

BOARD MEETING
STATE OF CALIFORNIA
CALIFORNIA HORSE RACING BOARD

HOLLYWOOD PARK
1050 S. PRAIRIE AVENUE
SUNSET ROOM
INGLEWOOD, CALIFORNIA

THURSDAY, APRIL 27, 2006

9:12 A.M.

KATHRYN S. KENYON, CSR
CERTIFIED SHORTHAND REPORTER
LICENSE NUMBER 13061

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

APPEARANCES

BOARD MEMBERS

Mr. Richard B. Shapiro, Chairperson

Ms. Marie G. Moretti, Vice Chairperson

Mr. John Andreini

Mr. John C. Harris

Mr. Jerry Moss

STAFF

Ms. Ingrid Fermin, Executive Director

Mr. Derry Knight, Deputy Attorney General

Ms. Jackie Wagner, Regulations/Legislation Manager

ALSO PRESENT

Mr. Greg Badovinac

Mr. Rod Blonien, Lobbyist

Mr. Richard Castro, Pari-Mutuel Employees Guild

Mr. Ronald Caswell

Mr. Ron Charles, Magna

Mr. Sherwood Chillingworth, Oak Tree Racing Association

Mr. Drew Couto, Thoroughbred Owners of California

Ms. Kay Crismonte

Mr. Craig Fravel, Del Mar

Mr. Ed Halpern, California Thoroughbred Trainers

APPEARANCES CONTINUED

Mr. Jerry Jamgotchian

Mr. Doug Kempt, Pari-Mutuel Employees Guild

Mr. Chris Korby, CARF

Mr. Jack Liebau, Hollywood Park

Mr. Terry McWilliams, Scientific Games

Mr. Rick Pickering, Alameda County Fair Association

Mr. Forrest White, San Joaquin County

Ms. Candace M. Young

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PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

1 PROCEEDINGS

2 CHAIRPERSON SHAPIRO: We're going to immediately
3 adjourn to executive session, so we'll be back in about a
4 half an hour.

5 (Thereupon the Board recessed into executive
6 session.)

7 EXECUTIVE DIRECTOR FERMIN: This is the regular
8 meeting of the California Horse Racing Board on Thursday
9 April 27, 2006, at Hollywood Park at 1050 South Prairie
10 Avenue in Inglewood, California. Present at today's
11 meeting are Chairman Richard Shapiro, Vice-chairman Marie
12 Moretti, Commissioner John Andreini, Commissioner John
13 Harris, Commissioner Jerry Moss.

14 And I would just like to remind everybody that if
15 you're going to address the Board, please state your name
16 clearly and speak into the microphone, and we will have
17 one person speaking at a time, for the court reporter's
18 sake.

19 Mr. Chairman.

20 CHAIRPERSON SHAPIRO: Thank you and good morning
21 to everybody.

22 Welcome back to beautiful Hollywood Park.

23 The first agenda item is approval of minutes of
24 the regular meeting on March 23.

25 Do any of the Board members have any comments or

1 changes? If not, I will entertain a motion to approve
2 them and to present it.

3 VICE CHAIRPERSON MORETTI: So moved.

4 CHAIRPERSON SHAPIRO: Moved.

5 Is there a second?

6 BOARD MEMBER ANDREINI: Second.

7 CHAIRPERSON SHAPIRO: All in favor?

8 (Ayes.)

9 CHAIRPERSON SHAPIRO: They are approved.

10 Item No. 2, which is a discussion and action
11 regarding the application of the meeting of the San
12 Joaquin County Fair.

13 Good morning, Jackie Wagner.

14 MS. WAGNER: Good morning. Jackie Wagner, CHRB
15 staff.

16 The application before you is from the San Joaquin
17 Fair at Stockton. They are proposing to race from
18 June 14th through June 25th, for 10 days which is the same
19 number of days that they raced last year. The fair's
20 proposed to race a total of 104 races, which is two more
21 races than they ran in 2005.

22 It should be noted that the proposed race dates
23 are the approved dates that were allocated to the fair.
24 They will be racing five days per week, Wednesday through
25 Sunday, with ten races per day the first week. Through

1 the second week they will have ten races on Wednesday,
2 through Friday, and 12 races on Saturday and Sunday.

3 It should also be noted that June 16, 17, and 18,
4 the fair will race concurrently with Bay Meadows, which is
5 the last three days of the Bay Meadows's race meeting.
6 And the fair's ten days will be running concurrently with
7 Hollywood Park. The first post time is 12:45 p.m. with
8 3:15 post on Fridays.

9 The analysis indicates that we are missing the
10 horsemen's agreement from CARF. I am pleased to report
11 that we have received all of the horsemen's agreements as
12 of this morning. So we really have no outstanding items
13 on this particular application.

14 And staff would recommend that you approve the
15 application as presented.

16 CHAIRPERSON SHAPIRO: Thank you.

17 Good morning, Mr. Dwight, how are you? I see that
18 you run 12 races on Saturday and Sunday. Is that what you
19 did in 2005 also?

20 MR. WHITE: Forrest White, San Joaquin County.

21 We've run 12 races for the last half-a-dozen years
22 on the second weekend, but not overlap.

23 BOARD MEMBER HARRIS: Some of these are mixed
24 racing.

25 MR. WHITE: Right. So it's typically on that day,

1 it's a four emergers, eight thoroughbreds.

2 CHAIRPERSON SHAPIRO: So my concern was that with
3 the shortage of the thoroughbred horses, that I have no
4 problem if they are emerging breeds, mules, and things
5 like that. I just didn't want to see that it was going to
6 deplete the races for the remainder of the fair circuit.
7 So they are emerging breed races.

8 MR. WHITE: On the 10 race days, we run the 27,
9 three emergers, seven thoroughbreds, and we run 12 races
10 on those last two days. It's usually an eight-four card.

11 CHAIRPERSON SHAPIRO: Great.

12 BOARD MEMBER HARRIS: I was there last year. They
13 had fairly good field size. It's amazing what some people
14 will wait for the fairs to run. So they are horses rather
15 than not.

16 MR. WHITE: We've been very lucky last year, with
17 Arizona supporting us very well, and hopefully this year
18 we are having some interest out of Oregon. So those
19 horses will be coming in as well.

20 BOARD MEMBER HARRIS: I heard there's some program
21 where they bring horses from out of state that we would be
22 banning or something to bring horses from Arizona.

23 Do you know anything about that?

24 MR. WHITE: Yes. CARF runs the program, has now
25 for four years -- this will be the fourth year -- where we

1 pay a flat fee to horses that travel in from a given
2 distance. It typically will affect Arizona, some Idaho
3 horses, and some regular horses.

4 BOARD MEMBER HARRIS: Do you think there's any
5 chance of ever bringing back the Scapida (phonetic)?

6 MR. WHITE: It's funny you said that.

7 This year we are going to attempt to do an
8 overnight stakes and kind of wait and see what happens. I
9 mean, we're in a position where we would like to do it.
10 The horse has a lot of the history and name and so we will
11 be attempting it, hopefully, on the last Saturday or
12 Sunday.

13 BOARD MEMBER HARRIS: That's great.

14 CHAIRPERSON SHAPIRO: Does anybody else have any
15 questions of this applicant?

16 If not, I will entertain a motion to approve the
17 application as presented.

18 VICE CHAIRPERSON MORETTI: I will move.

19 BOARD MEMBER HARRIS: Second.

20 CHAIRPERSON SHAPIRO: All those in favor?

21 (Ayes.)

22 CHAIRPERSON SHAPIRO: Welcome to Stockton racing.

23 MR. WHITE: Thank you, sir.

24 CHAIRPERSON SHAPIRO: The next application that's
25 conducted today is a race at Alameda County Fair. It's a

1 wonderful place. I went there last year. For those who
2 didn't go, you should go there. You can see Richard
3 Castro and his son trying to beat a hammer on something.

4 MR. CASTRO: Richard Castro.

5 No, we were using the water pump. We were
6 squirting the water.

7 CHAIRPERSON SHAPIRO: Whatever it was, you were
8 all wet.

9 MS. WAGNER: Good morning. Jackie Wagner, CHRB
10 staff.

11 The application before you is from the Alameda
12 County Fair in Pleasanton. They are proposing to race
13 from June 28 through July 9th, over 11 days, which is the
14 same number of days that they raced in 2005.

15 They are proposing to race a total of 122 races,
16 which is two more races than they ran in 2005. The race
17 dates proposed are the approved dates that were allocated
18 to the fair. They will be racing Wednesday through
19 Tuesday the first week, and Thursday through Sunday the
20 second week. Ten races per day will be held on
21 Wednesdays, Thursdays, and Fridays, and 12 races on
22 Monday, Tuesday, Saturday, and Sunday.

23 It should be noted that Hollywood Park and the
24 Alameda County fair are not racing concurrently on Alameda
25 County Fair's opening day of June 28, and on July 6th.

1 This application -- excuse me, this analysis notes
2 that we are missing the name of the announcer. I have
3 received that information and as with the previous
4 application, all of the horsemen's agreements have been
5 received.

6 Staff would recommend that the board adopt the
7 application as presented.

8 CHAIRPERSON SHAPIRO: Okay.

9 I have one question which is to Mr. Pickering.
10 Good morning. In your purse program, it says all races
11 other than stakes and you're showing a decrease in your
12 projected purse revenue. Can you tell me why you're
13 projecting a decrease?

14 MR. PICKERING: Which page?

15 Rick Pickering, Alameda County Fair.

16 CHAIRPERSON SHAPIRO: Page 6. It says all races
17 other than stakes: Current meet estimate, \$1,277,000;
18 prior meet was a \$1,317,000. And I know you do such a
19 great job, I just can't imagine you projecting it down.

20 MR. PICKERING: I would have to check the math.
21 It should say 1,317,466. As with all the other numbers,
22 item two, item three, item four are projecting it's the
23 actual that we had last year. So I apologize. That's a
24 typo. Should say \$1,317,466.

25 CHAIRPERSON SHAPIRO: Okay. So it's not that

1 you're projecting an decrease.

2 BOARD MEMBER HARRIS: On these meets, these short
3 meets, if you have a situation where you have it more than
4 you projected, does that money get paid retroactively to
5 those horsemen or they just go to the next year for
6 another short meet?

7 MR. PICKERING: Depends on the actual horsemen's
8 agreement. And in some cases, it's paid out. In other
9 cases it's carried over to the next year, just like we're
10 in an overpayment situation, it carries over in future
11 years.

12 BOARD MEMBER HARRIS: How is your --

13 MR. PICKERING: Pardon me?

14 BOARD MEMBER HARRIS: Since you have a horsemen's
15 agreement, how are we doing it?

16 CHAIRPERSON SHAPIRO: What does your agreement
17 provide? Do you know?

18 MR. PICKERING: Our assumption is thoroughbred;
19 correct?

20 BOARD MEMBER HARRIS: Yes. Please the Board.

21 MR. KORBY: Chris Korby, California Authority
22 Racing Fairs on behalf of Alameda County Fair.

23 I believe our agreement with the thoroughbreds
24 stipulates that if the amount is over \$25,000, then we
25 work out a retro payment, which means that any purse

1 that's generated in excess of what was estimated would be
2 paid back to horsemen participating at that meeting.

3 Does that answer your question?

4 BOARD MEMBER HARRIS: Yes. I just wanted to know
5 if it was done for all the fairs combined or --

6 MR. KORBY: No. That's -- We do that week by
7 week. And typically as it occurs, we have a discussion
8 with representatives from TOC.

9 CHAIRPERSON SHAPIRO: Does anybody on the Board
10 have any other questions?

11 I would just like to make one observation. And
12 that is, I think that your promotional efforts are
13 terrific. And I appreciated the way they presented it to
14 us in the application. I might want to suggest that Del
15 Mar, Bing Crosby starts the day with his song. Are you
16 thinking of having Mr. Blonien sing a song to start the
17 day of racing in Pleasanton? Have you thought of that?

18 MR. PICKERING: We actually hope that the Horse
19 Racing Board will join us for a meeting and a barbecue.

20 CHAIRPERSON SHAPIRO: That's nonresponsive to the
21 question.

22 (Laughter.)

23 MR. PICKERING: We're saving Mr. Blonien's voice
24 for the barbecue. If you'd like to hear him sing, we'd
25 like to have you back for a meeting and a barbecue.

1 CHAIRPERSON SHAPIRO: Terrific. I know he's
2 waiting to sing for my departure.

3 (Laughter.)

4 CHAIRPERSON SHAPIRO: And I will move that we
5 approve this application.

6 Is there a second?

7 BOARD MEMBER MOSS: Seconded.

8 CHAIRPERSON SHAPIRO: Seconded.

9 All those in favor?

10 (Ayes.)

11 BOARD MEMBER HARRIS: It's approved.

12 CHAIRPERSON SHAPIRO: Okay. Item No. 4, which is
13 a discussion action by the Board on the amendment of Rule
14 1544 -- Calling Off Race and CHRB Rule 1658, Vesting of
15 Title to Claimed Horse.

16 MS. WAGNER: Jackie Wagner, CHRB staff.

17 Currently Board Rule 1544 provides the provisions
18 under which a race may be called off, cancelled, or
19 declared no contest. The rule currently does not address
20 specifically what happens to claims if this should happen
21 at these particular races.

22 At the last Del Mar meet in 2005, a horse went
23 down and caused three other horses to not finish the race.
24 The stewards subsequently called off the race and declared
25 it no contest under Board Rule 1544, Calling Off Race.

1 They cited Rule 1658, which is the vesting of title to
2 claimed horse, and ordered all the claims void.

3 Subsequently, the owner of the horse that was
4 claimed in the race appealed the stewards' decision to
5 void the claim, and an ALJ ruled in favor of the owner.

6 In response, we are proposing to amend Rule 1544
7 to address clearly by providing that claims submitted in a
8 race that is called off, cancelled, or declared no contest
9 shall be void.

10 In addition, it's your proposal that we amend Rule
11 1658. It's a reciprocal rule to state that a claim is
12 void if a race is called off, in accordance with Rule
13 1544.

14 We are recommending that the Board direct us to
15 initiate a 45-day comment period.

16 CHAIRPERSON SHAPIRO: Thank you.

17 I think this is a very good change to be made,
18 because there clearly was an unfortunate circumstance that
19 occurred at Del Mar. And I also think it would allow
20 clarity to our rules to allow us to have a clear ruling
21 without any disagreement as to what should occur. And so
22 I personally think that's a good idea.

23 BOARD MEMBER HARRIS: I think we want to hear from
24 the horsemen's organizations also on this. I don't feel
25 that the incident that happened at Del Mar should have

1 been categorized as a loophole. I think the issue is that
2 the stewards tend to agree what the rule was. And the
3 rule was that the claim occurred when the gate opened,
4 which the gate did open, and if we want to change that,
5 that's fine. But I don't think we want to say that if we
6 fix the loophole, it would change policy. And I think one
7 of the issues is on these no contest races, I think it
8 needs to be addressed, sort of regardless of the claim
9 issued, that there be purses paid and participants are
10 somehow paid for that race. I don't know what necessarily
11 the rate would be, but that should be addressed at some
12 point. That should be part of the horsemen's agreement.
13 I would like to hear how the horsemen view the rule.

14 MR. HALPERN: Ed Halpern. California Thoroughbred
15 Trainers.

16 In fact, Commissioner Harris, I would agree with
17 you on all counts. As far as the change in the rule, I
18 think it's basically a toss of the coin. I don't know
19 which way is fairer, but as long as the rule is clear, I
20 don't think it matters.

21 The problem before is that there was at least some
22 area for disagreement as to what the rule meant, although
23 I think that the way that was eventually handled was the
24 correct way, but my opinion doesn't matter too much. But
25 I do think that as long as we clear it up and make a rule

1 that will clarify the situation in all circumstances, i.e.
2 no matter when the race is declared, to be a non-race,
3 we've solved the problem.

4 CHAIRPERSON SHAPIRO: Before you go, Mr. Halpern,
5 I think that Commissioner Harris's point about should
6 there -- I would like your views on it. Should there be,
7 in fact, some consolation purse distribution. I recognize
8 that there isn't purses generated from that particular
9 race. And so I understand there's a loss in terms of
10 purse generation and revenue to the tracks and to the
11 horsemen.

12 However, the horsemen that entered that race that,
13 you know, have now -- won't be able to race for another
14 month or so. They spent the time. They -- You know, they
15 did all the pre-race activity, and yes, again, they get
16 their starter fee of \$400. But should there not be in a
17 situation like that, some consolation payment? What would
18 your view be that all participants in the race are paid
19 for, you know, some fee for a race that is declared no
20 contest?

21 MR. HALPERN: I would agree wholeheartedly. We
22 can't afford under any circumstances do not be trying to
23 help owners recoup their expenses in this business. And
24 to have them enter a race which through no fault of theirs
25 eventually does not generate any money for them, means

1 that they have now a month, two months, three months
2 paying bills without any return on that. And that's how
3 we lose owners. I think as long as we're going to spend
4 the money, we ought to spend it -- we ought to divide up
5 if not all the of the purse money among the participants,
6 certainly enough of it that makes people feel that they
7 have been compensated for their loss if it was no fault of
8 their own.

9 BOARD MEMBER HARRIS: Sounds like this should be
10 part of the horsemen's agreement. But I'm not sure why it
11 had to be addressed before. Maybe there aren't that many
12 no contest races, but it seems there should be some
13 compensation for people who through no fault of their own
14 got into these no contest races.

