sometimes.

12 And it's also supposed to be reported by the
13 trainer on the entry card, and that's not done sometimes.
14 And I'm sure Mr. Balch has discussed that.

15 CHAIR WINNER: That's an easy one to --

16 FIRST VICE CHAIR DEREK: Right there.

17 MR. MARTEN: But for whatever reason, sometimes
18 the horse gets to the receiving barn before it's noticed,
19 and so now you're talking about 45 minutes before race. And
20 now it's another 15 minutes before it all gets verified and
21 it goes out to the public. And we that's well past the
22 closing --

23 CHAIR WINNER: Yeah.

24 MR. MARTEN: -- of multi-race pools.

25 SECOND VICE CHAIR ROSENBERG: Mike, this is good

1 for you because you are a historian and information expert,
2 but there was something written recently that equibase or
3 equiline was changing its procedure to actually put this
4 information into the system when they knew a horse was
5 gelded. And I recall now that when you see the scratches or
6 changes on line, when they're announced at the function they
7 do now mention -- every track mentions gelded since the last
8 time.

9 COMMISSIONER AUERBACH: Yeah, but they don't
10 necessarily have that information.

11 MR. MARTEN: But they're facing sort of the same
12 problem that we do and it all comes down to sort of
13 reporting it.

14 (Colloquy between Commissioners.)

15 EXECUTIVE DIRECTOR BAEDEKER: That's correct, when
16 they know.

17 CHAIR WINNER: When they know.

18 EXECUTIVE DIRECTOR BAEDEKER: I might also add
19 that we've discussed this with the stewards as far as,
20 Madeline, what you brought up about whether it was the
21 trainer's fault or the racing office's fault, and while that
22 can sometimes be quickly determined, the stewards have said
23 there are other times when they cannot determine that in the
24 last 20 minutes before a race.

25 COMMISSIONER AUERBACH: Well, and that's the

1 issue. I'm sorry when it's someone else's human fault, but
2 I think we have to have an overall rule that in the end is
3 going to be most fair. And that's what I think I'm trying
4 to drive at.

5 At this point my feeling is, before we all have a
6 chance to talk about it, is that the most fair way to do is
7 for the horse to be scratched. Because I think that is, in
8 my view right now, the most fair way. But I obviously think
9 we need to address this issue.

10 FIRST VICE CHAIR DEREK: I agree. I think, you
11 know, back in 2008, we were hoping that this increase in a
12 fine would be enough of a deterrent. And it's helped, but
13 it's not the ultimate --

14 COMMISSIONER AUERBACH: And it's not -- you know,
15 I'm not even so much worried about the deterrent. What I am
16 really worried about now is the fairness issue.

17 FIRST VICE CHAIR DEREK: Yes.

18 COMMISSIONER AUERBACH: And we're supposed to be
19 stewards of that, too. So that's where I am now.

20 CHAIR WINNER: And then the question is do you
21 fine the person who made the mistake in the racing office.

22 COMMISSIONER AUERBACH: Good luck with that.

23 FIRST VICE CHAIR DEREK: Well, the horsemen
24 (phonetic) could do that, the horsemen could negotiate that.

25 CHAIR WINNER: Why don't we just refer this to

1 Committee since it's clear that there's a lot of discussion
2 that can take place. It's an issue that a lot of people
3 care about. And I'm glad you brought it up or however it
4 got on the agenda. It's a very important issue.

5 COMMISSIONER AUERBACH: May I --

6 CHAIR WINNER: It was discussed as Mr. Baedeker --

7 COMMISSIONER AUERBACH: Chuck --

8 CHAIR WINNER: -- said at the --

9 COMMISSIONER AUERBACH: -- I have one other issue,
10 too.

11 CHAIR WINNER: Okay.

12 SECOND VICE CHAIR ROSENBERG: Mr. Baedeker --

13 CHAIR WINNER: Mr. Baedeker said it was discussed
14 in the Stewards' Committee. In this case, we'll refer it to
15 Commissioner Derek's Committee, Medication and Track Safety.

16 FIRST VICE CHAIR DEREK: Okay. And we're going to
17 have a meeting shortly so --

18 CHAIR WINNER: I think that would be the
19 appropriate committee.

20 COMMISSIONER AUERBACH: Okay. Good. Good.

21 (Colloquy between Commissioners.)

22 FIRST VICE CHAIR DEREK: So we look forward to any
23 comments and suggestions before our committee meeting in
24 January.

25 COMMISSIONER AUERBACH: And at the meeting in

1 January.

2 CHAIR WINNER: Commissioner --

3 COMMISSIONER AUERBACH: Yes. I have one more
4 thing that I wanted to talk to the Board about, and you all
5 get to listen, even though you probably not going to be
6 terribly interested.

