

CALIFORNIA HORSE RACING BOARD

1010 Hurley Way, Suite 300

Sacramento, CA 95825

www.chrb.ca.gov

(916) 263-6000 Fax (916) 263-6042



REGULAR MEETING

Of the **California Horse Racing Board** will be held on **Thursday, February 20, 2020**, commencing at **9:30 a.m.**, at the **Clubhouse at the California Exposition and State Fair Grandstand, 1600 Exposition Boulevard, Sacramento, California**. The audio portion only of the California Horse Racing Board regular meeting will be available online through a link at the CHRB website (www.chrb.ca.gov) under "Webcasts."

The agenda for the regular meeting will consist of the following matters:

AGENDA

Action Items:

1. **Approval of the minutes of January 22, 2020.**
2. **Executive Director's Report.**
3. **Medical Director's Report.**
4. Discussion and action by the Board regarding the **distribution of race day charity proceeds of the Pacific Racing Association II and Pacific Racing Association dba Golden Gate Fields, combined 2019 summer and autumn race meetings in the amount of \$14,094.33 to eight beneficiaries.**
5. Discussion and action by the Board regarding the **distribution of race day charity proceeds of the Los Angeles Turf Club II, incorporated dba as Santa Anita Park, 2019 autumn race meeting, September 25, 2019 through October 31, 2019, and November 3, 2019 in the amount of \$20,905.00 to ten beneficiaries.**
6. Public hearing and action by the Board regarding the **proposed amendments of CHRB Rule 1843.3, Penalties for Medication Violations; CHRB Rule 1843.5, Medication, Drugs, and Other Substances Permitted After Entry in a Race, and CHRB Rule 1844, Authorized Medication**, to codify the Board's prior temporary suspension of authorized medication for all horses participating in all licensed horse racing meetings.
7. Public hearing and action by the Board regarding the **proposed addition of CHRB Rule 1866.2, Shockwave Therapy Restricted**, to provide procedures for the use of Extracorporeal Shock Wave Therapy (EWST) or Radial Pulse Wave Therapy within a CHRB inclosure.

8. Public hearing and action by the Board regarding the **proposed addition of CHRB Rule 1867.1, Use of Bisphosphonates Prohibited**, to prohibit the administration of bisphosphonates to any horse within a CHRB inclosure (Note: This concludes the 15-day public comment period. The Board may adopt the proposal as presented).
9. Discussion and action by the Board regarding the **proposed amendments to CHRB Rule 2071, License to Conduct Advance Deposit Wagering by a California Applicant, and Rule 2072, Approval to Conduct Advance Deposit Wagering by an out-of-state Applicant**, to establish minimum standards for Advance Deposit Wagering account verification and modify the Application for License to Conduct Advance Deposit Wagering (CHRB-132 and CHRB-133).
10. Report from the **Medication, Safety, and Welfare Committee**.
11. Discussion and action by the Board regarding **the proposed amendments to CHRB Rule 1685, Equipment Requirement**, to modify riding crop specifications.
12. Discussion and review of **CHRB Medication Penalty Guidelines pursuant to CHRB Rule 1843.3, Penalties for Medication Violations and proposed guidelines for related violations**.
13. Discussion and action by the Board regarding the **proposed amendments to CHRB Rule 1501, Worker's Compensation Insurance Required, and Rule 1502, Program Trainer Prohibited**, to clarify the parameters of program training prohibition.
14. **Public Comment:** Communications, reports, requests for future actions of the Board. **Note:** Persons addressing the Board under this item will be restricted to **three (3) minutes** for their presentations.
15. **Closed Session:** For the purpose of receiving advice from counsel, considering pending litigation, reaching decisions on administrative licensing and disciplinary hearings, and personnel matters, as authorized by section 11126 of the Government Code.
 - A. The Board may convene a Closed Session to confer with and receive advice from its legal counsel regarding the pending litigation described in the attachment to this agenda captioned "Pending Litigation," and as authorized by Government Code section 11126(e).
 - B. The Board may convene a Closed Session to confer with and receive advice from its legal counsel regarding pending administrative licensing or disciplinary matters as authorized by Government Code section 11126(e).
 - C. The Board may convene a Closed Session for the purposes of considering personnel matters as authorized by Government Code section 11126(a).

Additional information regarding this meeting may be obtained from the CHRB Administrative Office, 1010 Hurley Way, Suite 300, Sacramento, CA 95825; telephone (916) 263-6000; fax (916) 263-6042. This notice is located on the CHRB website at www.chrb.ca.gov. *Information for requesting disability related accommodation for persons with a disability who require aid or services in order to participate in this public meeting, should contact Amanda Drummond.