15 CHAIRPERSON SHAPIRO: Well, should it be part of
16 the horsemen's agreement or shouldn't we simply adopt a
17 rule that in the event a race is called off, that that X
18 percent of the purses that are generated, that was
19 advertised for that race shall be distributed to all
20 participants in the race. That way it's not subject to
21 each horsemen's agreement and so forth.

22 BOARD MEMBER HARRIS: Well, I don't know. You get
23 so many different situations where I don't know if you
24 could distribute the total purse.

25 CHAIRPERSON SHAPIRO: I'm just saying we put in a

1 percentage. In other words, 50 percent of the advertised
2 purse will be distributed to all participants in the event
3 of a race that is deemed a no contest.

4 BOARD MEMBER HARRIS: The only thing I am bothered
5 by is, I'm not sure if we should intervene in purses
6 overly, if this is something that's really between the
7 tracks and the horsemen, how much we want to micromanage
8 how they spend it. I hope that they would want them to do
9 it, but if they -- they may feel that we could move. But
10 I'd rather have them come up with a form that they felt
11 they liked rather than us just impose something on them.

12 CHAIRPERSON SHAPIRO: Let's see what the owners
13 feel.

14 MR. HALPERN: I think it's really an owner issue,
15 not a trainer issue. But personally, I would like to see
16 some guidelines from the Board in their rulings as to what
17 the horsemen's agreement has to contain so that we are not
18 subject to changes with changes --

19 CHAIRPERSON SHAPIRO: That's where I was coming
20 from.

21 MR. HALPERN: TOC or the --

22 CHAIRPERSON SHAPIRO: My concern was that from
23 board to board they may fluctuate. Or track to track and
24 if the Board, our Board, decided to put something in that
25 basically was rule, took it out of the negotiation process

1 it would simply compensate people. But perhaps the man
2 breathing down your back has a comment.

3 MR. COUTO: Drew Couto, Thoroughbred Owners of
4 California. The first issue with regard to the voided
5 claim, I concur with what Ed said. I think the Board made
6 the appropriate decision given the rule, as it is written.
7 My board does not consider whether or not there should be
8 a change to the rule. If you're asking me personally, my
9 view, I think if you do make the change it would help
10 clarify for anyone who's participating, if you're going to
11 declare a race, a no contest admonition from the start,
12 then it's probably valid to invalidate any claim as well.
13 But I will put that to my board to see how they would like
14 to go on that.

15 As far as paying for horses who are in a no
16 contest race, there hasn't been any precedent before that.
17 We haven't had that issue in front of the Board. It
18 hasn't been an issue because there are so few races in
19 which it occurs, but I would just ask the Board rather
20 than trying to impose a ruling, you've got to look at
21 each, I think, incident on their own and leave to the
22 parties the ability to come up with an appropriate
23 solution by contract.

24 As you know, balancing purse funds over the course
25 of the meet is sometimes very difficult. We end up with

1 overpayment situations. What we did in the past few years
2 quite frequently, a racetrack was overpaid in its purse
3 funds. And so we have to come up with a mechanism.

4 I will put both of those issues in front of the
5 TOC Board and hopefully have an answer for you next month.
6 But right now, I can only speak my own opinion and that's
7 probably not good enough.

8 MR. LIEBAU: Jack Liebau, Bay Meadows.

9 In northern California, there has been from time
10 to time no contest races, and there have been certain
11 accommodations made with respect to the people who ran
12 horses in these races.

13 Somewhat off the subject, so with respect to no
14 contest races it would -- I would hope that at some point
15 in time the Board would give some clarification as to that
16 or as to how the rule is interpreted. It's my
17 recollection that rule talks about a majority of the
18 horses being interfered with.

19 A question that I always have when -- I am one
20 reluctant to see a race for obvious reasons. And the
21 tracks horsemen's declared a no contest. And I think
22 there's a difference of opinion as to whether the horse
23 that causes the interference is part of this majority of
24 horses that are interfered with.

25 And I know that we've had that problem in northern

1 California as far as different interpretations, just in
2 counting horses that have been interfered with. And as I
3 think I have expressed rather poorly, the question is
4 whether do you count the horse that caused the
5 interference.

6 Thank you.

7 MR. JAMGOTCHIAN: Mr. Chairman and members of the
8 Board, Jerry Jamgotchian.

9 I will speak on behalf of the owners because I'm
10 an owner.

11 In reviewing this staff report, it seems to me
12 that the rule is right, but the decision that the stewards
13 made was obviously wrong.

14 As Mr. Harris stated, it wasn't a loophole; it was
15 a mistake. And the genesis of the mistake was that people
16 like Stuart Slender and Stuart Sawyer don't know the
17 rules. Rule 1544 clearly does not address claims, period.
18 Let them make this decision -- either A, they didn't read
19 the rule book, which they might not have had a copy of,
20 but B, they didn't know what the rule was. So this
21 mistake costs a lot of people a lot of money.

22 CHAIRPERSON SHAPIRO: Mr. Jamgotchian, we are here
23 to discuss the proposed amendment to the rule. If you
24 wish to address -- If you wish to render an opinion --
25 We're not interested in the staff report. What we're

1 interested in is listening to if you have an opinion on
2 whether this Board should adopt a change to the rule,
3 please tell us that. We are not interested in any of the
4 history of what occurred down in Del Mar.

5 MR. JAMGOTCHIAN: So you don't care really what
6 happened; you just want to talk about the rule. Is that
7 what you're saying?

8 CHAIRPERSON SHAPIRO: No.

9 This agenda item is to discuss whether or not we
10 should modify that rule. Let's stick so what the agenda
11 says.

12 MR. JAMGOTCHIAN: That's what I'm discussing.

13 CHAIRPERSON SHAPIRO: Are you in favor of changing
14 the rule?

15 MR. JAMGOTCHIAN: No, and I will tell you why.

16 CHAIRPERSON SHAPIRO: And would like to tell us
17 why?

18 MR. JAMGOTCHIAN: Yes. I believe the rule should
19 be left the way it is, because if I put a horse in a race
20 and this horse for some reason isn't able to race like
21 Road Runner Robin, as an example, in Mr. Peter Miller's
22 case, that's going to cost me a lot of money. When I put
23 a horse in the race, if that horse doesn't come out of the
24 race and somebody claimed it, whoever claimed that horse
25 should get the horse. There's no reason why the claim

1 should be invalidated.

2 The code didn't say it should say invalidated.
3 The stewards made a decision that was outside the code.

4 So if the horse breaks down, I as a owner have
5 taken the hit, not to mention the other hit that I take
6 because I can't race the horse ever again, or I can't race
7 the horse for 30 or 60 or 90 days. But it affects
8 everybody: It affects the owners; it affects the jockeys;
9 it affects the trainers and the track, if that race --

10 CHAIRPERSON SHAPIRO: So you are in favor of
11 amending the rule so that essentially -- You're saying
12 that you would like us to leave the rule alone that a
13 claim is not invalidated; is that correct?

14 MR. JAMGOTCHIAN: Right. The claim should remain
15 a claim.

16 CHAIRPERSON SHAPIRO: Thank you.

17 MR. JAMGOTCHIAN: I'm not done yet.

18 BOARD MEMBER HARRIS: I think we're going to hear
19 -- all we're going to do is put this out for 45 days.
20 There's pros and cons of doing it either way and that's
21 what we need the debate for.

22 MR. JAMGOTCHIAN: Now, with regards to the 1544,
23 the amendments, if you want to know some serious problems
24 that are drafted in this amendment, there's no definition
25 of cancel, called off, or no contest, number one. Number

1 two, 1544(a) states that they shall cancel the race,
2 cancel or call off of the race. But then the stewards in
3 1544(b) "may" declare a race.

4 Well, one is a "shall." The other is a "may."
5 That's a clear problem. Additionally, there's no
6 definition of a mechanical failure. What's a mechanical
7 failure? Shouldn't that be specific --

8 CHAIRPERSON SHAPIRO: Mr. Jamgotchian, I
9 appreciate these comments. And what I would suggest is,
10 since we're going to put this out probably for notice,
11 there is a period in which you can submit all of these
12 comments to us. And we would look forward to receiving
13 them.

14 MR. JAMGOTCHIAN: I'm just stating them for the
15 record now, Mr. Shapiro. They want to take my comments,
16 they can --

17 CHAIRPERSON SHAPIRO: No.

18 MR. JAMGOTCHIAN: Or if you don't want to hear
19 them, that's fine.

20 CHAIRPERSON SHAPIRO: I think we're going to move
21 on and, again, if you have specific comments to make to
22 the proposed rule changes, I think they should be
23 submitted and we can consider them and we appreciate it.

24 MR. JAMGOTCHIAN: I'm making any comments on this
25 agenda item, and I'm almost finished. So if you would --

1 VICE CHAIRPERSON MORETTI: Mr. Jamgotchian, we
2 have not initiated the 45-day comment period yet, so your
3 comments don't fall under comment period.

4 MR. JAMGOTCHIAN: I'm just commenting on what was
5 attached to the package.

6 CHAIRPERSON SHAPIRO: Mr. Jamgotchian, we have a
7 long agenda. We're not going to put up with a lengthy
8 discussion. What we've done is we've asked people to give
9 us their initial view. If the Board decides to adopt this
10 proposed rule change, we will put it up for comment. It
11 is during this 45-day period that you should submit all of
12 your comments to the Board with respect to the proposed
13 change.

14 Does anybody else in the audience have any other
15 comments?

16 Does any other Board member have any other
17 comments?

18 If not, then I would make a motion to adopt these
19 proposed rule changes.

20 Is there a second?

21 BOARD MEMBER HARRIS: I think the motion should be
22 to put it up for public comment.

23 CHAIRPERSON SHAPIRO: That's what I meant.

24 BOARD MEMBER HARRIS: I will second.

25 CHAIRPERSON SHAPIRO: Second.

1 All those in favor?

2 (Ayes.)

3 CHAIRPERSON SHAPIRO: The next one, Item No. 5,
4 which is a discussion and action by the Board on
5 regulatory amendment of CHRB rule 1969 -- Wagering
6 Prohibited.

7 MS. WAGNER: Jackie Wagner, CHRB staff.

8 As you know, the Board Rule 1969 provides that
9 certain classes of licensees as well as Board employees
10 shall not wager on the result of a race while they are on
11 duty. We presented a proposal to this amendment at the
12 last Board meeting, which essentially would have
13 prohibited persons who fall under this rule from wagering
14 at any time at the meeting of which they were employed,
15 including while he were on duty.

16 At that meeting, there was some concern expressed,
17 specifically by Commissioner Harris, and he believed that
18 the Board should not be regulating off-duty activities of
19 licensees as long as they were legal. In response to
20 that, we took this proposal back and we drafted some
21 language that hopefully will address the Commissioners'
22 concerns. And the amendment as presented would provide
23 that no person who falls under Rule 1969 may wager at a
24 facility at which they are employed if they are on duty,
25 which is defined as a period from 12:01 a.m., the date a

1 person is scheduled to work, until the end of his
2 specified work period. This would also include authorized
3 rest or meal breaks.

4 We hope that this addresses the commissioners'
5 concerns and we recommend that the Board instruct us to
6 initiate the 45-day comment period.

7 CHAIRPERSON SHAPIRO: All right. Does anybody on
8 the Board have any comments of this?

9 BOARD MEMBER HARRIS: I think the new definition
10 addressed my concerns. The only category that I was not
11 clear: Pari-mutuel clerks, you know, if they have any
12 issues with this. I was under the impression that
13 sometimes patrons at a track will wager for pari-mutuel
14 clerks or constitute a wager by the pari-mutuel clerk.
15 And what is the end on that?

16 MR. KEMPT: Doug Kempt. I'm with Pari-Mutuel
17 Employees Guild, Local 280.

18 In response to your question, Mr. Harris, I guess
19 my question is, first of all, we've got in your language
20 here provides that certain classes of licensees. And then
21 down in the bottom here you add security staff, valet,
22 jockeys. Are we including mutuel clerks or not? I guess
23 that's my first area of quandary.

24 BOARD MEMBER HARRIS: It says pari-mutuel
25 employee, which I think would be --

1 MR. KLEMPT: Right.

2 Just real quick, pari-mutuel employees, we have a
3 lot of them that don't work every day.

4 BOARD MEMBER HARRIS: That part's okay. It's only
5 the day they work.

6 MR. KLEMPT: Right. Some of our pari-mutuel
7 clerks are valets, grooms, exercise riders. We have -- we
8 have facilities in all of the racetracks here in Southern
9 California that I know of, where they take bets in the
10 backstretch. So these facilities are open all the time to
11 owners, trainers, breeders, jockeys, agents, whatever.
12 And it just didn't seem like mutuel clerks would fit into
13 this category. When they are not working, you know, I
14 don't think they should be included in this exclusion to
15 wager on horse races while they are not on duty.

16 Certainly, we agree while they are on duty, they
17 should not wager on horse racing. But on their days when
18 they try to work and they don't work, they should
19 certainly be excluded from that.

20 BOARD MEMBER HARRIS: I think the way the rule
21 reads now that would -- in they are working a given day or
22 even if they are working that day and their work is
23 depleted then the --

24 MR. KLEMPT: Okay. Thank you.

25 MR. CASTRO: Richard Castro. Pari-mutuel

1 employees guild. You'll think we're not on the same team,
2 but we really are. But I'm going to say this a little
3 differently. I think you should exclude pari-mutuel
4 clerks, period. And I will give you two or three examples
5 why I think pari-mutuel clerks should be excluded. One, I
6 don't think you should just write rules that are basically
7 unenforceable. If you throw this thing in for mutuel
8 clerks, think of this. John Harris comes to my window.
9 He makes a mistake, and I get stuck with a ticket. You're
10 telling me that I can't cancel because that's basically
11 what I'm doing. I'm going to commit an infraction to your
12 rule. That's ludicrous.

13 Number 2, we have a collective bargaining
14 agreement that covers what we can and can't do. This
15 rule I think, conflicts with those provisions and
16 basically with the collective bargaining agreement. The
17 employer and the union have agreed that we are not to
18 wager while on duty.

19 Number three, we have the Kentucky Derby coming up
20 tomorrow. I come out as a player -- no, I'm using this as
21 an example. I haven't gone completely braindead yet. We
22 have a big race coming up tomorrow and for whatever
23 reason, I show up at the racetrack tomorrow. And all of a
24 sudden, for whatever reason, we have an accident someplace
25 and 50 mutuel clerks don't show up that day. Well,

1 earlier in the day I made my wagers right in front of John
2 Harris, right in front of Jackie Wagner, right in front of
3 your attorney. And now all of a sudden, three hours
4 later, I'm behind the window trying to help out. Well,
5 I've committed an infraction, and what I'm really trying
6 to do is help the industry.

7 So for all the reasons I have cited -- and I know
8 you have a long agenda and you want to move. So I will
9 quit here. But I'm asking that you remove pari-mutuel
10 clerks from this rule.

11 CHAIRPERSON SHAPIRO: I appreciate those comments
12 because I tend to agree with you, that it's difficult to
13 enact rules that are clearly unenforceable. And my view
14 is that the rule change here with respect to those people
15 that are dealing with the horses or have some bearing on
16 what could be a type of race or the outcome of a race, I
17 don't see where a pari-mutuel operator or an official
18 camera operator could have -- I guess they could have a
19 bearing on how they took the picture of an infraction, but
20 I have a tough time with some of these classifications
21 because I don't think A, it's enforceable in the real
22 world, given technology today, and B, I don't see how a
23 simulcast facility supervisor is going to affect the
24 outcome of a race.

25 And so I personally have a tough time with part of

1 what is being proposed here.

2 MR. CASTRO: I don't want to dilute my argument.
3 I applaud what you're saying. I think given the employer
4 a lot of credit, there are ways that we can monitor the
5 system, so that if I were to do something as a pari-mutuel
6 clerk it's fairly easy for the employer to trace that back
7 and then what we would do if I committed such a flagrant
8 infraction, we would come back to you and throw it before
9 the stewards, that it was detrimental to racing.

10 CHAIRPERSON SHAPIRO: But Mr. Castro, let's be
11 straight here. I mean, you got to be braindead. You're
12 not just going to turn to your friend Bob, and say, "Bob,
13 bet 20 buckets on so and so for me." You know, what's the
14 difference? It's kind of silly in my mind that we're
15 going -- We all know I would suspect that there are
16 certain pari-mutuel clerks who probably like to wager once
17 in a while on a horse or two. And if they are not the
18 ones actually going to punch the ticket they have got some
19 friend of out there --

20 MR. CASTRO: We have ways to get around it. You
21 don't have to elaborate.

22 CHAIRPERSON SHAPIRO: So for me, it's kind of
23 silly to do this. That's why I think I'm agreeing with
24 you. However, I think that it is valid that when you're
25 talking about people that are actually dealing with either

1 riding the races, officiating the races, or dealing with
2 the horses, they could cause an outcome, then I think
3 there's some validity to this rule.

4 MR. CASTRO: I don't want to comment on that.
5 I'm only concerned about mutuel clerks.

6 VICE CHAIRPERSON MORETTI: Jackie, it was pointed
7 out in a couple of places, there are some word "he" and
8 "his" is used. You may want to change that to "his,"
9 "her."

10 CHAIRPERSON SHAPIRO: Does anybody else have any
11 other comments?

12 BOARD MEMBER MOSS: I would agree with you,
13 Richard. It's very tough to pass bills that are very
14 difficult to enforce. And though I believe I like the
15 intention of this amendment, I don't know how you feel
16 about enforcing it. It's obvious as far as pari-mutuel
17 clerks are concerned, I would certainly exclude them.

18 CHAIRPERSON SHAPIRO: Right.

19 And for that reason, I would propose that we
20 perhaps look to make some changes to this language and not
21 adopt this or recommend to staff some changes that we
22 would like to see, which would be to perhaps limit it to
23 racing officials, assistant racing officials.