7 I have a concern about some of the way we do
8 business and I assume it's evolutionary. And my concern is
9 that we -- sometimes when we are granting licenses and we
10 are making decisions that affect all of us for a very long
11 time, the ducks are not in a row. We leave a lot of it up
12 in the air, and we go ahead and grant licenses based on
13 promises that the parties would settle their issues prior to
14 the license having been given. And when we do that I, for
15 example, don't know if all of the things that staff is
16 waiting for have actually occurred. I assume they have, but
17 I don't know that.

18 And I am wondering, as a Board, if we could talk
19 about approaching an attitude where, for example, Del Mar
20 comes up for licensing, that we get all of the information
21 in a timely fashion and that nothing on that application
22 says "to be determined." That it is complete.

23 CHAIR WINNER: It's the pending issue that --

24 COMMISSIONER AUERBACH: Now, I can see Jackie's
25 face and she's going to come drop a bomb on me, and I don't

1 blame her. But what I'm concerned with is that I feel as
2 if -- and I don't know if others share this -- that we go
3 ahead and give people permission to do things assuming the
4 best in all of us that they are going to work in the way we
5 think, only to come to find out it didn't get resolved the
6 way we were all led to believe it was going to be resolved.
7 And I'm very concerned about it. And I can't talk to my
8 fellow commissioners without making the whole community
9 aware of it. So I'm making everybody aware of it. I would
10 like to see us change or adjust the way we operate.

11 COMMISSIONER BENETO: One of the things --

12 FIRST VICE CHAIR DEREK: It's has been ongoing
13 from the time that I've been on --

14 COMMISSIONER BENETO: I think that is very good,
15 Madeline.

16 CHAIR WINNER: What we do, Madeline and I have
17 discussed this, what we do typically is we approve licenses,
18 et cetera pending the receipt of a whole lot of things,
19 whether it's a bond or whether it's an agreement between the
20 horsemen or whatever it may be. And then we assume that
21 that has taken place because we don't know.

22 So I think what Commissioner Auerbach is
23 suggesting is that some of these things get done on a more
24 timely basis. That everybody, all the participants,
25 recognize that it would be a lot better and easier for

1 everybody, and to get approval, if they'd resolve these
2 things before the vote on their license rather than after
3 the vote on their license.

4 And then I would also ask that the Board, all
5 Board Members be kept advised in those situations where
6 there is a pending document. That when that document is
7 received, we are all notified and what that document says.
8 That it would be important. I realize that's creating an
9 extra level of work for staff and staff has plenty to do.

10 But I do think that the point that Commissioner
11 Auerbach raises and others on the Board have expressed is a
12 very valid point, because we kind of take it at -- on faith
13 that all of these things have happened the way that we
14 thought they might happen. And it's time to just be kept up
15 to date on those things. And, more importantly, to try not
16 to have those things occur in the first place.

17 EXECUTIVE DIRECTOR BAEDEKER: Mr. Chairman, I
18 think there might be -- excuse me.

19 COMMISSIONER KRIKORIAN: Mr. Chairman --

20 EXECUTIVE DIRECTOR BAEDEKER: -- I think there
21 might be -- excuse me, Commissioner.

22 I was just going to say, I think there might be an
23 efficient solution of this problem I think maybe to some
24 degree and that is that the license application is generally
25 heard two meetings in advance of the association's first

1 race date. And so if, as a matter of fact, there were items
2 still pending, you all, if you chose to, could require that
3 association to come back at the next meeting -- it's still
4 30 days in advance of their opening -- with all of the
5 documents in place. If they're not in place, then you all
6 could make whatever decision you wanted to make.

7 There's some things, for instance, like a fire
8 clearance, that might be out of the control of the
9 association, and you might all agree that, you know, okay,
10 you will make the final approval or something based on a
11 submission then.

12 CHAIR WINNER: Right.

13 EXECUTIVE DIRECTOR BAEDEKER: But that gives this
14 Board more involvement in these outstanding issues. And
15 it's just a thought.

16 CHAIR WINNER: Right. And, of course, today we
17 had -- we approved a license for a week from now, in less
18 than a week from now.

19 EXECUTIVE DIRECTOR BAEDEKER: And I see Mr. Miller
20 is grinding his teeth.

21 GENERAL COUNSEL MILLER: Yes. Robert Miller,
22 Counsel to the California Horse Racing Board.

23 In keeping with the Christmas spirit, I would like
24 to play the part of Ebenezer Scrooge. This discussion
25 really is a matter for public comment sections. There's no

1 action that the Board could take. It's not an agenized
2 item.