CALIFORNIA HORSE RACING BOARD

Gregory L. Ferraro, DVM, Chairman
Oscar Gonzales, Vice Chair
Dennis Alfieri, Member
Wendy Mitchell, Member
Alex Solis, Member
Rick Baedeker, Executive Director
Cynthia Alameda, Assistant Executive Director

PROCEEDINGS of the Regular Meeting of the **California Horse Racing Board** (Board) held at the **Department of Consumer Affairs, 1625 N. Market Blvd., 1st Floor Hearing Room, Sacramento, California, on January 22, 2020.**

Present: Gregory Ferraro, Chairman
Oscar Gonzales, Vice-Chairman
Dennis Alfieri, Member
Wendy Mitchell, Member
Rick Baedeker, Executive Director

APPROVAL OF THE MINUTES OF NOVEMBER 21, 2019

Commissioner Dennis Alfieri **motioned** to approve the minutes of the regular meeting on November 21, 2019. Commissioner Wendy Mitchell **seconded** the motion, which was **unanimously carried**. Roll call vote: Aye: Alfieri, Mitchell, Gonzales, Ferraro. Nay: None. Motion carried.

APPROVAL OF THE MINUTES OF DECEMBER 12, 2019

Chairman Gregory Ferraro **motioned** to approve the minutes of the regular meeting of December 12, 2019. Commissioner Alfieri **seconded** the motion, which was **unanimously carried**. Roll call vote: Aye: Alfieri, Mitchell, Gonzales, Ferraro. Nay: None. Motion carried.

EXECUTIVE DIRECTOR'S REPORT.

Executive Director Rick Baedeker reported the financials for December 2019 and year-end 2019 and provided an update on the release of the summary report on racing fatalities

in 2019. Further comments regarding this agenda item can be found in the Board transcript, pages 4–6.

MEDICAL DIRECTOR’S REPORT.

Dr. Rick Arthur, Board Equine Medical Director, reported for December 2019 there were five necropsy submissions. The first half of fiscal year (FY) 2019-20 had 62 fatalities versus 78 for the same time period in FY 2018-19 statewide. He reported six positive test notices were served in December 2019. All the cases were under investigation, or the complaints had been or would be filed shortly. He reported the PET scan was up and running at Santa Anita and that Dr. Spriet received a grant to prove the clinical application of standing PET scan. Further comments regarding this agenda item can be found in the Board transcript, pages 6–13.

DISCUSSION AND ACTION BY THE BOARD REGARDING THE REQUEST FROM SOUTHERN CALIFORNIA OFF TRACK WAGERING INCORPORATED (SCOTWINC) TO MODIFY THE DISTRIBUTION OF MARKET ACCESS FEES FROM ADVANCE DEPOSIT WAGERING (ADW) AS PERMITTED UNDER BUSINESS AND PROFESSIONS CODE SECTION 19604(f)(5)(E) FOR WAGERING CONDUCTED BY THOROUGHBRED ASSOCIATIONS IN THE CENTRAL AND SOUTHERN ZONES FROM FEBRUARY 1, 2020 THROUGH DECEMBER 31, 2020.

Stakeholder comments can be reviewed in pages 13–17 of the Board transcript. Vice-Chairman Oscar Gonzales **motioned** to approve the request from SCOTWINC to modify the distribution of market access fees from ADW for wagering conducted by thoroughbred associations in the central and southern zones from February 1 through December 31, 2020. Commissioner Mitchell **seconded** the motion, which was **unanimously carried**. Roll call vote: Aye: Alfieri, Mitchell, Gonzales, Ferraro. Nay: None. Motion carried.

PUBLIC HEARING AND ACTION BY THE BOARD REGARDING THE **PROPOSED ADDITION OF CHRB RULE 1846.6, POSTMORTEM EXAMINATION REVIEW**, TO REQUIRE A POSTMORTEM EXAMINATION REVIEW OF EACH EQUINE FATALITY WITHIN A CHRB INCLOSURE.

Dr. Arthur stated that the proposed addition of Board Rule 1846.6 provided that postmortem examination reviews were now required and no longer voluntary for trainers or other licensees. Further comments regarding this agenda item can be found in the Board transcript, pages 17–23. Commissioner Alfieri **motioned** to adopt the proposed addition of Board Rule 1846.6. Commissioner Mitchell **seconded** the motion, which was **unanimously carried**. Roll call: Aye: Alfieri, Mitchell, Gonzales, Ferraro. Nay: None. Motion carried.

PUBLIC HEARING AND ACTION BY THE BOARD REGARDING THE **PROPOSED ADDITION OF CHRB RULE 1868, AUTHORIZED MEDICATION DURING WORKOUTS**, TO ESTABLISH THRESHOLD LIMITS FOR THE PRESENCE OF CERTAIN DRUG SUBSTANCES AND MEDICATION IN OFFICIAL TEST SAMPLES TAKEN FROM HORSES AFTER THEY COMPLETE A TIMED WORKOUT.

Stakeholder and public comments can be reviewed in pages 23–34 of the Board transcript. Vice-Chairman Gonzales **motioned** to approve the adoption of Board Rule 1868 to establish threshold limits for the presence of certain drug substances and medication in official test samples taken from horses after they complete a timed workout. Commissioner Mitchell **seconded** the motion, which was **unanimously carried**. Roll call vote: Aye: Alfieri, Mitchell, Gonzales, Ferraro. Nay: None. Motion carried.