24 MS. WAGNER: Do you want to delete pari-mutuel
25 employee?

1 CHAIRPERSON SHAPIRO: I would delete pari-mutuel
2 employees, totalizator employee, simulcast facility
3 supervisor, or assistant simulcast facility supervisor,
4 official camera operator. Again that's vague, and I don't
5 know what camera is an official camera operator, so I'm
6 not sure what this is, but I have a hunch I would take it
7 out. I would leave in assistant starter.

8 MS. WAGNER: And we've added security staff
9 member?

10 CHAIRPERSON SHAPIRO: Well, let me ask you a
11 question. It says assistant starter. What about the
12 start starter? What about the starter? What about the
13 gate crew? Starters, so assistant starters. I am
14 assuming if those -- it's plural.

15 MS. WAGNER: Okay.

16 CHAIRPERSON SHAPIRO: Security staff member. I
17 would delete it. I don't know what that means. Then
18 receiving or --

19 EXECUTIVE DIRECTOR FERMIN: Would that be people
20 that are doing surveillance though?

21 CHAIRPERSON SHAPIRO: Well, I guess what I'm going
22 to suggest is rather than let's rewrite it here, I would
23 propose that we not take any action on this and that we
24 spend more time thinking this through and bringing this
25 back.

1 MS. WAGNER: Certainly.

2 I just wanted to bring it to your attention that
3 we were not addressing -- We did not address the current
4 folks that were currently prohibited. We were just
5 adding. So if we want to go back, do you want us to go
6 back and take the suggestions, bring it back with all
7 these deletions that we just --

8 CHAIRPERSON SHAPIRO: Why don't you provide to us
9 a list of who's currently prohibited and then all the
10 different classifications of what they do, and let us try
11 to determine if we want to expand the rule, who we would
12 expand the rule to and give some good thought to it.

13 MS. WAGNER: What's in here now is what's
14 currently prohibited. So if I'm understanding you
15 correctly, Mr. Chairman, you want a description of what
16 those folks do before we make these deletions? Is that
17 what you're asking?

18 CHAIRPERSON SHAPIRO: Well, perhaps you could give
19 us a list of all the different positions, officials, and
20 so forth. And we can kind of look at could they -- do
21 they have any bearing on the outcome of a race,
22 whatsoever? And I'd like the Board then to give some
23 thought to trying to articulate this again. Okay?

24 MS. WAGNER: Hmm-hmm.

25 MR. JAMGOTCHIAN: Mr. Chairman, Jerry Jamgotchian.

1 With regards to this, obviously, it is pretty
2 unenforceable. But more importantly, the word "wagering"
3 is not defined, and one of the issues I have is what's
4 wagering? Is that internet wagering? Are they going to
5 be able to wager on a handheld computer? So that's
6 certainly something. I think you need to define wagering.

7 Also, does this relate to control and jurisdiction
8 over non-licensees, or are you specifically talking about
9 licensees?

10 BOARD MEMBER HARRIS: I think it's the whole idea
11 would be all licensees.

12 MR. JAMGOTCHIAN: Okay. As an example, let's say
13 that somebody has a security camera on a horse,
14 Intercontinental, as an example. Intercontinental, he
15 sees that this horse gets a Lasix shot. Maybe it's more
16 than a Lasix shot. He runs out and bets on that horse.
17 Obviously he wouldn't be doing anything wrong because the
18 security camera guy is not licensed. More importantly,
19 he's on the backstretch. And the rules that say that you
20 have to be licensed to be in the backstretch. So we've
21 got an unlicensed security camera operator on the
22 backstretch who now is allowed to bet on a horse who he
23 knows is juiced up. Seems like there's a problem there,
24 so I will offer that for your consideration.

25 CHAIRPERSON SHAPIRO: Thank you.

1 MR. JAMGOTCHIAN: Also, additionally, this staff
2 report and the 1969 doesn't state anything about
3 penalties.

4 Now, don't you think that if you're going to
5 penalize someone, that you ought to have a penalty
6 provision in there?

7 CHAIRPERSON SHAPIRO: That I believe is in a
8 different section of the rules and I don't believe in
9 terms when we adopt rules, that we specifically state what
10 the penalty is. That would be left to the normal process,
11 which is if there is an infraction, it would handled in
12 due course.

13 MR. JAMGOTCHIAN: Right. And it's up to the
14 subjective decision of somebody.

15 I also wanted to ask, in this particular case,
16 would a junior official fall under the rules over here to
17 get fined or suspended for gambling.

18 CHAIRPERSON SHAPIRO: Well, Mr. Jamgotchian, if
19 you just heard we are going to not take action, if the
20 Board deems. That's going to be my recommendation. And
21 we're going to go back and look at this and we're going to
22 look at all the different classifications.

23 MR. JAMGOTCHIAN: So we wouldn't know then,
24 if Ms. Fermin when she was working --

25 CHAIRPERSON SHAPIRO: Mr. Jamgotchian, I'm not

1 going to give you a lot of --

2 MR. JAMGOTCHIAN: Excuse me. Don't interrupt me.

3 CHAIRPERSON SHAPIRO: I'm going to interrupt you.
4 I'm the chair and I'm not going to put up with any of your
5 antics with respect to any other past issues or issues
6 that you have. Stick to what we're dealing with, with no
7 personal allegations or anything else. That's it today.

8 MR. JAMGOTCHIAN: I just asked you if a junior
9 official with the --

10 CHAIRPERSON SHAPIRO: And I answered that
11 question. I'm not going to deal with any names or anything
12 else. Is that clear?

13 MR. JAMGOTCHIAN: I don't know why you're
14 protecting her, Mr. Shapiro.

15 CHAIRPERSON SHAPIRO: I'm not protecting anybody.
16 I'm protecting this Board. Now that's it.

17 MR. JAMGOTCHIAN: Well, let me ask you a question
18 then.

19 CHAIRPERSON SHAPIRO: We're going to move on.

20 MR. JAMGOTCHIAN: If Mrs. Fermin -- now, why isn't
21 it on her record?

22 CHAIRPERSON SHAPIRO: You know what? If you
23 continue this, I'm going to ask that you leave the room.

24 MR. JAMGOTCHIAN: Under what basis?

25 CHAIRPERSON SHAPIRO: Under the basis that I have

1 the authority to do that and you're disrupting this
2 meeting. Under that basis.

3 MR. JAMGOTCHIAN: So you want to cut off public
4 comment?

5 CHAIRPERSON SHAPIRO: I'm cutting off public
6 comment right now on this issue. Does any of the other
7 Board members have any other comments to this?

8 VICE CHAIRPERSON MORETTI: No.

9 CHAIRPERSON SHAPIRO: If that's the case, then I
10 would move that we take no action and we send this back to
11 staff and that we further investigate it.

12 BOARD MEMBER HARRIS: Second.

13 CHAIRPERSON SHAPIRO: All in favor?

14 (Ayes.)

15 CHAIRPERSON SHAPIRO: Next matter is the public
16 hearing by the Board on adoption of the following actions.
17 A, repeal of Rule 1606 - Coupling of Horses and CHRB Rule
18 1974 - Wagering Interest. We'll take it A and B.

19 MS. WAGNER: Jackie Wagner, CHRB staff. The
20 proposal before you is to repeal Rule 1606 which would
21 eliminate the practice of coupling two or more horses as a
22 single wagering interest, when the same person or persons
23 who own such horse in whole or in part. If this rule is
24 repealed, Rule 1974 would be folded into amended Rule 1420
25 as a definition of "wagering interest" would no longer

1 include coupling.

2 This particular proposal has been out for the
3 45-day comment period. During this period, staff received
4 quite a number of comments, actually in excess of over 30,
5 which is quite unusual for a proposal. But we received a
6 large number of comments during that 45-day comment
7 period. The majority of the comments received were in
8 opposition to the proposal. Persons who oppose the
9 proposal indicated that it would increase the opportunity
10 for owners and trainers to manipulate races and will add
11 to the perception that our races here in California are
12 fixed. The opponents also comment that if the rule was
13 enacted, they do not believe -- The majority of them did
14 not believe that it would increase field size.

15 On the other hand, we had a few folks who did --
16 were in favor -- or proponents of the appeal. And they
17 tended to feel it was a good time right now for us to
18 eliminate coupling. And they said that every horse that
19 is entered as a single -- every horse should be entered as
20 a single wagering interest as uncoupling would decrease,
21 then, confusion. In light of the number of comments that
22 staff received on this proposal, the majority of these
23 comments were in opposition, we are recommending that the
24 Board not adopt the proposed repeal and that we
25 continue -- the Board continue to take this matter under

1 review.

2 CHAIRPERSON SHAPIRO: Thank you.

3 This is, in my opinion, a very important issue for
4 us to get a lot of discussion on. And for that reason, I
5 would ask that those people that are operating tracks come
6 forward and horsemen also come forward and express their
7 views here.

8 And I question, if we had a plethora of horses and
9 there was a horse shortage, would we be considering this
10 at all, would be my first question. And this is one where
11 I clearly recognize that it's unfortunate where there's an
12 entry and one horse is, you know, heavily favored and the
13 other horse isn't. And then the heavily favored horse
14 scratched and the person that made the wager may not have
15 time -- or may not have intended to bet.

16 I recognize that this is a really difficult issue.
17 And I'm also sympathetic that we are short of horses. And
18 we want more wagering interests, but we also want to
19 protect the integrity of the game. So I would like to
20 hear from Mr. Liebau, Mr. Charles, Mr. Couto, Mr. Fravel,
21 and others who would like to speak out on this.

22 BOARD MEMBER HARRIS: I think that's a good point.

23 I'm a little bothered by the staff recommendation
24 because I don't feel that we really have gotten all the
25 comments from the owners and the tracks at this point. I

1 mean obviously, there's some people concerned about the
2 coupling, which we need to take into consideration.
3 There's concerns. But I don't think, you know, there were
4 several letters that were favorable. I don't think we
5 should -- There's some people out there that are
6 concerned.

7 CHAIRPERSON SHAPIRO: I agree. And I don't think
8 there was a scientific sampling. We encourage people to
9 write in. And those people that wrote. So while I
10 appreciate the comments we got, I really don't think it's
11 indicative of what maybe the true public feels.

12 BOARD MEMBER HARRIS: A lot of the comments too
13 were also negative on the concept of not coupling
14 trainers, which we have done, which I think that the Board
15 feels is the appropriate thing to do. And if we strictly
16 relied on the comments, we should revisit that.

17 CHAIRPERSON SHAPIRO: I agree with you. I agree
18 with you. And that's why I really would like to hear from
19 the horsemen, the owners, and tracks.

20 MR. LIEBAU: Jack Liebau, Bay Meadows and
21 Hollywood Park.

22 Both tracks support the adoption of the rule, as
23 have been noted in this day and age when we have a
24 shortage of horses. The rule would help the field size.
25 But I think more importantly, it gives the opportunity to

1 the owner that has a horse not to be excluded because of
2 coupling. To my understanding, for instance, that if they
3 had a situation that especially in the north where a large
4 number of horses are owned by trainers, that if a trainer
5 owns interest in a horse, he can only enter one other
6 horse in the race. And that at times, as a result, I can
7 speak from personal experience, in my horse not being able
8 to run, and I think that that's wrong.

9 And I think that, you know, in this day and age,
10 this thing about races getting fixed and all that. I
11 mean, I just don't buy into that. I think that every
12 owner, every trainer that's trying to -- In this day and
13 age, when the business is as tough as it is, and training
14 fees are what they are, there's pressure on the owners and
15 pressure on the trainers. Boy, nobody's trying to do
16 anything other than have their horse perform the best it
17 can and win many races. And I think it would definitely
18 help field size. And I assure you that it would make more
19 of a difference in the north than it would in the south.

20 Thank you very much.

21 CHAIRPERSON SHAPIRO: Thank you.

22 MR. CHILLINGWORTH: Sherwood Chillingworth, Oak
23 Tree Racing.

24 Without having to repeat everything Jack has said,
25 I agree with him completely. I think if you're going to

1 not allow -- or reverse the rule and make the owners
2 couple, the fact that the trainers have far more ability
3 to influence the race than the owners do, we leave them
4 uncoupled, it doesn't make any sense.

5 Also, I think the response that Jackie's referring
6 to here, I for one thought it was a done deal, that there
7 was no point in raising the issue that we all agree, that
8 we should uncouple those.

9 It's the people who were against it, who made the
10 effort to register their opposition. And now that we know
11 that there is some controversy about it, I think we can
12 get as many people -- we can get more people to say the
13 horses should be uncoupled. I just think it's -- we just
14 assume that it's done and therefore no effort was made to
15 support it.

16 BOARD MEMBER HARRIS: It's more important that no
17 one should ever assume anything. Any rule that we put out
18 there for comment, we really expect comments. And this
19 should be written comments prior to the meeting and then
20 maybe report at the meeting, but it seems to be a trend on
21 the part of the horsemen and the tracks to not be very
22 proactive and making comments and show up at the meeting
23 and saying the same thing, which is good to do, but
24 hopefully in the future understand that we would like to
25 get the comments.

1 CHAIRPERSON SHAPIRO: I think that goes to a point
2 of what the staff interpreted. The staff made a
3 recommendation based on the public e-mails they got, and
4 that's why we need to hear from the tracks as well during
5 that period.

6 Mr. Charles, I think it's your time. You can hide
7 back there, but we see you.

8 MR. CHARLES: Ron Charles, MEC.

9 I agree with Jack. This is a controversial
10 issues. I have two of the racing fans committee. I think
11 both fan committees generally support uncoupling, but the
12 ones -- the minority that are against it are very strongly
13 opposed.

14 Personally, I look at trying to find a way to be
15 able to uncouple them. I think we have a lot of house
16 rules that this would entail as to how many entries are
17 allowed, not encouraging the same owner, same trainer, to
18 enter a horse to make a race go. There's a lot of things
19 that we have to deal with in addition to the uncoupling.
20 But clearly, we support the uncoupling of the horses.

21 CHAIRPERSON SHAPIRO: Thank you.

22 Mr. Couto.

23 MR. COUTO: Drew Couto, TOC.

24 Throughout this process, we've proposed a hybrid
25 which has been unpopular and it's based on what will be

1 consistent, at least in proposing it.

2 We do have concerns that the uncoupling will bring
3 into question the integrity on difference cases, something
4 that I think the Board has always been concerned about and
5 what's to protect on behalf of the public. We're only
6 here because the issue of shortage of horses. At least
7 that's my opinion. And what we are proposing was to allow
8 both an entry and the horses to run individually so that
9 the public was protected in terms of being able to bet the
10 entry and that the individual owners were being given a
11 chance to start their horses. So our view was, you have a
12 hybrid. You would end up with three betting interests
13 rather than one, and you get past the shortage of besting
14 interests and yet protect integrity by having the coupled
15 entries as well. But it's a compromise that perhaps makes
16 things much more complicated, but it serves both purposes.

17 CHAIRPERSON SHAPIRO: Is there anybody here from
18 Scientific Games? Because I'm -- I am concerned about
19 protecting the integrity of the game and this issue. And
20 I would be curious to know that if somebody wanted -- if
21 we wanted to entertain the concept that Mr. Couto just
22 spoke to, is it something that could be done right now, if
23 we wanted to?

24 MR. McWILLIAMS: Chairman, I'm Terry McWilliams
25 Scientific Games.

1 I'm not a programmer. Anything can be done with
2 programming, so it would just be a case that we would have
3 an estimate made on the scope of the work. And that
4 statement itself can be generated very quickly.

5 So I can't really quantify what the project would
6 entail, but we can certainly do. It's not an issue.

7 CHAIRPERSON SHAPIRO: Well, let me put it another
8 way. How long would it take to do it? And would we be
9 able to -- How long would it take to do something like
10 that?

11 MR. McWILLIAMS: Mr. Chairman, what I can tell you
12 and what I can offer you is, is I can sit down with
13 Mr. Couto and if he has anything written up in that
14 regard, I would forward that to the head of R&D. And
15 within 24 hours I can answer the question definitively.
16 But because I'm not a programmer and do not have the
17 ability to answer your question, specifically, I can only
18 offer you what I just said.

19 BOARD MEMBER HARRIS: I'm not sure if I would like
20 Drew Couto's idea, even if we could do it. It seems like
21 it would add to the confusion. And unless there's, you
22 know, widespread support that that's a great idea, I don't
23 think that's really an issue.

24 CHAIRPERSON SHAPIRO: I'm just curious.

25 BOARD MEMBER HARRIS: Another idea I thought of,

1 which I'm not sure if this is an issue that really needs
2 compromise, would be to, if it had to be an entry, if it
3 was a mirror image, and we had exactly the same owner and
4 the same trainer. If we had different parties, either
5 training or owning horses, that did not force entry.
6 Because that's a lot of the problem of particularly with
7 all the partnerships, which are probably Ultima racing.
8 There's probably one partner in a horse and somebody else
9 and it's a different partner. And another horse they got
10 to be coupled where there are different entries. So that
11 would be another possibility.

12 BOARD MEMBER MOSS: Or if I may say, perhaps have
13 a minimum of four owners in any particular race or four
14 different trainers in any particular race. Perhaps that
15 would sanctify it, make it a little more reasonable to
16 people that have an objection.

17 But clearly, this is an issue that's gotten a lot
18 of press and a lot of heated discussion. The question is
19 this day and age, do we want to leave anybody that's made
20 a bet on a horse, even more? And that's the reason that
21 the pari-mutuel committee has come up with its
22 recommendation that we uncouple the horses.