3 CHAIR WINNER: Right.

4 GENERAL COUNSEL MILLER: I will, however, inform
5 the Board that Jacqueline Wagner, the Assistant Executive
6 Director, and myself spent four days interviewing 16
7 candidates for the position of attorney that we're opening
8 up.

9 And in each interview, we stressed the attorney
10 that's coming onboard, part of their responsibility is
11 licensing. And we stressed to each one of the candidates
12 that this Board has, for some period of time, expressed
13 frustration with racing associations that come before the
14 Board without a complete package. And part of the
15 responsibility of this position of an attorney is to ride
16 herd on associations to make sure that when an application
17 comes in, it is complete as possible and that these
18 agreements, normally it's the TOC and some other -- ADW
19 companies, that these things are in place before it is
20 presented to the Board. It's going to be that person's
21 responsibility to ensure the completeness of the package.

22 COMMISSIONER AUERBACH: And let me --

23 CHAIR WINNER: And may I remind Mr. Scrooge that
24 this item is not agenized and so your speech just now is out
25 of order.

1 COMMISSIONER AUERBACH: And speaking of the Voice
2 of Christmas Past, well past, I appreciate what the
3 associations, for example, the CTT and the TOC go through.
4 Because the racing associations, in some instances, will get
5 them the package a day or two before it's supposed to go to
6 the CHRB and they don't have an opportunity to do their due
7 diligence.

8 So I'm not going after the partners in this group
9 that do perform or attempt to perform their work in a timely
10 fashion. My concern is the beginning of the route where we
11 get all of these things so late that no one has a chance to
12 take care of it. And that's all I'm asking for, I think,
13 are for all the players to help us because this is an awful
14 lot of information for some of our minds to take in and to
15 be expected to come in here and make judgments that is
16 affect every single one of them. It's not fair we're
17 not educated correctly. And I am going to take the Tiny Tim
18 thing and shut up now.

19 CHAIR WINNER: Thank you very much. We're going
20 to put this on the agenda for the next meeting, please. And
21 during that period, maybe Ebenezer can give us an update on
22 how the search for the assistant attorney is going.

23 I think that's all we have. I'm sorry.

24 SECOND VICE CHAIR ROSENBERG: There's one more.
25 We have one more. We have the rodenticide.

1 CHAIR WINNER: Oh, the rodenticide, oh my that's
2 important. I apologize.

3 COMMISSIONER AUERBACH: Yes, significant.

4 CHAIR WINNER: Item Number 11: "Discussion by the
5 Board regarding the CHRB status report concerning the
6 rodenticide investigation."

7 Dr. Arthur, I apologize. I didn't mean to leave
8 that off. It's very important we receive this information.

9 DR. ARTHUR: I know you all want to get home, but
10 Dr. Arthur, Equine Medical Director.

11 As part of the sudden death investigation in the
12 Baffert cases, we pulled out all stops. And when we were
13 doing the toxicology and sort of grasping at straws on one
14 case that had unusual hemorrhage, we looked for
15 rodenticides, anticoagulant rodenticides, rat poison, that
16 works by interfering with the clotting mechanism. And lo
17 and behold we found a low level of an anticoagulant
18 rodenticide that was well below what is recognized as toxic
19 levels in horses. The toxicologist at UC Davis has written
20 papers on environmental contamination of these products in
21 California for years.

22 We didn't really know its significance and,
23 actually, pooh-poohed it when we originally came up with
24 this. But what it did do is it did affect the entire the
25 sudden death investigation and its application. It has

1 really changed the way that we look at sudden deaths. And
2 have implemented a lot of changes since then. And part of
3 that is looking for anticoagulant rodenticides in any case,
4 particularly sudden deaths where there's -- associated with
5 unusual hemorrhage.

6 Well, since that period of time, we have found
7 seven horses that had idiopathic hemorrhage and hemorrhage
8 that we can't find the source like a ruptured vessel or for
9 other reasons that have had traces of anticoagulant
10 rodenticides, again well below what is typically considered
11 toxic levels.

12 However, we've looked at this in a -- had it
13 analyzed by statisticians at the laboratory. We looked at
14 27 cases that died of musculoskeletal problems, none of
15 those horses had anticoagulant rodenticides. We now have
16 seven cases. We've actually just published a paper in the
17 Journal of Veterinary Diagnostic Pathology on this issue.
18 We believe that there some association between -- there is
19 an association between anticoagulant rodenticides and
20 idiopathic hemorrhage in horses' deaths.

21 We issued an advisory in October finally when we
22 completed this analysis. And the Executive Director and I
23 discussed this and thought it was appropriate to do a more
24 thorough investigation than we had done previously. Jeff
25 Salmon, who is here today that will give his report, was

1 assigned to investigate this issue and to come to some
2 conclusions as to where these anticoagulant rodenticides are
3 coming from and develop a plan as to how we can move
4 forward. So I believe Jeff should be here someplace --

5 CHAIR WINNER: He is here.

6 DR. ARTHUR: -- and is going to be discussing it.
7 It looks like you have a PowerPoint, Jeff?

8 MR. SALMON: Yeah.

9 DR. ARTHUR: Can you guys -- you guys probably
10 can't see the slide.

11 MR. SALMON: I'll speak directly to the Board.

12 DR. ARTHUR: I don't think they can see the slide
13 presentation.

14 MR. SALMON: Yeah, so I'll make sure --

15 FIRST VICE CHAIR DEREK: I think we have the
16 pages.

17 DR. ARTHUR: Oh, you have the pages?

18 FIRST VICE CHAIR DEREK: If they are -- if these
19 are the same --

20 MR. SALMON: Jeff Salmon, CHRB staff.

21 Dr. Arthur provided you a lot of the details I'm
22 going to show, and I'll keep it from being redundant and
23 move along.

24 In October, the CHRB announced, Mike Marten
25 announced, that seven horses over a period of about two

1 years had died from unusual internal bleeding and were shown
2 to have trace levels of anticoagulant rodenticides in their
3 livers.

4 We started an investigation in October. I'm going
5 to give you a summary of what we discovered in that
6 investigation and what we would recommend going forward.

7 Next chart, please.

8 We'll summarize the cases today, look at the
9 necropsy results real quickly that Dr. Arthur just
10 summarized.

11 Also we conducted five backside inspections at
12 five different racetracks where we have had incidences of
13 this type of death, reached some conclusions with regard to
14 why it can be happening, why it is happening, and
15 recommendations for moving forward.

16 Next chart, please.

17 The six -- actually seven fatal cases of internal
18 bleeding occurred over the period from December 2012 through
19 September of this year. So it's a long period of time.
20 This isn't a high-frequency event. It's a very periodic
21 unusual event. We should make that clear. Four of these
22 horses -- actually five of these horses were thoroughbred
23 race horses and two were ponies. All of the horses died
24 during or after exercise, which very important to keep in
25 mind. And in each case there was a large unexplained amount

1 of blood in the abdominal cavity, on the order of 10 to 15
2 liters of blood. All six horses showed trace amounts of
3 anticoagulant rodenticides in their livers -- in their liver
4 tissue post-death.

5 Next chart, please.

6 In five of the six cases, the lab identified the
7 rodenticide as bromadiolone or brodifacoum. These are very
8 toxic second-generation anticoagulants. And what "second
9 generation" means is that, when these types of rodenticides
10 were introduced 30, 40 years ago, there was a first
11 generation and the rodents actually become immune to the
12 effects of the rodenticides. And the companies went back
13 and developed very, very toxic second-generation
14 anticoagulants, which are now used throughout the pest
15 control industry.

16 The government has recognized that over time this
17 migrates into the food chain because of raptors and other
18 birds especially that feed on dead rodents. And for those
19 reasons, they have established controls for these particular
20 very toxic second-generation chemicals.

21 They stay in the horse's system a long time, which
22 is important to understand why it's not predictable. And it
23 combines elements of exercise and other environmental
24 contributions that we may not be fully aware of at this
25 point. But the poison is in the horse's system for four

1 months up to, in some cases, 12 months in the liver. So
2 it's not a matter of dispelling it quickly. It sits there
3 for a long time.

4 Other causes of bleeding were ruled out in five of
5 the six cases. So there isn't, according to the experts
6 that look at the horses' post-death, there is no other
7 explanation for why the horse could bleed so much
8 internally.

9 And, as Dr. Arthur mentioned, there was no trace
10 of a rodenticide in 27 other horses that died from
11 musculoskeletal injury and were examined post-death. This
12 is very important. You take 27 separate cases and you look
13 at every one of them in detail, and we couldn't find a trace
14 of poison in those horses' system. So you have to conclude
15 that there's a significant link between exercise, fatal
16 internal bleeding and trace amounts of this rodenticide in
17 the horse's system.