23 I received a letter from the California Harness
24 Horsemen's Association, for example, saying they would
25 rather not participate in this situation, if we go on with

1 this. But I think it obviously needs more conversation.
2 There's real support from the people that know about this.
3 And that's the racetrack people. I'm still in favor of
4 uncoupling the horses.

5 CHAIRPERSON SHAPIRO: Thank you.

6 What I would like to try to consider is perhaps we
7 could do this on an interim basis and see how it goes.
8 And I'm wondering if what we could do is, I don't know if
9 we can provisionally try this and do an experiment at a
10 Bay Meadows meeting that's about to start, and maybe here
11 at Hollywood Park, or take a period of time to study it
12 and see what the outcome is.

13 BOARD MEMBER HARRIS: That would be good.
14 Although I'm not sure if we could do that under the rules.

15 CHAIRPERSON SHAPIRO: Currently, I know I received
16 requests and probably you did too, when you were Chair,
17 where there's been a request to uncouple stakes horses and
18 so maybe we could do that for some period of time where we
19 simply ask the racing associations to make the request and
20 we grant them for a period of time. Mr. Charles?

21 EXECUTIVE DIRECTOR FERMIN: Derry, could that be
22 done as a rule waiver for a period of time?

23 DEPUTY ATTORNEY GENERAL KNIGHT: How are you going
24 to make the decision? Who is going to make the decision?

25 BOARD MEMBER HARRIS: Well, just waive it. Could

1 the Board waive the rule, such as a coupling rule, for a
2 given race meeting?

3 DEPUTY ATTORNEY GENERAL KNIGHT: Yeah. You could
4 do that. Yes.

5 BOARD MEMBER HARRIS: That would be the way to do
6 that.

7 CHAIRPERSON SHAPIRO: That would be my first
8 choice, would be to say, you know, rather than jump in the
9 water, let's stick a foot in the water, and let's use a
10 couple meets as betas and see. And then with Bay Meadows
11 about to open and this meet just opened, maybe we do it at
12 these two meets and we look and we see what the effect of
13 it is, and we see how many additional starters are
14 created, and also see if there's any problems.

15 Mr. Charles.

16 MR. CHARLES: I agree with that. The one thing I
17 would like to be sure that you do is have some type of a
18 committee prior to the beginning of that meet to go over
19 the many possibilities.

20 As John mentioned, you have some mirror images and
21 it's conceivable an owner, under this circumstance, could
22 run three horses with different ownerships. They or
23 someone else is getting excluded. There's a lot of the
24 variables that I think a committee could sit down, prior
25 to that meet, and have what in essence would be six --

1 CHAIRPERSON SHAPIRO: I agree totally.

2 MR. CHARLES: I could go down five or six areas
3 which would be troubling to me. If we could just
4 straighten those out prior to the meet, I think everybody
5 would feel very comfortable.

6 CHAIRPERSON SHAPIRO: I think that if we have
7 representatives of the horsemen, the track that's going to
8 be participating in it, and other tracks, so that we could
9 kind of establish what the framework of this test would
10 be, and even somebody from our staff participate so that
11 everybody knows clearly what we're doing. And also that
12 we can keep data on it and we can come back and visit
13 whether we should permanently revise the rule or give a
14 rule.

15 MR. CHARLES: I would strongly urge that, because
16 I think with that committee, you walk out with rules that
17 everybody feels comfortable.

18 CHAIRPERSON SHAPIRO: Okay.

19 DEPUTY ATTORNEY GENERAL KNIGHT: The concern I
20 have, though, is if you're going to waive the rule, you
21 can't waive it and then delegate to some other group to
22 decide what the rules should be. You're going to have
23 them come back to you with a proposal would be my
24 suggestion.

25 BOARD MEMBER MOSS: You can go through the

1 pari-mutuel committee.

2 CHAIRPERSON SHAPIRO: Yeah, we can go through the
3 pari-mutuel committee, which is the right place to do it.

4 VICE CHAIRPERSON MORETTI: Does Del Mar feel the
5 same as the other association?

6 BOARD MEMBER MOSS: What about the quarter horse?
7 Do they have a question about this as well?

8 MR. FRAVEL: Craig Fravel, Del Mar.

9 In my theory on this in the past was that as long
10 as there's adequate disclosure of the joint interest in
11 some way of distinguishing that in the program so the
12 public is fully aware of what they are waging on; as long
13 as the stewards are doing their job that hopefully the
14 integrity issues would be addressed by vigilant
15 observation of the races and enforcement.

16 So I'm -- Personally, I think your suggestion to
17 waive the rule and see how it goes is fine. As usual,
18 there will be some incident come up where in hindsight we
19 were all foolish for doing it. And I think that could go
20 either way. But I think, you know, in the interest of
21 fans, you know, getting stuck with a horse they really
22 didn't want to wager on, the chances for that are small
23 and I think that can be addressed by vigilance on behalf
24 of the stewards and the video patrol, and we should
25 probably go ahead with that.

1 CHAIRPERSON SHAPIRO: Okay.

2 BOARD MEMBER HARRIS: I think a lot of it involves
3 obviously the issue of scratches of an entry is part of
4 it. But I think part of it is to get bigger field size to
5 enable more wagering, total, especially due to all the
6 exotic bets that are out there. Virtually, someone could
7 say, we're going to get less wagering because people feel
8 that it's an inappropriate change and they are not going
9 to support the change. But that's something we really
10 need to experiment with and see if people feel okay about
11 it.

12 CHAIRPERSON SHAPIRO: Yes, sir.

13 MR. BADOVINAC: My name is Greg Badovinac, and I
14 was one of those who submitted a comment.

15 And first of all, I take personal outrage in the
16 fact that as a fan my comments are not considered at the
17 same weight as those of the racing association, the
18 horsemen, and the trainers.

19 CHAIRPERSON SHAPIRO: If there was any inference
20 by me, it was not intended. I was not saying that at all.
21 I simply was trying to say is that it wasn't the
22 scientific sampling and I do apologize if that was
23 offensive to you. It was not intended. Your opinion is
24 very important to us, I believe. And so I apologize.

25 MR. BADOVINAC: And I think as speaking as

1 somebody, personally, as somebody who comments to
2 regulatory agencies for a living, you never do get a
3 scientific survey of what people think of the regulation.

4 CHAIRPERSON SHAPIRO: I appreciate that. It was
5 more chastising the regulation association for not
6 providing any comment in advance, if you really want to
7 know.

8 MR. BADOVINAC: I'm opposed to this. And a race
9 came up within the last two weeks of my watching, a Los
10 Alamitos Arabian race on TVG. There was an Arabian entry.
11 Went off about 2, 5 and went to 2. And the horse that the
12 commentators were talking about as being the better half
13 of the entry and the other one was a horse who had come
14 back after a layoff. Well, the horse had come back from a
15 layoff and nobody had known how well the horse is going to
16 run, wins going away. Well, if they are separated, now
17 there's a whole question of, did the horse who was laid
18 off get anything better? And why didn't the trainers -- I
19 mean, you raise more questions when you have a case of two
20 horses owned by the exact same entity, where one runs the
21 way it should off the past performances, and the other one
22 improves. We're going to see that at Del Mar with two
23 year olds that all of a sudden you have, you know, same
24 ownership, two horses, one does really well, the other one
25 doesn't, and the one who doesn't is the one who at the end

1 sparks up and says, "This is really good," and runs off
2 and wins the race.

3 It's a matter of fairness to the players that
4 where the ownership is equal, that they be protected with
5 an entry, and if there's a scratch, have the other half
6 run for purse money only.

7 CHAIRPERSON SHAPIRO: Let me just address you for
8 a second.

9 I think the concern here as been in old days that
10 people put a rabbit in the race to make a race for his
11 other horse and hurt the integrity. Clearly, and I don't
12 know how long the Arabian race was, but what we're looking
13 to do is to protect the integrity but also you have to
14 look at the reality of what type of race it is under the
15 circumstances. What stops that from occurring with any
16 horse that comes in off a layoff. Why would an entry have
17 a bearing on that issue? I don't understand that.

18 MR. BADOVINAC: Because as a horse player, you
19 don't know which horse, again, with the same ownership, is
20 going to run the best. With an entry you are protected.

21 CHAIRPERSON SHAPIRO: But you don't know that when
22 there's six horses or eight horses in a race anyway. You
23 don't know which -- that's part of the game.

24 MR. BADOVINAC: And as I stated, if we had full
25 disclosure on, you know, as you said, the rabbit in a

1 race, if we had full disclosure on that, it would be
2 great. That's not going to happen. This is a game just
3 like any other sport. You're not going to get full
4 disclosure because you don't want your opponents to know
5 what you're doing. But then, again, when you have got two
6 horses, same ownership, same trainer, they should be
7 coupled to protect the players. And that's it.

8 Thank you.

9 CHAIRPERSON SHAPIRO: Thank you. And thank you
10 for coming to the meeting and expressing your views.

11 BOARD MEMBER HARRIS: I wonder how many of the
12 cases that we've had -- Have there been cases where we had
13 disqualifications in one part of an entry that impacted
14 the other? The issues are that a horse interferes and
15 then the horse that actually wins the race as part of an
16 entry, didn't have anything to do with the interference,
17 but the other horse interfered, does the winner come down
18 also, under the current rule?

19 MR. BADOVINAC: Mr. Harris, I believe that calls
20 for Mr. Beeder (phonetic) and his Gold Cup. That he was
21 on the horse that won. His stable mate committed a foul
22 and Mr. McHarren's (phonetic) horse had to come down. I
23 believe that cost Mr. McHarren his last chance at a gold
24 cup.

25 BOARD MEMBER HARRIS: I'm not sure if that was

1 necessarily fair, anyway. I mean, if that, you know, is
2 good for racing or not.

3 BOARD MEMBER MOSS: Well, I think there's always
4 an instance in a race. There are so many races and so
5 many instances. I just think it's a -- you can't protect
6 all the instances.

7 CHAIRPERSON SHAPIRO: All right. Well, I think we
8 need to move this along.

9 MR. JAMGOTCHIAN: Excuse me. Mr. Shapiro, with
10 regards to this, there's a classic example that yet
11 occurred in the seventh race on Santa Anita on Sunday,
12 April 23rd, which referenced Mr. Fraig's (phonetic)
13 foolish incident. By not coupling horses, it sets up a
14 disastrous scenario. And what happened on the seventh
15 race at Santa Anita, and there were two horses -- Fan
16 Time, the winner, and Jimmy Pong, who just happened to
17 finish last. Jimmy Pong was trained by Westley Ward
18 (phonetic) who happened to own the winner, Fan Time. Fan
19 Time was trained by Westly, Ward, owned by Westley Ward,
20 but Jimmie Pong was owned by Blake Keith (phonetic) who is
21 an assistant to Westley Ward, so was this horse put in as
22 a rabbit? Don't know. Was this horse put in to fill the
23 field? Don't know. Fan Time, who won the race, was the
24 favorite. And Jimmie Pong was 17 to 1. Well, there's a
25 lot of money bet on Jimmy Pong, but if they were coupled,

1 the betting patrons would have won.

2 Now, this is the issue that I'm harping on and
3 this is perception versus the tracks' control of the
4 Board. Now, the Board has to be an independent overseer
5 of the industry. Now Mr. Shapiro, if perception is
6 important to you, there isn't even a question, because
7 here's an example of Westley Ward -- and I'm not saying he
8 did this on purpose. I'm just saying, it just happened to
9 fit the model. And there are 500 examples that Ron
10 Charles could cite you or any of the other track people
11 could cite you with regards to the shenanigans of horse
12 racing. But you, the Board members, are supposed to
13 protect the betting public. And I don't see how you're
14 protecting the betting public if you allow these
15 uncouplings to occur. But you are certainly helping the
16 racetracks. And if your desire is to help the racetracks
17 rather than the integrity of the sport, he's a classic
18 example.

19 CHAIRPERSON SHAPIRO: Thank you. All right.

20 BOARD MEMBER MOSS: I would like to make a motion.

21 BOARD MEMBER HARRIS: I think we better keep in
22 mind that everyone's interests are aligned. Obviously,
23 the racetracks or the owners do not want -- they want to
24 maximize handles, so they are not going to do anything
25 that that's going to --

1 CHAIRPERSON SHAPIRO: I believe our job is to
2 protect the horse racing industry, which includes the
3 fans, the tracks, horsemen, and of course that includes
4 the integrity and business.

5 Therefore, I would like to propose, unless there's
6 any further comment from the Board, that we try to repeal
7 this rule -- and Derry, I need your help here -- for a
8 defined period of time.

9 DEPUTY ATTORNEY GENERAL KNIGHT: You want to waive
10 the rules?

11 CHAIRPERSON SHAPIRO: I want to waive the rule
12 such that it would be applicable to this meet and the
13 upcoming Bay Meadows meeting and for us to reconvene and
14 then we'll look at those results after those meetings to
15 determine if we want to permanently waive the rule.

16 Can I make a motion?

17 DEPUTY ATTORNEY GENERAL KNIGHT: Well, you can
18 certainly make a motion, but the concern I have is you
19 want to address those nuances that were raised.

20 BOARD MEMBER HARRIS: Could some of the nuances be
21 part of the track situation? The really issue is
22 preferences, which I thought that was part of the racing
23 offer anyway. I mean, does that have to be part of our
24 rule as far as the horse being preferred or less preferred
25 where the two horses owned by the same person if the race

1 overfills, one of them is less preferred. I think that
2 there's probably a racing office rule any way.

3 CHAIRPERSON SHAPIRO: Could we do it where it's
4 subject to the house rules of the racing organization?

5 DEPUTY ATTORNEY GENERAL KNIGHT: Certainly.

6 CHAIRPERSON SHAPIRO: So why didn't we just do it
7 where we will waive the rule at the current Hollywood Park
8 race meeting and the upcoming Bay Meadows race meeting,
9 subject to the house rules.

10 Mr. Couto.

11 EXECUTIVE DIRECTOR FERMIN: Can we say that there
12 should be some kind of --

13 BOARD MEMBER HARRIS: We're doing some meetings.
14 It may be better to do it as of May 10th.

15 MR. COUTO: If I could. Drew Couto on behalf of
16 Thoroughbred Owners of California.

17 I would ask that you consider modifying that
18 motion so that it's not a house rule but it's a rule
19 agreed to by the horsemen's association and racing
20 association rather than a rule imposed by the house.

21 CHAIRPERSON SHAPIRO: That's fine. That's the
22 intent. Okay. Then why don't we do it? Why don't we say
23 for May 1st.

24 BOARD MEMBER HARRIS: Do it -- When Bay Meadows
25 opens, would it concur with the --

1 CHAIRPERSON SHAPIRO: Effective on the same
2 opening day of the Bay Meadows's race meeting and
3 continuing through July -- June 16th -- July 16th, and
4 continuing through until July 16th.

5 DEPUTY ATTORNEY GENERAL KNIGHT: Chairman.

6 CHAIRPERSON SHAPIRO: At those two race meetings.

7 DEPUTY ATTORNEY GENERAL KNIGHT: It was just
8 pointed out to me that this is not agendized as a waiver
9 of the rule.

10 I'm just thinking about -- It seems to me that you
11 have the rule proposal to repeal the rule. This is an
12 interim step in your regulatory process.

13 CHAIRPERSON SHAPIRO: Do I as Chair -- Do I as
14 Chair or does the executive director have the authority to
15 do that?

16 DEPUTY ATTORNEY GENERAL KNIGHT: I think it's more
17 appropriate that the Board take this action.

18 CHAIRPERSON SHAPIRO: Okay.

19 BOARD MEMBER HARRIS: Does it have to be
20 agendized?

21 DEPUTY ATTORNEY GENERAL KNIGHT: I think arguably,
22 it is. I think there is some question about that.

23 BOARD MEMBER HARRIS: Right. The issue is not on
24 the agenda.

25 MS. WAGNER: The issue on the agenda right now is

1 the proposed adoption of this particular proposal. The
2 Board will have to make a decision as to whether or not
3 they want to adopt the proposal, because it has gone
4 through the complete rule -- I mean, the complete APA.

5 We have initiated the 45-day comment period that
6 has gone through. We received the comments. It has been
7 scheduled for hearing. It's the Board's decision at this
8 point to make a decision on this proposal.

9 CHAIRPERSON SHAPIRO: Let me come at it a
10 different way.

11 Can the Board adopt this and then simply come back
12 and reconsider its action such that we could go back the
13 other way, since your concern is that we haven't agenda-ed
14 (sic) the item?

15 DEPUTY ATTORNEY GENERAL KNIGHT: A temporary
16 repeal.

17 CHAIRPERSON SHAPIRO: A temporary appeal.

18 So could we adopt it this way and then come back
19 and notice it to re-insert it if we find that is it worth
20 it?

21 DEPUTY ATTORNEY GENERAL KNIGHT: Yeah, you would
22 have to go through the regulatory process.

23 MS. WAGNER: You would have to go through another
24 45-day comment period.

25 CHAIRPERSON SHAPIRO: Jackie, that's not the

1 answer I'm looking for.

2 BOARD MEMBER HARRIS: My feeling is it's kind of
3 counterintuitive if we adopt it and then at the same time
4 start a 45-day comment on it.

5 BOARD MEMBER MOSS: You're adopting it with some
6 limitations.

7 CHAIRPERSON SHAPIRO: We have to go back out for
8 comment period again. That's the problem.

9 MR. LIEBAU: Mr. Chairman, perhaps Mr. Knight
10 could answer the question. Or I'm trying to find a book
11 that has the regulations in it, but it's my impression
12 that a rule could be waived by either the executive
13 director or the chairman of the Board.