18 The next chart, please.

19 In October, we started a program to inspect and
20 talk to the people on the backside of five of our race
21 tracks in California. I want to acknowledge the help I've
22 gotten from all of our safety stewards, Luis Jauregui at
23 Santa Anita, David Nuesch at Del Mar, Randy Winick at Los
24 Alamitos, Vic Stauffer at Golden Gate Fields, and Tom
25 McCarthy at Cal Expo. I worked with all of these gentleman,

1 and we went through the backsides and talked to the vendors,
2 talked to the people that are aware of what's done at the
3 individual tracks.

4 What we found was that three of the tracks use
5 outside pest control vendors, who have pretty much complete
6 responsibility for the pest control program at that
7 particular track. Two of the tracks that we talked to did
8 not have a formal agreement with a pest control vendor.

9 All three vendors use bromadiolone or a
10 brodifacoum base. These are, again, the very toxic
11 second-generation versions of these anti-pesticides.

12 FIRST VICE CHAIR DEREK: I'm sorry. Can I ask,
13 was Santa Anita one of those tracks?

14 MR. SALMON: Yes. They have a vendor.

15 FIRST VICE CHAIR DEREK: That uses those baits?

16 MR. SALMON: That's correct.

17 CHAIR WINNER: How about Hollywood Park?

18 THE WITNESS: No. It's Santa Anita, Golden Gate
19 Fields, and --

20 COMMISSIONER AUERBACH: Cal Expo?

21 MR. SALMON: Not Cal Expo.

22 COMMISSIONER AUERBACH: Oh.

23 MR. SALMON: Del Mar.

24 COMMISSIONER AUERBACH: Including the Del Mar.

25 MR. SALMON: Those are the three that have vendor

1 relationships.

2 And what we found in these inspections and talking
3 to the people on the backside is that -- first of all,
4 rodenticide bait death is common. These stations that the
5 vendors put out are put on a perimeter of the shed row.
6 They're not close to the horse areas for obvious reasons.

7 What happens is that backside personnel will move
8 the stations or remove them completely and then use them in
9 the way that they see fit. And the major issue that we
10 identified by talking to people is that unauthorized
11 distribution by stable employees is a real issue. And
12 they're taking and applying the poisons in areas that the
13 vendors are not putting the poisons. And so --

14 EXECUTIVE DIRECTOR BAEDEKER: To be clear, Jeff --
15 MR. SALMON: Yeah?

16 EXECUTIVE DIRECTOR BAEDEKER: They're not just
17 taking the trap, if you will, and moving it. They're
18 actually taking -- in some instances taking the bait out of
19 the trap and using it in another way?

20 MR. SALMON: That's correct. Even though they're
21 secure, they can be -- they can be broken into.

22 COMMISSIONER AUERBACH: What are they going to
23 use? How do you do that?

24 EXECUTIVE DIRECTOR BAEDEKER: In other words,
25 they'll take it down if they have no -- they'll localized it

1 to an area that they think they have a problem.

2 COMMISSIONER AUERBACH: Right. Without any --

3 MR. SALMON: For instance, they'll find a burrow
4 and oftentimes the rodents will actually burrow up into a
5 particular stall, and they'll -- and I saw instances of
6 poison being placed inside the burrows in an area where we
7 wouldn't want to see it placed.

8 COMMISSIONER AUERBACH: It makes it much more
9 likely for the horse in that stall to be hurt.

10 MR. SALMON: I don't know how it travels. It's
11 very hard for us to determine or test for paths or exactly
12 what the vehicle is for moving the anticoagulant. It's just
13 that there's enough evidence that use is not controlled and
14 it can end up in places that you don't want it to end up in.

15 I talked about legal controls for a second. These
16 high-potency products, the government has regulated the
17 amount of the active ingredient that can be put in the
18 baits. But I've surveyed the Internet, and you can find any
19 high-potency product you want on the Internet in very large
20 quantities and order direct. So there's also evidence that
21 people can do that and, essentially, initiate their own
22 program.

23 Next slide, please.

24 So we've reached some conclusions. I use the term
25 "freelancing." The most probable source of the

1 anticoagulant rodenticide that's showing up in these horses,
2 in my estimation, unauthorized use.

3 I saw -- in all the inspections that we conducted
4 I saw no indication of imported feed and other material of
5 contamination. No evidence that the rodenticides are used
6 for performance enhancement. That's been suggested by some,
7 as a blood thinner. And I saw many instances of ample
8 opportunity for contamination of feed bins and other
9 sources.

10 We're not in a position currently to ban the use
11 of these second-generation anticoagulants because
12 alternatives haven't been identified. And you have to treat
13 the stable areas with these traps. There are rodents at
14 them. And so we have not taken a position that we're
15 banning the use at this point.

16 So from here --

17 Next chart, please.

18 Let's talk a little bit about what we can do now.
19 We need to talk to every training operation in California
20 and absolutely convince them that they do not have to be the
21 people to decide that the rodent issues need to be
22 addressed. It's not their responsibility. It's the
23 association's responsibility. And we have to educate them
24 with regard to the risks involved here.

25 When we went barn-to-barn -- when I went barn-to-

1 barn with Vic Stauffer at Golden Gates Fields, we had some
2 trainers that were aware of the issues and were concerned,
3 and others that really weren't really aware of the issue and
4 were doing other things to address the problem in their
5 estimation. So I think we need to get out there, talk to
6 everybody, have an organized piece of material that we can
7 hand to them and get them out of the business of worrying
8 about this. And then work closely with each association to
9 plan and implement a comprehensive barn cleanup and
10 eradication program.

11 One idea that Vic Stauffer came up with -- and I
12 think that it's a very good one -- is that all of our barn
13 areas are partially empty at times. And we could rotate
14 horses such that we made sure that every shed row was open
15 and free with no horses around for a period of time every
16 year so that we could treat them directly, shrink the
17 population back down. And in parallel with that, look for
18 some alternatives to the current rodenticides that are being
19 used.

20 So we're recommending right now that we start this
21 information program. We get out there and talk with all of
22 the owners, and we also work with the associations in terms
23 of systematically going through each stable area and driving
24 the populations down to the lowest level that we can. And
25 there's some evidence -- we have done that at other tracks

1 especially at Santa Anita previously, and it's worked quite
2 effectively.

3 COMMISSIONER CHOPER: You said talk to the other
4 owners. You mean talk to the other -- the trainers?

5 MR. SALMON: Trainers, excuse me.

6 COMMISSIONER CHOPER: Yeah.

7 MR. SALMON: And their personnel.

8 COMMISSIONER CHOPER: Well, an opinion -- I'm sure
9 you've heard of this, but, you know, if you start with the
10 CTT, that's about the best source to get to all of the
11 trainers, I think.

12 MR. SALMON: Right, right. And I'm sure I'll have
13 an opportunity to talk to Alan Balch about it and go from
14 there.

15 CHAIR WINNER: Is Alan still here?

16 MR. SALMON: He's here. I'll run him down before
17 I leave.

18 EXECUTIVE DIRECTOR BAEDEKER: Mr. Chairman, I
19 would just add that, you know, this seems like one of these
20 things that, you know, becomes top of mind, we do the work
21 that Jeff and Dr. Arthur have done, and we talk to people
22 and the problem is solved for a short-term --

23 FIRST VICE CHAIR DEREK: Uh-huh.

24 EXECUTIVE DIRECTOR BAEDEKER: And then three weeks
25 from now, we're right back where we started. So I would

1 suggest that, you know, there should be some consequences.
2 If the program isn't followed -- and, first of all, we
3 should determine what that program is going to be. We've
4 laid the foundation for the discussion. But then I think we
5 need to put some teeth in it; and defer that, obviously, to
6 the Board to suggest what that should be.

7 CHAIR WINNER: Yeah. I couldn't agree more. And
8 I think that it's important to understand exactly what it is
9 that you're -- at the end of the day that's being
10 recommended. And then I think we should handle it -- again,
11 go to Medication and Track Safety for the purposes of having
12 a full discussion on the teeth, or the consequences, of what
13 happens if people don't follow them.

14 I also agree with the recommendation about
15 communication. And I see no reason not to start that. I
16 mean, you've already started it.

17 MR. SALMON: Yes, we have.

18 CHAIR WINNER: So to proceed with that,
19 especially, in dealing directly with CTT, as suggested by
20 Commissioner Choper, but also on a trainer-by-trainer and
21 safety-steward by safety-steward approach.

22 And, obviously, we owe all you folks a great deal
23 of gratitude and thanks for the hard work that you have
24 done. I don't think the work that's been done by Dr.
25 Arthur, by staff, by Jeff, by others on trying to determine

1 what happened in the case of those sudden deaths -- I mean,
2 there's been a lot of -- there's been all kind of
3 speculation, and some of it is still going on. And the fact
4 is there is no way that it could have been investigated, and
5 more work put into trying to determine what happened with
6 those horses and, more importantly, to prevent that kind of
7 thing from happening again, than was done by Dr. Arthur, by
8 staff, and by all of the people who have been involved in
9 this, including Jeff. We really appreciate that.

10 Is there any other comment on this issue?

11 COMMISSIONER KRIKORIAN: Yes. I just had a
12 question. Can horses be blood tested to see if there are
13 any traces of this in their system, since it sits there for
14 a long time, so as a proactive measure?