14 BOARD MEMBER HARRIS: That's what I thought.

15 DEPUTY ATTORNEY GENERAL KNIGHT: It's 1406.

16 MR. LIEBAU: Why can't either the executive
17 director or the chairman waive the rule at the suggestion
18 of the Board? Or just --

19 DEPUTY ATTORNEY GENERAL KNIGHT: Well, the issue
20 is Bagley-Keene. That's the only concern I have.

21 CHAIRPERSON SHAPIRO: Say again?

22 DEPUTY ATTORNEY GENERAL KNIGHT: I'm sorry. The
23 opening requirements.

24 CHAIRPERSON SHAPIRO: Well, currently --

25 MR. LIEBAU: Well, there's no opening requirements

1 though, is there, with respect to waiving a rule?

2 DEPUTY ATTORNEY GENERAL KNIGHT: For Board action,
3 there is.

4 MR. LIEBAU: It wouldn't be Board action. I'm
5 just suggesting that the executive director just go ahead
6 and waive the rule.

7 BOARD MEMBER HARRIS: That's what would happen.
8 They would go do that in their wisdom. I guess argument
9 and wisdom is based on things that occurred at the prior
10 meetings.

11 DEPUTY ATTORNEY GENERAL KNIGHT: The other option
12 you might have would be to call a ten-day notice for a
13 teleconference meeting which would allow you to comply
14 with --

15 CHAIRPERSON SHAPIRO: Okay.

16 BOARD MEMBER HARRIS: As I understand the rule
17 now, the Board doesn't really have the authority to waive
18 the rule or the executive director or the chairman.

19 CHAIRPERSON SHAPIRO: That's why I asked you a
20 moment ago.

21 DEPUTY ATTORNEY GENERAL KNIGHT: That's what the
22 rule says. The rule says the Board may waive the rule.

23 MR. LIEBAU: Without a hearing.

24 DEPUTY ATTORNEY GENERAL KNIGHT: That's correct.
25 Well --

1 MR. LIEBAU: It says, "With good cause, with or
2 without a hearing, the Board may temporarily suspend the
3 application of any of its rules."

4 DEPUTY ATTORNEY GENERAL KNIGHT: That's a rule and
5 it's got -- well, anyway. You've got to comply with the
6 open meeting.

7 MR. LIEBAU: I'm not a lawyer.

8 DEPUTY ATTORNEY GENERAL KNIGHT: We know you
9 aren't.

10 MR. LIEBAU: I don't have a dog in this fight.

11 CHAIRPERSON SHAPIRO: Okay. All right. I'll tell
12 you what we'll do. Why don't we agree that we will put
13 out a ten-day notice for a telephonic meeting of the Board
14 to consider this, at which point we will have an agenda
15 and at that time we will deal with the matter at that
16 meeting, if that's acceptable to everybody here. Okay.
17 So we're not going to take any action on this matter at
18 this time.

19 Now we're going to go to B.

20 MS. WAGNER: I just want you to know that if you
21 take no action, this is going to die. This proposal will
22 be -- If we decide to come back after the fact, after
23 we're done with our experiment, we'll have to go through
24 the 45-day comment period.

25 CHAIRPERSON SHAPIRO: Why if we are simply --

1 MS. WAGNER: I would have to notice it again.

2 BOARD MEMBER HARRIS: Can we also re-notice this
3 even though we may --

4 CHAIRPERSON SHAPIRO: Re-notice it again in the
5 same form because it's going to be timely anyway.

6 MS. WAGNER: Did you want us to re-notice it after
7 we conclude the experiment? Is that the timeframe we're
8 looking at?

9 CHAIRPERSON SHAPIRO: No. I don't think we want
10 to do it after because if we find that it's good, then we
11 want to be able to be in a position to continue it and not
12 have it. We do it, we don't do it, we do it again. So
13 why don't we immediately put it out for notice again.

14 All right. We're going to move on.

15 BOARD MEMBER HARRIS: Actually it should be --
16 When we have our ten-day notice, we're going to consider
17 it only for thoroughbreds.

18 CHAIRPERSON SHAPIRO: You're making it way
19 difficult.

20 DEPUTY ATTORNEY GENERAL KNIGHT: Do you want to
21 take Board action along the lines I've indicated?

22 CHAIRPERSON SHAPIRO: I move that we not take
23 action on this at this time, that we ask that it be
24 re-noticed again.

25 Is there a second for that?

1 BOARD MEMBER MOSS: Second.

2 CHAIRPERSON SHAPIRO: Second.

3 Okay. All those in favor?

4 (Ayes.)

5 CHAIRPERSON SHAPIRO: Now Item No. B, regulatory
6 amendments to a variety of rules.

7 MS. WAGNER: Item No. B under Item No. 6 is
8 connected to 1606. We would only need to do that if
9 indeed we repeal 1606, so it's kind of a moot point at
10 this point.

11 BOARD MEMBER HARRIS: That creates a issue because
12 it ties into the rollout of the other things.

13 CHAIRPERSON SHAPIRO: Well, again, this -- There's
14 no reason to take action here on anything other than what
15 we just did, so I would make the same motion as I
16 previously made on 1606.

17 Is there a second?

18 VICE CHAIRPERSON MORETTI: Same motion.

19 CHAIRPERSON SHAPIRO: Second.

20 All those in favor?

21 (Ayes.)

22 CHAIRPERSON SHAPIRO: Item No. 7. This is the
23 adoption of the regulatory amendment to CHRB Rule 1472 --
24 Rail Construction and Track Specifications.

25 MS. WAGNER: Jackie Wagner, CHRB staff.

1 The proposal to adopt Rule 1472 would simply allow
2 the installation of Polytracks, in California. The rule
3 specifically would provide that synthetic or polymer or
4 wax-coated sand track services be exempt from the
5 requirements of the rule -- the slope requirements of the
6 rule that currently pertain to our organic tracks. This
7 has been noticed for 45 days. Staff has received no
8 comments on the proposal, and we would recommend that the
9 Board adopt the amendment as presented.

10 CHAIRPERSON SHAPIRO: I have a question here. In
11 terms of the definition of what we're talking about,
12 Polytrack-type surfaces, and we really should refer to
13 them as a synthetic racing surface, it's a system. It
14 isn't just the surface. And my concern that what we're
15 talking about includes drainage system. It includes a
16 particular base. It's not just the surface material,
17 which is Polytrack or synthetic systems. And so my
18 concern here is that what we're talking about is that if
19 somebody has now a track that is made up of sand and has
20 some synthetic components to it and it's got some polymer
21 or wax within it, that's not really what our intent here
22 is. And what we're talking about is the entire system and
23 installation. And so I'm concerned that this language
24 doesn't deal with that.

25 MS. WAGNER: In proposing this language, I did

1 speak with my resident expert Craig Fravel, and he and I
2 corresponded on this particular language that was
3 proposed. You may care to speak to --

4 CHAIRPERSON SHAPIRO: Mr. Fravel.

5 MR. FRAVEL: Craig Fravel, Del Mar.

6 I think the Chairman's comments are appropriate,
7 that there is obviously a system requirement and adequate
8 drainage issue. Again, I think that can be dealt with,
9 with proper inspections and reviews of the plans ahead of
10 time, before these things are actually installed.

11 And as a practical matter, the existing racetracks
12 all meet the other requirements, so I don't think you're
13 going to run into a situation where somebody all of a
14 sudden decides with an existing dirt surface that they are
15 going to switch off to something that is adaptable for
16 Polytrack purposes. So I'm not sure there's a real
17 problem inherent in the change.

18 The reason that those slope requirements are in
19 the existing rules has mostly to do with the ability of
20 the existing dirt tracks to drain. And there are other
21 issues related to the centrifugal force related to horses
22 going around the turns, but this is mainly designed with
23 traditional tracks so that the water would drain off when
24 sealed. And I think your concerns are legitimate, but I
25 don't think there's going to be a big issue, simply

1 because all of the tracks are currently in compliance with
2 the former rule. And the only ones that are going to
3 change are the ones that shifted to the new systems.

4 MS. WAGNER: So you don't think we should add any
5 language to address drainage?

6 CHAIRPERSON SHAPIRO: No.

7 MR. LIEBAU: Jack Liebau from Bay Meadows and
8 Hollywood Park.

9 I would just note that not all of the
10 manufacturers or installers of synthetic materials, that
11 are commonly called Polytracks, believe that the tracks
12 need to be flat. In fact, Michael Dickenson (phonetic)
13 will be here lobbying that there still should be a slope.
14 I know that I have been criticized publicly for saying
15 that the Horse Racing Board should go slower in this area,
16 but I do think that that should be the case. And I think
17 we are all in an experimental stage. And I take it so
18 that this proposed rule would not stop a synthetic track
19 from having slope.

20 BOARD MEMBER HARRIS: That's the only purpose of
21 this rule is to just not mandate the slope, if somebody
22 comes up with a track that a slope's not appropriate.

23 CHAIRPERSON SHAPIRO: I agree.

24 VICE CHAIRPERSON MORETTI: That's my
25 understanding.

1 CHAIRPERSON SHAPIRO: That's my understanding.

2 MR. JAMGOTCHIAN: Mr. Shapiro, members of the
3 Commission, with regards to Polytrack, I was speaking to a
4 couple of my trainers in England who are strong supporters
5 of the synthetic track. And I've been asking myself why
6 the Board is pushing so hard for synthetic tracks. And in
7 discussions with the racing people who are saying it's
8 beneficial, but then I found out that in a Blood-Horse
9 article, April 1st, that Turfway Park saved a half a
10 million dollars a year by not maintaining their typical
11 dirt track.

12 CHAIRPERSON SHAPIRO: Mr. Jamgotchian, that's not
13 what we're talking about on this agenda item. We're not
14 debating whether or not Polytrack is something that should
15 be put in or should not be put in.

16 MR. JAMGOTCHIAN: Well, I --

17 CHAIRPERSON SHAPIRO: May I finish?

18 MR. JAMGOTCHIAN: Sure.

19 CHAIRPERSON SHAPIRO: This is not the time for us
20 to discuss whether it's good or it's bad. Okay? What
21 we're talking about is the specific amendment to the rule
22 and track specifications that will permit or allow
23 installation of the Polytrack, if it is chosen to be done.
24 Please keep it to that.

25 MR. JAMGOTCHIAN: I accept that. The Board's

1 position is, they want Polytracks; isn't that correct?

2 CHAIRPERSON SHAPIRO: I don't know if that's the
3 Board's position. That's not what we're talking about
4 here.

5 MR. JAMGOTCHIAN: Right.

6 Well, the conditions of the Polytrack are
7 important to the horse racing owners, especially in my
8 particular case, but the cost savings of half a million
9 dollars that Turfway has benefitted by is great. But more
10 important, Turfway also received 2 point -- over
11 \$2 million in stable revenue. So I think that if you
12 consider both of these articles, in both in the
13 Blood-Horse, that it might be a good mechanism for the
14 financing of the association be able to finance the
15 racetrack in, in fact, they are going to be charging the
16 trainers a \$7-a-day fee when these tracks are not
17 operating. And that's something that I'm concerned about
18 because if the \$7-a-day stall charges come to us as
19 owners, are fees are going to come up.

20 CHAIRPERSON SHAPIRO: Mr. Jamgotchian, I may be in
21 total agreement with you, but this simply is not the forum
22 or the agenda item to be discussing it.

23 MR. JAMGOTCHIAN: I just wanted to get this out.
24 That all I was doing.

25 CHAIRPERSON SHAPIRO: All right. Thank you.

1 All right. Is there a motion to approve? Is
2 there a motion to approve --

3 BOARD MEMBER MOSS: Exactly why -- What is the
4 reason for this?

5 CHAIRPERSON SHAPIRO: It allows the tracks if they
6 choose to install on the track, to be able to do it.

7 BOARD MEMBER HARRIS: I will move to approve.

8 CHAIRPERSON SHAPIRO: Okay. There's a motion to
9 approve this.

10 Is there a second?

11 BOARD MEMBER ANDREINI: Second.

12 CHAIRPERSON SHAPIRO: All in favor?

13 (Ayes.)

14 CHAIRPERSON SHAPIRO: It's approved.

15 We're going to take a break so that the court
16 reporter can rest and Richard Castro can use the men's
17 room.

18 (Thereupon a break was taken in
19 proceedings.)

20 CHAIRPERSON SHAPIRO: Item 8, which I am just
21 dying with anticipation to hear, is discussion and action
22 by the Board on the report from Los Angeles Turf Club on
23 the improvement plans for the barn and stable areas.

24 Do you wish to have a seat, Mr. Charles?

25 MR. CHARLES: Ron Charles, MEC.

1 We're going full speed ahead, as we promised, on
2 the demolition and rebuilding of two brand new stalls at
3 Santa Anita.

4 CHAIRPERSON SHAPIRO: Two stalls?

5 MR. CHARLES: Sorry. Two barns.

6 (Laughter.)

7 MR. CHARLES: It would be cheaper.

8 Right now, we're scheduled to be at the gap. They
9 will be the same barns that are put in at Palm Meadows and
10 Gulf Stream. They are spectacular, and they plan to be
11 finished by right around the end of September.

12 CHAIRPERSON SHAPIRO: So prior to Oak Tree, they
13 will be completed? Are they permitted?

14 MR. CHARLES: Not yet. We were working with the
15 city and moving forward, and the city seems to be working
16 with us. We also are looking at long-term plans as to
17 what happens after these two.

18 CHAIRPERSON SHAPIRO: And how many stalls each
19 will those -- or in total will be?

20 MR. CHARLES: The one barn is 32. I believe the
21 other one is 18 or 20. It's the first barn when you walk
22 up off the gap.

23 CHAIRPERSON SHAPIRO: Okay. And is there -- Do
24 you have a master plan scheduled of the entire barn area
25 of how long it will take? I appreciate you're going to

1 need to -- with all kidding aside -- But full speed ahead
2 for 48 stalls isn't going to exactly improve the entire
3 barn area. What is the plan for the entire barn area?

4 MR. CHARLES: We will be having Steven Casey
5 (phonetic) who basically will be laying out the design.
6 There are still some discussion as to exactly where the
7 barns are -- the rest of the barns are going to be placed.
8 We will lose some barns because of the Caruso project, and
9 so I would say probably within about 45 days, I could give
10 you a master plan as to each year, how many we would be
11 able to remove and build.

12 CHAIRPERSON SHAPIRO: So the plan is, it is
13 basically to do this in a phase type of project?

14 MR. CHARLES: It has to be, because even in a
15 phase project where we were to do a quarter each year,
16 25 percent of the stalls, we are going to have a real
17 training problem. We would be down to less than -- we
18 would be down to about 7 or 800 stalls where even in the
19 off-meet, this meet, we will be almost at full capacity.
20 We're going to be at 1800 to 1900 stalls and taking a
21 thousand stalls away, this industry just doesn't have the
22 facilities to provide that, so we're probably going to
23 have to do this in increments of a quarter.

24 BOARD MEMBER HARRIS: Is there also a housing
25 component to the barns?

1 MR. CHARLES: Yes. There will be dormitories
2 built, very similar to Gulf Stream. They are spectacular.

3 CHAIRPERSON SHAPIRO: Could we get a copy or at
4 least see something that would explain what these barns
5 are?

6 MR. CHARLES: I would be glad to. I will get
7 those over to you, a copy of exactly pictures --
8 renderings of the barn and the dormitories, because as I
9 said, it will be exactly like they are at Gulf Stream and
10 Palm Meadows, which, I think everybody in the industry
11 agrees, is spectacular.

12 CHAIRPERSON SHAPIRO: And looking at the future
13 then, if your barn area is full -- you have an infestation
14 of rodents, as you know. And I appreciate there's only so
15 much you can do when the barn is full of horses. Is there
16 any plan or anything that can improve the situation?
17 Because frankly, it's just unacceptable to people living
18 back there. And I know it's a problem. I know you're
19 doing what you can, but how do we solve the problem?

20 MR. CHARLES: Honestly, it is a problem. We
21 really thought we would be able to either eradicate the
22 problem or greatly reduce the problem this year when we
23 were going to be closed at Del Mar because at that point
24 we can go in and absolutely do what's necessary to kill
25 all of them. Unfortunately we are going to be open.

1 BOARD MEMBER HARRIS: I didn't understand the
2 infestation. What?

3 CHAIRPERSON SHAPIRO: Well, they have a rat
4 problem. And I must tell you that they've try to respond
5 to it, but, you know, it's continual, and it's a serious
6 problem and I'm concerned that it's not right because
7 there are people living on the backside, and it's rampant.
8 And I know they permit cats. I see cats. I see
9 everything, but it's out of control, and yet all the barns
10 are full with horses. You know, they really can't go in
11 and do as much as they could do if there weren't horses
12 there, is what I've been told.

13 MR. CHARLES: That's exactly right, and that's why
14 usually every other year, we hit it really hard.

15 CHAIRPERSON SHAPIRO: This year -- Is it not true
16 this year that the horses are supposed to be stabled at
17 Hollywood Park this year?

18 MR. CHARLES: No. Jack Liebau has informed me
19 that we will be remaining open, because they would be
20 putting in Polytrack. So there needs to be a facility for
21 training during Del Mar and Hollywood will be -- now it's
22 usually open and they would be closed. So the horses will
23 now be at Santa Anita.

24 BOARD MEMBER HARRIS: This is for summer of this
25 year?

1 MR. CHARLES: This year, at Del Mar.

2 CHAIRPERSON SHAPIRO: We've not heard nor -- and
3 I'm not asking that Hollywood Park make any determination
4 that they are putting in Polytrack -- I know they are
5 looking at it -- but if they don't put in Polytrack, then
6 could the horses remain here at Hollywood Park and if you
7 were then closed, could you resolve -- could you then take
8 more measures to eradicate the rat problems?