15 DR. ARTHUR: We've actually discussed this with
16 the toxicologist and we don't think it would be present in
17 blood. We haven't seen it in the blood. We've looked at
18 it. It's concentrated in the liver. There are some
19 anti-clotting tests that can be done. That's been
20 communicated to veterinarians if they want to look at this.
21 But chances are they're not going to find any of those
22 clinical signs. These are actually below levels that are --

23 FIRST VICE CHAIR DEREK: Yeah.

24 DR. ARTHUR: -- generally considered to be toxic.
25 And it just is a combination of having this rodenticide --

1 and, as Jeff said, could you have got -- picked this up at
2 two tracks back and it's still sitting there. And it's just
3 something puts you over the edge, whether it's the high
4 blood pressure from exercising, whether it's an acid base
5 balance, or whatever it is, just lowers the toxic level.

6 So the bottom line is that we just don't think we
7 can identify this antemortem. So the real issue as to be
8 aware of the fact that these anticoagulant rodenticides are
9 a risk. I personally would like to see alternatives to
10 these used for rodent control. I do recognize that there
11 aren't any good alternatives out there --

12 FIRST VICE CHAIR DEREK: That's right, yeah.

13 DR. ARTHUR: -- and rodents are a major, major
14 problem on the backside.

15 COMMISSIONER BENETO: Come out and (indiscernible)
16 spray them with holes in them.

17 FIRST VICE CHAIR DEREK: Yeah.

18 COMMISSIONER BENETO: (Indiscernible) I don't know
19 if you would have to --

20 FIRST VICE CHAIR DEREK: Yeah, at the Committee
21 level I'd like to just to tell everyone right now I would
22 like to approach this in a much more aggressive manner. Off
23 the top of my head, it doesn't seem that our horses and
24 these two anticoagulants are compatible in a living
25 situation.

1 And I think it's possible -- we've already lost
2 some very available horses. It's possible that we could
3 lose more in the future. I'd like to see some kind of fines
4 enacted as soon as possible for moving these products
5 around. I think at the Committee level we should hear from
6 some experts as to alternatives. I know that at one point I
7 was told -- I think it was Hollywood Park used sticky taps
8 for a while. I know they're expensive. But I think we
9 should hear from some experts as to some alternatives.

10 COMMISSIONER CHOPER: I would -- go ahead. I'm
11 sorry.

12 CHAIR WINNER: Yes. Go ahead, Jesse.

13 FIRST VICE CHAIR DEREK: Yes.

14 COMMISSIONER CHOPER: Well, if it's killing the
15 horses, I have got to think the owners have to have a pretty
16 good interest in this as well. So it's a little expensive,
17 that may be a little expensive for the short run, but less
18 expensive in the long run. This is not an easy problem.
19 You can see that here. I mean, it seems to me we really
20 need to squeeze it out, maybe we can find something more.

21 COMMISSIONER KRIKORIAN: Yeah. That's what I was
22 going to ask, who is actually supplying them the traps and
23 how often are they being replaced?

24 DR. ARTHUR: That is association cost of doing
25 business. Jeff would know more about that. And I don't

1 know how those contracts work, but I will tell you we had
2 less of a problem before they eliminated the feral cats on
3 the backside of Santa Anita.

4 FIRST VICE CHAIR DEREK: Yeah, that's probably --
5 yeah.

6 CHAIR WINNER: Yeah, but here is the problem with
7 the feral cats, is that the trainers -- and you probably
8 know -- I know you know this for than I -- the trainers put
9 out the food, the food draws the possums, the possums create
10 EPM.

11 DR. ARTHUR: That's right.

12 CHAIR WINNER: So it's not that easy.

13 SECOND VICE CHAIR ROSENBERG: Yeah.

14 COMMISSIONER AUERBACH: It's nature at work.

15 COMMISSIONER BENETO: You know what we did at our
16 place?

17 COMMISSIONER AUERBACH: Uh-oh, we're in trouble
18 now.

19 (Colloquy between Commissioners.)

20 COMMISSIONER BENETO: (Indiscernible) we had
21 plastic teeth, and we added on a pipe to it, a three-inch
22 pipe. And part of that pipe comes up with a cap on it. You
23 pull the cap and drop the poison in, and --

24 FIRST VICE CHAIR DEREK: Yeah, I know. But I
25 don't think -- I think --

1 COMMISSIONER BENETO: And how I got the idea was
2 from the County of Sacramento who does it on the levies.

3 DR. ARTHUR: I do think that Commissioner Derek's
4 proposal is to get some rodent control experts to --

5 CHAIR WINNER: Absolutely.

6 DR. ARTHUR: -- see if we have alternatives to
7 these anticoagulant rodenticides. There are some newer
8 rodenticides on the market. Admittedly, they are not as
9 effective as the anticoagulant rodenticides, but horses come
10 first.

11 FIRST VICE CHAIR DEREK: I would like to see a ban
12 of these products.

13 COMMISSIONER AUERBACH: May I --

14 CHAIR WINNER: One question that I have that you
15 may have touched on, which I felt was interesting is I think
16 you said, Jeff, that the -- Hollywood Park was not one of
17 the tracks that uses this second-generation rodenticide; is
18 that correct? Well, not now, obviously.

19 MR. SALMON: Yeah, when we started the
20 investigation, Hollywood had imposed --

21 CHAIR WINNER: Oh, I see.

22 FIRST VICE CHAIR DEREK: Maybe --

23 CHAIR WINNER: Because these horses, as I recall,
24 were all stalled at Hollywood Park, which would either
25 support the notion that they used it or that the horses

1 picked up the rodenticide at another --

2 DR. ARTHUR: One of the interesting things --

3 CHAIR WINNER: -- at another place earlier.

4 DR. ARTHUR: Well, the Baffert sudden deaths were
5 at Hollywood Park. But only that horse -- that horse at
6 Baffert's at Hollywood Park was the only one that had
7 rodenticide in it. All the other ones were at other tracks.

8 CHAIR WINNER: Got it.

9 MR. SALMON: That's correct. It was actually a
10 first-generation product that they found in the horse at
11 Hollywood Park. The horse's name was Consolato (phonetic),
12 I believe. And it was a three-year old in training. And
13 that was a completely different rodenticide than the other
14 tracks. So we didn't launch into the Hollywood Park as a
15 part of this investigation.

16 CHAIR WINNER: Okay. Thank you very much. Thank
17 you.

18 Any other discussion? I think -- did you have
19 something you wanted to add?

20 SECOND VICE CHAIR ROSENBERG: Something.

21 EXECUTIVE DIRECTOR BAEDEKER: Just one point.

22 CHAIR WINNER: Okay. One point.

23 EXECUTIVE DIRECTOR BAEDEKER: I just can't get
24 over the fact that Los Alamitos has been given the Award of
25 Excellence by the Orange County Health Department for its

1 kitchens and its food operation.

2 FIRST VICE CHAIR DEREK: Hey!

3 EXECUTIVE DIRECTOR BAEDEKER: I tell you what, a
4 place this big with so many kitchens and everything for
5 the -- and I know these people. They shut me down once for
6 a little while. And they're tough. And you really can't
7 have any violation over a period of a year to get this
8 award. It's on the wall back there. That's why I'm
9 pointing to it.

10 CHAIR WINNER: Congratulations.

11 EXECUTIVE DIRECTOR BAEDEKER: Kudos to these
12 people. They're doing a heck of a job.

13 CHAIR WINNER: And their food is really good, too.

14 FIRST VICE CHAIR DEREK: Yeah, yeah.

15 CHAIR WINNER: Any other -- did you want to say
16 something, Mr. Rosenberg?

17 SECOND VICE CHAIR ROSENBERG: I wanted to propose
18 a motion to adjourn.

19 CHAIR WINNER: Pardon me?

20 SECOND VICE CHAIR ROSENBERG: I make a motion to
21 adjourn and get out of here.

22 CHAIR WINNER: Commissioner Rosenberg has moved to
23 adjourn. Is there a second?

24 COMMISSIONER BENETO: Second.

25 CHAIR WINNER: Commissioner Beneto seconds.

1 Thank you all very much for attending. And this
2 meeting is adjourned.

3 (Whereupon, the meeting of the California Horse Racing
4 Board adjourned at 11:44 a.m.)

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CERTIFICATE OF REPORTER

I, KELLY M. FARRELL, a Certified Shorthand Reporter, CSR No. 8081, do hereby certify that I am a disinterested person herein; that I stenographically reported the foregoing California Horse Racing Board's Board Meeting; that it was thereafter transcribed.

I further certify that I am not related to counsel or attorneys for any of the parties to said conference, or in any way interested in the outcome of said conference.

IN WITNESS WHEREOF, I have hereunto set my hand this 25th day of December, 2014.



KELLY M. FARRELL

CERTIFICATE OF TRANSCRIBER

I certify that the foregoing is a correct transcript, to the best of my ability, from my stenographic notes of the proceedings in the above-entitled matter.



December 18, 2014

Kelly M. Farrell, CET**772