9 MR. CHARLES: We would do what we originally
10 planned to do, which would, you know, totally eradicate
11 them and it would be a slow process of building back up.
12 But we would absolutely do every barn to kill every rat
13 that's in there right now.

14 CHAIRPERSON SHAPIRO: Okay. Because I don't
15 know -- I know this from personal experience, and I'm
16 talking to the assistant trainer and something scurried by
17 my feet. And I said, "What was that? A cat?" He said,
18 "No, it's a rat." I said, "You got to be kidding me."
19 And he said, "Here, I'll show you." And they were sitting
20 on a bale of hay. There was another one.

21 And I know you guys came out and you tried and
22 everything, but I just think it's unhealthy living
23 conditions for the people living down there, not to
24 mention the horses.

25 So if Hollywood Park doesn't move forward with

1 Polytrack this year, I would ask that you let the stable
2 be here at Hollywood Park and that you fix the barn area,
3 at least eradicate it, as you're moving forward with
4 construction, which would probably stir up more rats that
5 way.

6 MR. CHARLES: That I can promise you.

7 BOARD MEMBER HARRIS: Another aspect is the fly
8 control too, which is an ongoing problem. But there are a
9 lot of new environmentally sound fly control techniques
10 that are out there, so you can take a look at some of
11 them.

12 MR. CHARLES: They are. And those will be coming
13 in with the new barns, so we will be moving ahead on that.

14 CHAIRPERSON SHAPIRO: Okay. We would like for you
15 to come back, and we would put this back on the agenda at
16 perhaps in two months from now. I would like to see it
17 back on the agenda at which time you will give us a plan
18 of the entire barn.

19 MR. CHARLES: Absolutely.

20 CHAIRPERSON SHAPIRO: I'm saying, I want to keep
21 this on the agenda because, frankly, this matter has gone
22 on for years, and there are concerns. I'm not hiding
23 anything here. Does Magna have financial wherewithal to
24 rebuild that barn area?

25 MR. CHARLES: Yes. I'm going to say yes. Would

1 you expect me to say no?

2 (laughter.)

3 BOARD MEMBER HARRIS: A soft yes.

4 CHAIRPERSON SHAPIRO: Okay. We are going to look
5 at just down the road at what assurance, you know, taking
6 what measures we have to insist that, you know, some of
7 these barn areas on the backside. And I'm only talking
8 some of the barn area now, that we do need to see the
9 improvements of the backside that were made, for the
10 people and the horses that are back there.

11 MR. CHARLES: With all fairness, I spoke to Frank
12 Strong (phonetic) about it. He is committed to putting in
13 a new barn area. Exactly how quick, I'll certainly know
14 better this summer. I can get a commitment from him to be
15 able to address the Board and tell you exactly what we'll
16 be able to do and when.

17 BOARD MEMBER HARRIS: What is the status of the
18 Caruso project? Is that going for a referendum or
19 something?

20 MR. CHARLES: The city council still has to take a
21 vote. It will probably then go to referendum and
22 potential lawsuit after that. So it will probably get
23 tied up for a while, but it is certainly moving forward.
24 I think, you know, we greatly anticipate the possibility
25 of having -- that project is something, you know,

1 something special, and we look forward to seeing it.

2 CHAIRPERSON SHAPIRO: Can we also suggest that at
3 the appropriate time, perhaps you could make a
4 presentation to us, just for informational purposes. I
5 know I have never seen the project. I don't know if
6 others on the Board have seen it. And I think it might be
7 something that's worthwhile, our just getting a
8 presentation to see the project. Because it sounds great
9 and it perhaps would be a wonderful boost to racing. But
10 I think it would be nice if you could show it to us.

11 BOARD MEMBER HARRIS: I did see a presentation,
12 but Caruso -- but there are some major pluses for racing
13 and conceivably could be a few minuses.

14 MR. CHARLES: Would you like for Rick -- because
15 he's out doing home tours and everything. Would you like
16 for him to come here and make a 15-minute presentation?

17 CHAIRPERSON SHAPIRO: Yeah. I think that would be
18 a great idea, that he give us a presentation and he allow
19 us to understand what it is, that Santa Anita is such a
20 key property in horse racing. But we would like to see it
21 and make sure that it doesn't infringe on racing in any
22 negative way, and in fact it would be a benefit.

23 MR. CHARLES: Perfect. I will ask him if he's
24 available and we could agenda it for next month.

25 BOARD MEMBER HARRIS: The problem is our meetings

1 are scattered around here in the next month or two. Maybe
2 we could tie it into some other meeting that was in this
3 area. I don't think we have another meeting in Hollywood
4 Park for a while. But perhaps one of those Polytrack
5 meetings or something like that.

6 MR. CHARLES: Where do you meet next month?

7 CHAIRPERSON SHAPIRO: It's scheduled at Los
8 Alamitos next month.

9 MR. CHARLES: I'm sure he would be willing to
10 come.

11 CHAIRPERSON SHAPIRO: We could go down there or we
12 could look at -- somebody's phone's ringing up here. Or
13 we could special -- you know, we could have a special
14 meeting where people are invited, just a presentation of
15 what's going on.

16 MR. CHARLES: You tell me. Whatever you'd like,
17 I'm sure he'll make himself available to all the Board
18 members so he can show you and what he's planning to do
19 and how it will enhance --

20 CHAIRPERSON SHAPIRO: Perhaps you can work with
21 staff. And why don't we just agree that we will make it
22 available through the Racing Board and publicize his
23 presentation. So the public, if they want to come out,
24 and all of the sports writers and anybody that's
25 interested, and those of us that wish to attend could

1 attend.

2 MR. CHARLES: And I would strongly encourage that,
3 because it's a spectacular presentation.

4 CHAIRPERSON SHAPIRO: We can do it at Santa Anita
5 and we can host for lunch.

6 BOARD MEMBER HARRIS: I think we notice it as a
7 meeting just so we comply with our sunshine laws.

8 MR. CHARLES: If you give me two, you know, two or
9 three weeks, and I'm sure Rick will make himself
10 available.

11 CHAIRPERSON SHAPIRO: That would be great.

12 MR. CHARLES: Okay?

13 CHAIRPERSON SHAPIRO: Okay. Thank you.

14 Item No. 9 is the ADW matter which has been on our
15 agenda, this will be the third month in a row. And I'm
16 once again going to defer this matter and not have a
17 discussion on this matter.

18 As most of us know, there was an issue yesterday,
19 which I'm pleased to say has been resolved, and the signal
20 is back on. And I have been in contact with Senator
21 Florez's office. I have been in contact with
22 representatives of TVG, TOC, and Hollywood Park, which are
23 all pertinent to this matter at this time.

24 And in light of the discussions I've with Senator
25 Florez's office, he is calling a special meeting on

1 June 5th to deal with ADW and the future or non-future of
2 ADW wagering, when it sunsets on December 31st, 2007.

3 In light of those discussions and the parties who
4 are discussing certain matters amongst themselves, to see
5 if they can come to a resolution of items in dispute and
6 the way ADW is conducted and looking for ways to make it
7 more efficient and more profitable for all parties
8 concerned, I think it would be a mistake for us to hear
9 this matter at this meeting. That does not diminish or
10 set aside the issues in dispute. It does not take away
11 any of the parties' positions, but rather each of the
12 parties had agreed that we would defer this matter and we
13 would bring it back again at a later CHRB meeting. It
14 will be asked to be agenda-ed, or ask it be agenda-ed for
15 our next CHRB meeting -- I'm sorry, two meetings from now.
16 Because I am going to be working with Senator Florez's
17 office, and he will be having the hearing again on June
18 5th. So for that reason I'm going to defer this matter.

19 The next matter is also going to be deferred. I
20 have been in contact with the pari-mutuel representatives
21 of Local 280, and also in contact with Del Mar and the
22 simulcast facility down at Del Mar. And it's my
23 understanding that Craig Fravel is going to chair a
24 meeting, or participate in a meeting, to resolve any
25 issues that exist with respect to mold or other problems

1 at that facility.

2 I will ask this issue be placed back on our agenda
3 for next month, but it will be removed if the parties can
4 come to a resolution amongst themselves.

5 All right. The next issue is Item No. 11, which
6 is discussion and action by the Board on the feasibility
7 of sponsoring legislation to direct fines collected by the
8 Board to racing-related organizations or programs.

9 This matter was placed on the agenda at my
10 request. This matter is that there are a number of fines
11 that are levied in racing, whether it be for medication
12 infractions, fines for participants, be they trainer,
13 groomer, jockey, and a lot of those -- those funds go back
14 to the general fund, and they don't come back into racing.

15 I believe that it would be in racing's best
16 interest to see that we take those monies that are issued
17 as sanctions or fines and redirect them into
18 racing-related causes. If for instance, there's a
19 medication fine for an excessive level of admitted
20 medication, why not have a fine but have it go to the
21 testing laboratory for additional testing? If there's a
22 worker on the backside that's fined for some purpose, why
23 not give it to one of the entities that provides health
24 care to backside workers? And so forth. And that's the
25 thinking behind it.

1 So I would like to just have a general discussion
2 and see if there's any insight on this matter as to
3 whether or not they should make a legislative effort to
4 direct these fines back in the industry.

5 EXECUTIVE DIRECTOR FERMIN: Our fines for 2005
6 were 177,000, just a little below 200,000. We talked
7 about this a couple of times, and I've been told by the
8 legislature, it's not really received very well, but that
9 doesn't mean that we can't try. There are agencies that
10 do have similar legislation and process. So it certainly
11 would be up to the wishes of the Board.

12 BOARD MEMBER HARRIS: I was also involved in
13 looking at this, and it just seems that it would be a way
14 to generate funds for needed industry activities. I'm
15 just not sure -- obviously any time you start taking --
16 right now it goes to the agenda fund, which is basically
17 the total budget of California, which is like 140 billion
18 or so. So it's really not a significant part of the total
19 budget but could be a significant part of the target
20 activities. I'm not clear if other agencies in the state
21 are able to do this. Is there any precedent for this sort
22 of targeting of fines?

23 VICE CHAIRPERSON MORETTI: My understanding is
24 that there is some precedent. However, in the last few
25 years, any request to do something of a similar nature

1 have been turned down simply because the budget's been so
2 upside down in Sacramento. However, I believe the
3 Department of Fish and Game, for one, has somewhere along
4 the line of -- I don't know when they actually instituted
5 it -- but some of the fines that they levy do go back into
6 fish protection and water protection and other
7 environmental causes.

8 CHAIRPERSON SHAPIRO: Are any of the lobbyists --
9 I saw that Rod Blonien was here. I saw that Joe Lang
10 (phonetic) was here. Are there any of them still here,
11 that maybe you could just give us some comment on, you
12 know -- I think we all recognize that it's taking money
13 from the general fund, which I understand it has a
14 doubling effect of some sort. But could you weigh in on
15 how difficult or is there some problem, reason why we
16 shouldn't try to do this?

17 MR. BLONIEN: Rod Blonien representing the People
18 of the State of California.

19 There is a jurisprudential principle and that is
20 that the enforcement agency shouldn't benefit from the
21 actions that they take to enforce the law and regulations,
22 etc. And it would be like police stopping someone,
23 writing the ticket for the money and go directly into some
24 sort of police fund. So there's that sort of general
25 principle out there.

1 But there has been movement, as Ms. Moretti
2 mentioned, in terms of Fish and Game. I can tell you that
3 the Gambling Commission kicked this around. They have
4 some disciplinary rates that are about to take effect, and
5 they have kicked around the idea of having fines and
6 levies that they would make against people involved in
7 gaming club industry, having that go directly to their
8 budget. They discarded it. But others have been
9 successful in having the money move. But it is a hit on
10 the general fund. And in the -- ultimately it may not
11 benefit you, because what's going to happen is if you put
12 a bill through to get this \$200,000, next when you put
13 your budget together, they will just back it out, take
14 \$200,000 away and say that this activity will now be
15 funded by the fines and levies that the Horse Racing Board
16 puts in place.

17 So you're still going to get back to having to go
18 through the BCP process, the budget change proposal
19 process, to justify any expenditures that you're going to
20 make, and your analyst and finance is going to look at
21 that and he or she is going to add in 200,000 that you get
22 from fines and levies, and they are going to give you
23 \$200,000 less of the general fund money.

24 So it's a fight that you may be able to win in the
25 short run, but in terms of the long run, when you put

1 together next year's budget, that money probably goes
2 away.

3 CHAIRPERSON SHAPIRO: Okay. Well, that was fun.
4 Anybody have any other happy comments for that
5 item?

6 All right. We'll just move right along and we
7 will now go to Item No. 12 --

8 MR. JAMGOTCHIAN: Excuse me, Mr. Chairman. I have
9 a happy comment. With regards --

10 CHAIRPERSON SHAPIRO: I'm glad you have a comment.

11 MR. JAMGOTCHIAN: When the stewards impose a fine,
12 do you realize that there's not a book of fines that they
13 refer to that gives uniformity in the north and the south?

14 CHAIRPERSON SHAPIRO: Yes, I do realize that.

15 MR. JAMGOTCHIAN: Maybe that's something you could
16 ask Ms. Fermin to direct, because I think it's important.
17 Why would one trainer get a fine of \$500 in northern
18 California and the same fine of a thousand dollars in
19 Southern California? Why don't you ask her to help you
20 figure that out?

21 CHAIRPERSON SHAPIRO: Thank you, Mr. Jamgotchian.

22 Now we'll move on to Item No. 12, which is
23 discussion and action by the Board on the drug testing
24 program, including a review of the program costs and
25 benefits.

1 I think that was Mr. Harris's item.

2 BOARD MEMBER HARRIS: Well, I think one of the
3 concerns is, is that there was some -- in the overall CHRB
4 budget is in the approval process in the legislature. And
5 there were some questions regarding the drug testing
6 program, which I feel is a very important part of our
7 total activities. It's something that needs to be well
8 funded and we need to have a very top flight testing. And
9 I thought it was just good to get it on the table. This
10 is something that we, the CHRB, needs support on to get
11 through the legislature because it's such an important
12 thing.

13 It's important for people to understand what we
14 are doing and why we need it and why one of the issues is
15 that we are submitting all the tests to the Maddy lab
16 because they are one of the very few accredited labs for
17 that level of testing. So I thought it was just a good
18 idea to get some discussion of what the issue is.

19 CHAIRPERSON SHAPIRO: I think that it's clearly
20 important because we all know that we want better and more
21 testing, drug testing, but we also have to be realistic
22 that just as we can't get any money, can't use the money
23 from our fines, you know, we are under financial
24 constraints. The California Horse Racing Board has a
25 budget of about eight and a half million dollars, and we

1 also, as time goes on, we want to do more medical equine
2 research. We want to do more testing. We need to do more
3 qualitative, not just quantitative, testing. And as new
4 drugs appear on the marketplace, we need to find ways to
5 detect them. And it's very difficult thing. And for
6 those of you that don't know it, we do -- We have
7 requested a budget increase of \$850,000 this year for
8 additional testing. And we would -- You know, it's
9 important the industry support this request. Also educate
10 the legislature on how important this is to the integrity
11 of the industry and also how challenging this subject is
12 to protect the integrity of the game. So I hope that
13 those in the audience will please spread the word. It's
14 important to all of us, but it's of vital importance to
15 us.

16 BOARD MEMBER HARRIS: One thing to keep in mind,
17 that all this money does come from racing. That is not
18 really general funded by the people, except that if it
19 didn't go into this program, it would go into the general
20 fund. But really the money is derived from pari-mutuel
21 handles. So it's not really taking away from anyone.

22 BOARD MEMBER MOSS: Is that doubling actually the
23 amount?

24 CHAIRPERSON SHAPIRO: No. It's not a doubling of
25 the amount. It's currently --

1 EXECUTIVE DIRECTOR FERMIN: The current budget is
2 1.3 million, and we're asking for the 850,000. Actually,
3 in dollars and such, our budget is -- because of cuts
4 through the years is less than it was in the mid '90s, and
5 costs have certainly gone up. I think we're very
6 fortunate that we're with the Maddy Lab. And we're
7 working very hard for this augmentation and Commissioner
8 Moretti has been very helpful as well as Commissioner
9 Harris and Mr. Shapiro. And it's really vital because
10 it's not just blood and urine testing of post samples, but
11 after reading that's going on in the East, we need to
12 start looking at competition testing and some of the
13 things that, you know, with what's going on in baseball,
14 track and field, and such. We have to look at this with a
15 whole new eye and perspective.

16 CHAIRPERSON SHAPIRO: So you know, when you look
17 at other states, that we're behind other states in terms
18 of dollars that they -- if you look at Florida, New York,
19 New Jersey, and a few others, we are way behind in the
20 amount of money that is available to us. And I have to
21 say that, you know, the tracks -- the tracks and the
22 horsemen have stepped up, and they have been supplementing
23 the testing and the costs of tests. So we have done some
24 great things out here, but given the budgetary crisis
25 that's in Sacramento, we're doing all we can to improve it

1 as we improve the quality and the level of our testing,
2 and but to be able to do more, we need more money and we
3 need the industry at this point.

4 EXECUTIVE DIRECTOR FERMIN: We looked at most of
5 the major states and we're well below budget. New York is
6 3.2 million; Pennsylvania reported to us that they are
7 4 million, so we're really well below.

8 MR. JAMGOTCHIAN: Mr. Chairman, with regards to
9 the testing, obviously the state is woefully behind other
10 states. I agree with Ms. Fermin, for a change. At Del
11 Mar, as an example, there was a collection of 60 to 70
12 syringes taken from a Dr. Blew (phonetic) and other vets
13 that I became aware of, and that these syringes to date
14 have not been checked. Now, this is, we're talking about
15 August of last year.

16 This kind of relates to something that maybe the
17 Board doesn't know, similar to Intercontinental, but I'm
18 here to disclose it to you today, that well, you will find
19 out that on veterinarians' records, it says "syringe
20 collection" and it states that the matters are still
21 pending. I've been told, the reason why these matters are
22 still pending was Dr. Scott Stanley (phonetic) didn't want
23 to do the tests, and to date, have not returned any
24 results. So the cases have not been closed. In his
25 deposition of Dr. Blew, we talked to her about this and

1 she said that it still hasn't been closed.

2 So I wanted to ask the Board why they would take
3 60 to 70 syringes from vets, send them up to Sacramento,
4 have open cases on these syringes and not have findings or
5 results.

6 CHAIRPERSON SHAPIRO: Mr. Jamgotchian, as I hope
7 you've heard here -- and we're not here to address any
8 specifics that are related to any particular case or any
9 incident, so we're got going to respond, because frankly
10 we don't have the answer, I don't think to address that
11 question. But I hope that you will join us in supporting
12 that we clearly need to do more testing, better testing,
13 and any efforts you can do to help us of gaining the
14 funds. I hope you will support them.

15 MR. JAMGOTCHIAN: My question is, why the funding
16 that you currently have hasn't taken the 60 to 70 syringe
17 analysis that was done many, many months ago at Del Mar.
18 It seems to me --

19 CHAIRPERSON SHAPIRO: Mr. Jamgotchian, no. I'm
20 not going to go there. I'm not going to talk about
21 specific syringes that were taken back on a specific date.
22 This matter is to discuss the policies of the Board.

23 Now, what I'm telling you is, if it's not clear
24 that we are utilizing the funds that we have available to
25 us, to test and do all the medication testing that we can.

1 Our budget for this entire Board is 8.5 million. Our
2 medication testing budget is 1.3 million. We are seeking
3 in the legislature an increase of \$850,000.

4 I hope you will join us in supporting us that we
5 can do all the testing necessary to protect the integrity
6 of the game. So that's what this issue is about.

7 MR. JAMGOTCHIAN: So why are we collecting
8 syringes then if they are not going to be reviewed? It
9 seems like --

10 CHAIRPERSON SHAPIRO: Mr. Jamgotchian, Mr.
11 Jamgotchian --

12 MR. JAMGOTCHIAN: Yes.

13 CHAIRPERSON SHAPIRO: We collect as many samples
14 as we can. We test as many samples as we can.

15 I cannot simply address any specifics on any
16 syringes or anything like that. We're not going there.

17 MR. JAMGOTCHIAN: Mr. Shapiro, would you consider
18 it to the attention of the Board to find these 60 to 70
19 syringes --

20 CHAIRPERSON SHAPIRO: That is not an agenda item
21 to discuss.

22 MR. JAMGOTCHIAN: So you don't really care about
23 this, one way or the other.

24 CHAIRPERSON SHAPIRO: Please don't tell me what I
25 care about and what I don't care about. Okay? I care

1 about doing what we can do improve the industry, and I've
2 asked you nicely and I've stated what this agenda item is
3 about. And we're now going to move on.

4 I hope that you will support our desire to
5 increase our medication testing budget so that we can test
6 every possible sample in every appropriate matter.

7 Thank you very much.

8 MR. JAMGOTCHIAN: Is it your desire --

9 CHAIRPERSON SHAPIRO: Item No. 13. Discussion and
10 action by the Board on CHRB Rule 1876 - Financial
11 Responsibility. I believe that was -- Mr. Harris, you
12 asked about that.

13 BOARD MEMBER HARRIS: I think we were -- One of my
14 concerns was just how much time does the Board have to
15 devote to financial responsibility. Because we got into
16 it and it does seem like a pretty complex issue that we
17 may really want to defer the additional discussion to this
18 to the stewards committee, because they are the ones who
19 are really doing it. And I would like to make an
20 objective analysis. We need to get more information. So
21 at this time, I don't think we want to delve into this.

22 CHAIRPERSON SHAPIRO: I think that's the
23 appropriate action. I agree with you and I share your
24 view that our stewards sometimes seem to be bill
25 collectors and having to deal with certain issues that

1 perhaps we need to get some data on, on how much time they
2 have to spend making sure that Bob paid Harry for the
3 carrots that he delivered to the barn. And I don't
4 think --

5 BOARD MEMBER HARRIS: I agree. We really need to
6 get this into the system, because it's more than just the
7 stewards. It's also investigators and what threshold we
8 should look at.

9 CHAIRPERSON SHAPIRO: I agree.

10 So let's defer this matter to the Stewards
11 Committee of which we're on it.

12 And I would ask that staff please provide us with,
13 in advance of that meeting, some analysis of trying to
14 update us on what is involved and what's taking place.

15 Item No. 14, discussion and action by the Board on
16 the matter of setting Board meeting days and locations.

17 This is a discussion item that I would like to
18 have. It seems to me -- and I do want the industry's
19 participation -- that we all come together for these Board
20 meetings and on many occasions we also have committee
21 meetings the day prior. We also schedule these Board
22 meetings on racing days.

23 Personally, I thought that we should look to try
24 to move the meetings to Tuesdays, which are not typically
25 non-racing days and start the meeting at 1 o'clock and let

1 committee meetings be earlier in the day, and that way it
2 would not inconvenience everybody where they have to stay
3 over, if you're from out of town, and that it would just
4 maybe streamline it and also we wouldn't be under the
5 crunch of not being able to see the first or third race or
6 whatever race you want to see.

7 So I wanted to entertain that. I'm looking at
8 changing the dates of the meetings, so they would fall on
9 Tuesday. We would try to have committee meetings early in
10 the morning and get it all wrapped up in one day. And I
11 would like to hear what the others commissioners feel
12 about that, as well as the participants that come to these
13 meetings.

14 BOARD MEMBER HARRIS: I've asked that we do
15 discuss it. I think that the idea is probably a good
16 idea. I'm just not sure we want to do that for every
17 Board meeting. I think we need to try it as an experiment
18 and see how it works.

19 I think there is a value of being in a track while
20 it is a live racing track and taking a look at the new
21 improvements they have made or the type of racing program.

22 CHAIRPERSON SHAPIRO: You just want us to see a
23 Harris Farms horse at every track we go to.

24 (Laughter.)

25 BOARD MEMBER HARRIS: Usually it happens that

1 regardless of where we are, my horse is racing at the
2 other track. It's almost impossible to make it work for
3 me. But I think to try that format, but I think to see us
4 have it as just the only format we have.

5 I would like to hear from -- I'm not sure which
6 days most of these tracks -- Is it 7 days a week? Does it
7 really make a difference or is that their day off?

8 CHAIRPERSON SHAPIRO: And lastly I also would like
9 to schedule a meeting, perhaps have a meeting, at the
10 Maddy Lab or some other places that would be not just at
11 the racetracks so that some of the people, including
12 myself, would be able to go and see the facilities of
13 which we deal with that are part of our industry that we
14 don't see it.

15 BOARD MEMBER HARRIS: I think we also need to look
16 at the Sacramento meeting and see if we can tie that into
17 Legislative Day or visit the Maddy Lab or I would like to
18 see us have two meetings a year in Sacramento, because
19 that is the state capital and that's where our offices are
20 located. And we would have a lot of tie-in to legislators
21 and things like that.

22 VICE CHAIRPERSON MORETTI: I think that would be a
23 good idea to give the opportunity to the Board to go and
24 meet with some of the legislators.

25 BOARD MEMBER MOSS: I agree with that. I was

1 going the agree with John on the idea of the two meetings
2 in Sacramento. And I think we should look at the schedule
3 and see if we could include a Tuesday. The question I
4 have is that usually the facilities we use for these
5 meetings, here at racetracks, and racetracks actually
6 welcome us on a Tuesday. That's the question. So I will
7 throw that to you.

8 MR. CHARLES: Since there's so many people eager
9 to speak on this, I think personally speaking, I wouldn't
10 see a problem with doing it. It certainly would be worth
11 a try.

12 Tuesday at Santa Anita, we could certainly be able
13 to accommodate you. And it would alleviate some problems.
14 It might create some inconvenience, but it's certainly
15 worth a try that we would be willing to do.

16 CHAIRPERSON SHAPIRO: Okay.

17 Does anybody have an objection? No one's coming
18 forward. Does anybody have an objection that we would
19 schedule it on an off racing day?

20 MR. BLONIEN: Mr. Chairman and members, Rod
21 Blonien.

22 Tuesdays is a difficult day for those who work the
23 capitol, because Tuesday is the day that Senate
24 Governmental Organizational Committee meets. And the
25 meeting usually starts at 9:30 and perhaps is over by

1 noon. And so if we had bills up there, it would be
2 difficult for us to get someplace in Southern California
3 to attend a meeting. But we're just one or two of us that
4 probably practice before the legislature, and practice
5 here as well.

6 It wouldn't be a problem, of course, when the
7 legislature is out of session, which would be the month of
8 July and September and October, November, December. But
9 January through May and actually January through June, it
10 would be difficult to be in two places.

11 CHAIRPERSON SHAPIRO: Then what I'm going to
12 suggest is that I'm going to ask staff if they would look
13 at working with us and perhaps trying to make some
14 revisions to the remainder of the year, for this year.
15 There are certain places where I know we've got hotel
16 reservations and people have booked rooms and so forth.
17 I'm not looking to disrupt it.

18 Unfortunately, it's my understanding that
19 Legislative Day I think is going to be on the 19th of
20 June. And that's a Monday, is it? It's a Monday. So I
21 don't know if perhaps I know our good friends from the
22 Alameda County Fair want to come there, but we were there
23 last year. And I think it's important that we go to other
24 places so that maybe we could start in June, if we could,
25 of maybe the day, the day after the Legislative Day, where

1 we could do it in Sacramento.

2 BOARD MEMBER HARRIS: That would be good, because
3 that would be a Tuesday and that would be in Sacramento.

4 CHAIRPERSON SHAPIRO: Right.

5 And so I will ask staff to work on that with me
6 and let's see if we can put something on. Okay?

7 BOARD MEMBER HARRIS: I think it's also good if we
8 do meet at a track or wherever, that we tie in some
9 educational component of the meeting. That if there's
10 anything at all, of interest, which hopefully there is,
11 that we could see Jack's new turf course or new whatever
12 area down there, the new carpet you'll have here soon.

13 MR. CHARLES: One last point. I thought about, it
14 would make it inconvenient though on the subcommittee
15 meetings. It is difficult to travel a long way and then
16 have to come back the next day. If we could meet in the
17 morning and follow it up with a meeting, I think it would
18 be beneficial.

19 CHAIRPERSON SHAPIRO: Thank you.

20 All right. Moving on to the committee reports,
21 which is the report of the Race Dates and Strategic Plans
22 Committee, this meeting was originally scheduled for
23 yesterday. It was delayed and it will be rescheduled.

24 I would simply like to make a statement that as we
25 have advised everybody, the Race Dates and Strategic

1 Planning Committee this year is trying to go in a
2 different direction. We are trying to take a stand back
3 and look at all of the possible alternatives to direct
4 California racing to a bright future. We are looking at
5 what we can do to place the best horse racing and the best
6 venues and maximize the benefit for the entire industry.

7 This strategic planning will encompass taking all
8 parties' views and perspectives and trying to develop
9 alternative contingency plans in the event that we lose
10 one or more of our racetracks that are currently used as
11 racetrack properties. It is imperative, at least, I
12 believe, at least in my opinion and Commissioner Moretti's
13 opinion, that we take a step forward, and other
14 commissioners, to plan an orderly and long-term view of
15 where this industry is going. And so I hope that
16 everybody will participate in these meetings. We do want
17 to hear everybody's views, and we need to recognize that
18 we want to improve the racing program in California with
19 what product we have. And while we may like to obtain
20 other forms of industry to participate with us, such as
21 the gaming -- whether we get into gaming or instant racing
22 or other things -- we need to fix horse racing and we need
23 to put the best show we can on the track and enhance our
24 business. So that will be the idea of which this
25 committee will meet. And it's -- Of course, it will also

1 deal in the normal course of business with the racing
2 calendar. So in the future we will have a meeting. We
3 will discuss it. And that's the report of the
4 non-existent racing committee meeting yesterday. All
5 right?

6 Anybody have any other comments?

7 We will move on to item No. 16, which is general
8 business.

9 Is there any general business that needs to come
10 before the Board? There is none. Excuse me. Are you
11 going to address general business?

12 MR. CASWELL: Ronald Caswell. One of the items in
13 the general business is future action of the Board. And
14 one of the things that I thought that I would bring up
15 today is that last time, when we were up in Oakland, I
16 mentioned that there is problems with some unwritten set
17 of rules and differential enforcement of rules and I have
18 been approached by a number of owners or licensees about
19 issues where they feel that they are being singled out by
20 stewards or investigators unfairly, that there's uneven
21 enforcement of the rules. And it occurred to me that one
22 of the problems in the way that horse racing is being
23 governed now is that there's no neutral oversight panel.
24 In other words, there's the Board itself, but the Board
25 itself would be -- not really dealing with the front

1 lines. So you have the stewards enforcing the rules.
2 YYou've got the investigators investigating and also taking
3 certain actions. But who does the trainer go to when the
4 trainer needs to speak to somebody that they feel will
5 actually represent them? The answer is nobody. Who does
6 the small horse owner go to when they need someone to
7 represent them? And the answer is nobody.

8 It occurred to me, because I'm being approached,
9 frequently now, by people who say, "This is what happened.
10 Can I sue?" And my answer to the Board, or my suggestion
11 to the Board, is it should never come to me. It should go
12 to some type of an independent panel that says, "What that
13 steward did is wrong. What that investigator did is
14 wrong."

15 If there's a harassment claim, why should it end
16 up in litigation as opposed to before a neutral panel,
17 that can actually help regulate the industry. Isn't that
18 what it's about? I hear the phrase "always in the best
19 interest of the industry." Well, it's not in the best
20 interest of the industry to have these small owners of the
21 relatively poor licensees; the ones who are the trainers;
22 the ones who are the groomsmen; the ones who can't really
23 afford to retain an attorney; the ones who have no voice
24 here today. Who speaks for them? And so it occurred to
25 me that under the general business for future action, the

1 Commission should consider setting up some type of an
2 independent panel. "Independent" being the key word. It
3 shouldn't be investigators who are part of the panel; it
4 shouldn't be stewards who are part of the panel. It
5 should either be licensees themselves or it should be
6 people who are not part of the game so that they could
7 actually come from fresh eyes and fresh ears and say, you
8 know, "What happened here is wrong and it should be
9 changed." And then they could give advice, perhaps, to
10 the Commission who could then take action steps to correct
11 something that's wrong with the sport. Because what's
12 going to happen is you're going to be driving out a lot of
13 the small owners and smaller licensees. It was just
14 something that I thought that you might --

15 CHAIRPERSON SHAPIRO: I appreciate the comments,
16 Mr. Caswell. And so you know, there are organizations
17 that do represent a lot of rules that you're referring to.
18 I won't say all because I don't know. But if there is a
19 small owner and he has a problem, he certainly can go to
20 TOC, which is the body that represents the owners. If
21 he's a trainer, he certainly can go to CTT, which
22 represents him.

23 They also have -- The California Horse Racing
24 Board staff is there to listen and make sure that its
25 people are not being unfair to any participant at any

1 level.

2 You are correct that we sit in a quasi-judicial
3 body and so we can't get involved in particular
4 complaints. Now, having said that, I know that all of us
5 are here at the track pretty much. And every time I come
6 along, you know, somebody comes up and somebody says, "Gee
7 you know, I wasn't -- this happened to me, this happened
8 to me," or whatever. And I know that I do try to look
9 into it and in fact I found that the management from each
10 of the racetracks has been extremely receptive to having
11 their people rectify their situations. And if there's an
12 issue with the track and if it's there's a problem with
13 the licensee, I know that, you know, I contact our staff
14 and ask them to look into it.

15 But I appreciate the comment that you're making,
16 and if we can do a better job or creating better
17 communication with the various bodies that are formed to
18 represent these people, then I think, you know, we're
19 there to do that. You know, if they are part of the union
20 personnel, they have union reps and everything else.

21 So I appreciate the comment and, you know, I think
22 that there's a way, if you want to suggest to us, that you
23 think that there can be some form of an ad hoc committee
24 to look into things and try to help them, I'm very
25 receptive to it.

1 MR. CASWELL: Thank you. I would even illustrate
2 the need for it, and I thank you for considering it.

3 Two examples and then I will be done. I don't
4 need to take any more time of the people here today.

5 One was an instance that I uncovered recently
6 where a jockey was interfered with during the course of a
7 race. And although there was going to be action taken by
8 it, the jockey was approached by a steward and informed
9 the jockey that if he testified, that it would cause him
10 all kinds of trouble. And this occurred just before the
11 jockey was to testify. The jockey ended up not testifying
12 to anything meaningful. He testified that he had
13 forgotten everything that occurred and nothing happened.

14 Of course, we can say that he had recourse to go
15 to somebody that would represent him, but the power in
16 charge let him know that that was not to happen.

17 And the second example -- and then I'll be done.
18 I don't mean to waste everybody's time. Recently I was
19 told by somebody that approached me for representation
20 that the rules don't apply the same and that, in this
21 particular person's case, that this person's interest
22 weren't important to horse racing, that if she had been a
23 big trainer, if she had been a big owner, that they would
24 govern differently, but that she was powerless to do
25 anything about it and they continued to harass her. It's

1 wrong.

2 Now, she can go to who? The people who help the
3 trainers. She can go to people who own horses. The
4 bottom line is that when it's the authority structure
5 itself, that's wrong, and that it's somehow corrupted.
6 She's not going to go to these people because they are
7 going to be reluctant to help too because they are going
8 to be before the same people as well and they don't want
9 to step on any toes. That's why I'm suggesting that an
10 independent body sure would help eliminate that issue.

11 CHAIRPERSON SHAPIRO: Mr. Caswell, I appreciate
12 that. And certainly every participant should be treated
13 fairly, and I believe every member of this Board and this
14 staff should make sure that every licensee, whether it be
15 the smallest to the largest, should be treated fairly.

16 And I hope that you will simply -- and I'm not
17 going to refute any example that you use -- but as you
18 also know, that sometimes people's perception, the way
19 they are being treated, may not be the way they are
20 treated. And I believe that maybe she was disgruntled at
21 an outcome of an event that may have made her feel that
22 way. But on the other hand there was -- there could have
23 been, in fact, hearings and other issues that could have
24 been taken place where she was, in fact, treated fairly.
25 But nevertheless, the point is made and I appreciate it.

1 MR. CASWELL: Sure. I understand.

2 BOARD MEMBER HARRIS: I think we do need to
3 encourage people to go to their organization, whether it
4 be a Jockey Guild or TOC. And I'm not sure if there's
5 some disconnect there that is not -- that they don't feel
6 empowered to go to the people or the people don't feel
7 empowered to act or what. We need to make sure that, you
8 know, any problem -- some of these problems when we really
9 get into them are not exactly stated.

10 CHAIRPERSON SHAPIRO: I agree.

11 And that's why, you know, it is certainly our goal
12 to treat everybody equally and everyone should be treated
13 equally.

14 BOARD MEMBER HARRIS: Clearly, the incident where
15 the jockey was -- that would be a clear example of
16 tampering with a witness is a major crime, that if that
17 jockey would go to the Jockeys Guild, I'm sure Barry Broad
18 would be delighted in that case.

19 CHAIRPERSON SHAPIRO: But again, I mean, I will
20 tell you, I speak to Darryl Hare (phonetic) all the time
21 and I've never heard of an incident like that.

22 I e-mailed Barry Broad yesterday. And it's not to
23 his attention. These people need to take it to the people
24 and not just say, well, my choice is only going to a
25 lawyer or saying nothing. And I think you will find that

1 our intent and our desire is to do the right thing.

2 Yes, ma'am.

3 MS. YOUNG: Candace M. Young. I'm an owner.

4 BOARD MEMBER HARRIS: Can you speak up a bit?

5 MS. YOUNG: My name is Candace M. Young. I'm an
6 owner. And the person that I'm speaking about is my
7 daughter, not only my trainer. And I'm telling the CHRB
8 Board, who I have all due respect, you only hear what they
9 want you to hear. You're not being told everything. So
10 when decisions are made to you, you are only hearing what
11 they want you to hear, meaning the CHRB officers.

12 I'm going to give you an example. They came into
13 our barn. They went through the tack rooms. They went
14 through the office. There was a report made that there
15 was drugs in our barn. The trainer comes from a law
16 enforcement family, of Torrance PD, for 30 areas.

17 I have thousands of dollars invested in horses. I
18 was told, there was a report written, that I cannot find.
19 And the report states that there was a bong, whatever a
20 bong is, was found in the tack room. They then wrote the
21 report, which I have never seen and I can't get ahold of
22 it, because there is no report, according to the CHRB.

23 My daughter, who is my trainer, was told, she had
24 to go to the bathroom in a cup. I went to the
25 investigator and I asked him, what grounds do you have on

1 putting her, making her go to the bathroom in a cup?
2 There was a bong found in the barn. I said, "Where is the
3 bong?" There is no bong. Well, then why is there a
4 report? Because the investigator that apparently saw the
5 bong wrote a report on it.

6 BOARD MEMBER HARRIS: What is the term? I'm not
7 clear. Is it "bomb?" B-O-M-B?

8 MS. YOUNG: I have no idea. A bong.

9 CHAIRPERSON SHAPIRO: Are you talking about a
10 bong, B-O-N-G, or a bomb, B-O-M-B? Do you know? Is it
11 something used for drugs? It's a bong, B-O-N-G, not that
12 I would know.

13 (Laughter.)

14 CHAIRPERSON SHAPIRO: Can I just ask you --

15 MS. YOUNG: I --

16 CHAIRPERSON SHAPIRO: One second. I'm interested
17 in what you're saying.

18 MS. YOUNG: My point is this.

19 CHAIRPERSON SHAPIRO: Let me just finish, please.

20 I don't want to hear the specifics of a case.

21 MS. YOUNG: You need to because you guys made a
22 ruling this morning.

23 CHAIRPERSON SHAPIRO: That's the problem here.

24 If you are looking for us to do something that
25 would be pertinent to a ruling and you tell us about it,

1 we can't deal with it. The problem -- You have to
2 understand, as we sit here, if it's something that you
3 want to appeal and want to get an attorney for because you
4 thought you were mistreated, don't tell us about it now.
5 Now's not the time. I'm not saying you shouldn't do that.
6 I'm not trying to dissuade you. But don't tell us about
7 the facts, because it will work against you. That's what
8 I'm trying to tell you.

9 MS. YOUNG: You're asking me to let you guys know
10 what you can do to --

11 CHAIRPERSON SHAPIRO: In a general respect, yes.

12 MS. YOUNG: Okay. I'm letting you know. I'm
13 telling you, it is not fair on the backside. I have been
14 in here since '99. I worked with Bobby Franco (phonetic).
15 I know what goes on. I know what goes on. It takes a
16 phone call; that's all it takes. I have been with Johnny
17 Fay (phonetic). I have been with the big boys. I know
18 the difference in training with a small trainer and I know
19 the difference in training with a big trainer.

20 I've had support from the big boys, personally,
21 where a phone call only needs to be made. And you guys
22 need to fix your CHRB investigators that only show you
23 what they want you to see. There's two sides of the story
24 and you're not being presented both sides. You need to
25 look into this because you're going to lose all your small

1 trainers.

2 CHAIRPERSON SHAPIRO: Okay. I appreciate it. I
3 will ask that we try to look at what -- You know, I
4 appreciate what you're saying. I'm not arguing with what
5 you're saying. And if that's going on, then I agree that
6 we need to find a way to address if somebody is treating
7 any licensee unfairly, that's not what we want.

8 MS. YOUNG: Do you know how I'm treated as an
9 owner on the backside? I'm not treated like Mr. Amarin
10 (phonetic.) I'm not treated like Judmont (phonetic). I
11 have been with these guys. I'm not treated like Mr. Moss
12 or Mr. Harris. I'm a little person, a little owner. I
13 only spend about 20,000 a month. I don't spend like the
14 big boys spend.

15 CHAIRPERSON SHAPIRO: Look, what I would urge you
16 to do, okay, is I would ask you, you should talk to your
17 representative, which is TOC. You should bring to
18 light --

19 MS. YOUNG: I will talk to an attorney. I don't
20 want to be pushed that far. You're asking the public to
21 do -- You're asking me what you can do to fix what's going
22 on in the backside. You guys continue with these small
23 owners and small trainers, you guys aren't going to have
24 them soon.

25 CHAIRPERSON SHAPIRO: Please understand, I'm

1 trying to tell you that we can't hear the specifics of an
2 incident at this Board, which we simply cannot do that.

3 I can tell you, you can hire an attorney; you can
4 go to TOC, which is the representative that represents the
5 owners; you can ask them to look into something on your
6 behalf. I don't know where else we can do. If our staff
7 is doing something wrong, you certainly are able to lodge
8 a complaint against any staff member, and it will be
9 looked into. Beyond that, I don't know what we can do for
10 you here.

11 MS. YOUNG: So we are the little people here that
12 spend thousands of dollars every month, not getting the
13 fair treatment that the guys that can afford it. Now, I'm
14 spending a thousand dollars a month, and you're telling me
15 to go get an attorney when I have the CHRB sitting in
16 front of me. And then you make a ruling --

17 CHAIRPERSON SHAPIRO: I'm trying to lay out for
18 you what your options are.

19 MS. YOUNG: You make a ruling --

20 CHAIRPERSON SHAPIRO: I'm trying to tell you what
21 your options are, okay.

22 Now, unfortunately, I don't know any -- We're not
23 going to talk about a ruling that was made.

24 MS. YOUNG: It was an unfair, unjust ruling.

25 CHAIRPERSON SHAPIRO: Okay. Thank you.

1 BOARD MEMBER HARRIS: With TOC, or CGT like to
2 comment on how they feel, if they feel there's a -- you
3 know, if they have been approached on some of the these
4 issues and what they have done about it?

5

6 MS. CRISMONTE: Hello, ladies and gentlemen. My
7 name is Kay Crismonte (phonetic).

8 I am a thoroughbred owner and breeder in the
9 beautiful state of California. I have also had my
10 experience with the CHRB.

11 My ignorance of the rules left me in a grave
12 situation then. And I'm not claiming that as a defense or
13 reason. I did also go with the naivety that the CHRB was
14 unbiased and would hear both sides of the story. They did
15 not.

16 The cause of this whole action, the truth of it,
17 was not allowed to be presented because of the entities
18 involved. And at this hearing, the stewards at the
19 hearing told me that had no jurisdiction and let's try to
20 mediate a friendly solution. The friendly solution
21 escalated to biasness (sic), hostility, and ended up in an
22 official result which was posted, not only on the CHRB Web
23 site, but on Google, which has cost me thousands of
24 dollars in business.

25 So I have called my own appeal to rectify the

1 situation and have the truth heard. The CHRB's viewpoint
2 should be one of unbiasedness because we should not have to
3 result to lawyers, with an unbiased panel in front of us,
4 to adjudiate (sic) both sides and hear all the evidence.
5 Whether they care about the entities involved or not is
6 not their jurisdiction. Okay?

7 So what I think is a good solution, and I want to
8 put it forth as a possible solution, to quiet the noise in
9 the field, every new owner that comes in and gets licensed
10 should be issued the rules and regulations of the CHRB
11 with a letter that says they are governed by these rules.
12 I have looked high and low for this book and cannot find
13 it anywhere. I have educated myself on the Internet. I
14 am no longer aggrieved. I'm ready to go.

15 But I know there's a lot of seasoned, professional
16 senior citizens that do not use the Internet and are not
17 educated. I think every one of these books should be
18 available at every track and at every offsite wagering
19 place. Easily accessible, easily learned, and easily
20 applied. Because in my personal experience, the CHRB
21 stewards misapply the rules also. So again, I am now
22 educated. I am no longer intimidated. And it will all be
23 fixed.

24 But I think as an immediate solution, these books
25 should be printed en masse. They should be available

1 readily. I have not been able to find one anywhere. And
2 they should be issued at the point of licensing to new
3 owners, with a cover letter that states, "These are the
4 rules and regulations that you are bound to. Educate
5 yourself."

6 CHAIRPERSON SHAPIRO: I appreciate this comment.
7 I think it's actually a very good suggestion. I think
8 that we should have books made available in each of our
9 offices. Unfortunately, we're a governmental agency so
10 we're probably going to have to charge a few bucks for it.

11 MS. CRISMONTE: I think with the money I spent in
12 horse racing, I could spare ten bucks.

13 BOARD MEMBER HARRIS: Just to clarify one thing
14 too, it should be clear, if you have a stewards' ruling
15 that you do not agree with, you have the right to appeal.
16 That appeal, you do not have to be represented by an
17 attorney. You can be, but you do not have to.

18 And there have been successful appeals that were
19 absent counsel, so I don't want people to take the
20 attitude that there's not an appeal right unless they want
21 to go hire an attorney.

22 MS. CRISMONTE: No, Mr. Harris. I have appealed.
23 And you're absolutely right. But there's no reason to go
24 the attorney route when the Board should be unbiased.

25 CHAIRPERSON SHAPIRO: All right. And I'm also

1 going to make a suggestion, and having have listened to
2 both you and the prior speaker, that perhaps what we
3 should do is put out something in the industry to
4 licensees that tries to give you a road map of when things
5 actually come before this Board. Because it is confusing,
6 and I understand that there are times when we simply
7 cannot hear, because we sit -- there's both this
8 regulatory body and also judicial body in horse racing.
9 And maybe it would be, if we could say, put out something
10 to all the licensees that say, "If you have a complaint,
11 here's the process or the hierarchy where you go with it,"
12 so that you don't feel frustrated that none of us -- that
13 we don't care. We do care.

14 But unfortunately, there are certain matters that
15 we simply are not allowed by law to listen to, and that's
16 why we have an attorney sitting here. And that's why I
17 have to stop you or others when they get into specifics of
18 the case, because it's not forcing that we can't hear it.
19 But I think it's a good suggestion and I think that we
20 should look to have books available at each of our
21 licensing offices.

22 And I think that we should also try to have some
23 form of a welcoming letter that explains what is the CHRB,
24 what are the different departments of the CHRB, and try to
25 make it a little more user friendly.

1 So your comments are very appreciated.

2 MS. CRISMONTE: Mr. Shapiro, I think the solution
3 is just to issue the CHRB rule book. That's it. You
4 don't need a letter outlining a road map. You just need
5 to issue the books and let people be educated.

6 CHAIRPERSON SHAPIRO: All right. Thank you very
7 much.

8 MS. CRISMONTE: Thank you.

9 CHAIRPERSON SHAPIRO: Appreciate your comments.

10 MR. JAMGOTCHIAN: Okay. Mr. Shapiro, members of
11 the Board, gee, I requested books two months ago, but
12 nothing's ever occurred. Gee, I wonder why.

13 Now, the little owners, they bring up some
14 interesting points. Without little owners, with five,
15 three horses, who's going to fill the races for the big
16 owners? Obviously, there's an uneven playing field
17 because of the drugs that big owners use, like
18 Intercontinental as an example. But in this particular
19 case, this whole system is broken. And it's broken
20 because of Ms. Fermin, because there's no leadership at
21 the top.

22 CHAIRPERSON SHAPIRO: Excuse me.

23 MR. JAMGOTCHIAN: This is my five minutes. You
24 can turn your microphone off.

25 CHAIRPERSON SHAPIRO: You're right. You've got

1 five minutes.

2 However, I'm the chair of the meeting and you're
3 not going to make any personal attacks. If you want to
4 talk --

5 MR. JAMGOTCHIAN: Excuse me.

6 CHAIRPERSON SHAPIRO: No, excuse me.

7 MR. JAMGOTCHIAN: If Ms. Fermin --

8 CHAIRPERSON SHAPIRO: If you want to talk about
9 general business of horse racing, no personal attacks.
10 Otherwise, you will be asked to leave. If you want to
11 make comments under general business, you are welcome to
12 do so on subjects that need to be addressed. However,
13 there will not be any personal attacks of anybody. Now --

14 MR. JAMGOTCHIAN: My first question is with
15 regards to the CHRIS system.

16 The CHRIS system is a state --

17 CHAIRPERSON SHAPIRO: What's a CHRIS system?

18 EXECUTIVE DIRECTOR FERMIN: Could you explain the
19 CHRIS system to Mr. Shapiro?

20 DEPUTY ATTORNEY GENERAL KNIGHT: It's not a
21 question and answer. Do you have any comments?

22 MR. JAMGOTCHIAN: Yes, my comment is, on Ms.
23 Fermin's CHRIS file record, it does not show that she
24 was fined --

25 CHAIRPERSON SHAPIRO: All right. I'm going to

1 stop you again.

2 MR. JAMGOTCHIAN: So you're telling me, the
3 State's computer system is --

4 CHAIRPERSON SHAPIRO: Excuse me. Excuse me. No,
5 I'm not going to talk about what is on the State's
6 computer system.

7 MR. JAMGOTCHIAN: Did she expunge her record?

8 CHAIRPERSON SHAPIRO: You have a problem.

9 MR. JAMGOTCHIAN: Did she expunge her record?

10 CHAIRPERSON SHAPIRO: Excuse me.

11 Mr. Jamgotchian, first of all, I'm not going to
12 address or entertain any discussion from you that is going
13 to deal with any specific allegation of yours. Okay?

14 MR. JAMGOTCHIAN: Okay.

15 CHAIRPERSON SHAPIRO: You have a lawsuit pending
16 against this Board.

17 MR. JAMGOTCHIAN: That's correct.

18 DEPUTY ATTORNEY GENERAL KNIGHT: I would just move
19 the agenda.

20 MR. JAMGOTCHIAN: So you're going to deny me the
21 right for my five minutes?

22 CHAIRPERSON SHAPIRO: Mr. Jamgotchian, if you have
23 any general business that is not pertinent to any specific
24 issue or person, then please make your point for the
25 betterment of horse racing. Otherwise, we're done.

1 MR. JAMGOTCHIAN: For the betterment of horse
2 racing, I don't believe that we should have people that
3 gamble leading --

4 CHAIRPERSON SHAPIRO: Okay. That's it. We're
5 done.

6 I'm going to adjourn --

7 MR. JAMGOTCHIAN: Excuse me.

8 CHAIRPERSON SHAPIRO: -- this horse racing --
9 Excuse me. I'm the chair.

10 Mr. Jamgotchian, we all know what you're doing
11 here. You are out of order.

12 And this meeting is now adjourned.

13 (Thereupon the California Horse Racing Board
14 meeting adjourned at 12:52 p.m.)

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