PUBLIC HEARING AND ACTION BY THE BOARD REGARDING THE **PROPOSED AMENDMENT TO CHRB RULE 2049, DESIGNATION AND APPROVAL OF HORSEMEN'S WELFARE FUND**, TO 1) INCREASE THE MAXIMUM NUMBER OF DIRECTORS OR TRUSTEES FROM NINE TO ELEVEN; 2) ELIMINATE THE REQUIREMENT THAT DIRECTORS OR TRUSTEES HAVE NO FINANCIAL INTEREST IN HORSE RACING AS A LICENSED OWNER, TRAINER, OR ASSISTANT TRAINER AND ARE NOT A CURRENT MEMBER OF THE HORSEMEN'S ORGANIZATION, IF THE DIRECTORS OR TRUSTEES ARE ALSO COMMON DIRECTORS OF THE HORSEMEN'S ORGANIZATION; AND 3) INCREASE THE TERM FOR DIRECTORS AND TRUSTEES FROM TWO TO THREE YEARS.

Stakeholder comments can be reviewed in pages 34–40 of the Board transcript. Vice-Chairman Gonzales **motioned** to approve the amendment to Board Rule 2049. Commissioner Alfieri **seconded** the motion, which was **unanimously carried**. Roll call vote: Aye: Alfieri, Mitchell, Gonzales, Ferraro. Nay: None. Motion carried.

DISCUSSION AND ACTION BY THE BOARD REGARDING **THE PROPOSED AMENDMENTS TO CHRB RULE 1685, EQUIPMENT REQUIREMENT**, TO MODIFY RIDING CROP SPECIFICATIONS AND REQUIRE RACETRACKS TO SUPPLY AND CONTROL RIDING CROPS.

Raymond Dominguez, retired jockey and inventor of the 360 Gentle Touch (360 GT) riding crop, provided recommendations to the proposed amendment to Board Rule 1685, including that the popper be made of a waterproof material and references to layers in the material be removed. Representatives of the Jockey's Guild (Guild) and Commissioner Mitchell stated that proposed new subsection 1685(e) requiring racing associations and fairs to retain possession of and distribute crops to jockeys should be removed from the proposed amendment. Action on the proposed amendment to Board Rule 1685 was tabled so that staff could further develop the language of the amendment. Further comments regarding this agenda item can be found in the Board transcript, pages 40–93.

DISCUSSION AND ACTION BY THE BOARD REGARDING THE **PROPOSED EMERGENCY AMENDMENTS OF CHRB RULE 1843.5, MEDICATION, DRUGS, AND OTHER SUBSTANCES PERMITTED AFTER ENTRY IN A RACE, AND CHRB RULE 1844, AUTHORIZED MEDICATION**, TO ADDRESS THE BOARD'S PRIOR TEMPORARY SUSPENSION OF AUTHORIZED MEDICATION FOR ALL HORSES PARTICIPATING IN ALL LICENSED HORSE RACING MEETINGS, WHICH EXPIRES ON MARCH 28, 2020.

Stakeholder comments can be reviewed in pages 93–98 of the Board transcript. Vice-Chairman Ferraro **motioned** to approve the adoption of Board Rule 1843.5 and Rule 1844 to address the Board's prior temporary suspension of authorized medication for all horses participating in all licensed horse racing meetings, which would expire on March 28, 2020. Vice-Chairman Gonzales **seconded** the motion, which was **unanimously carried**. Roll call vote: Aye: Alfieri, Mitchell, Gonzales, Ferraro. Nay: None. Motion carried.

REPORT FROM THE STEWARDS COMMITTEE

Darrel McHargue, Board Chief Steward, stated that the Stewards Committee discussed house rules, animal welfare, authorized medication, protocols for the Entry Review Panel, the veterinary list, and intra-articular injections. Further comments, including those from the public, can be reviewed in pages 98–104 of the Board transcript.

PUBLIC COMMENT

Substantial public comment was received from various stakeholders and concerned citizens and can be reviewed in depth in the Board transcript, pages 105–121.

MEETING ADJOURNED AT 12:37 P.M.

A full and complete transcript of the aforesaid proceedings are on file at the office of the California Horse Racing Board, 1010 Hurley Way, Suite 300, Sacramento, California, and therefore made a part hereof.

Chairman

Executive Director

CALIFORNIA HORSE RACING BOARD

FEBRUARY 20, 2020
REGULAR BOARD MEETING

There is no board package material for Item 2

CALIFORNIA HORSE RACING BOARD

FEBRUARY 20, 2020
REGULAR BOARD MEETING

There is no board package material for Item 3

STAFF ANALYSIS
DISCUSSION AND ACTION BY THE BOARD REGARDING THE DISTRIBUTION OF
RACE DAY CHARITY PROCEEDS OF THE PACIFIC RACING ASSOCIATION II AND
PACIFIC RACING ASSOCIATION DBA GOLDEN GATE FIELDS, COMBINED 2019
SUMMER AND AUTUMN RACE MEETINGS IN THE AMOUNT OF \$14,094 TO
EIGHTS BENEFICIARIES

Regular Board Meeting
February 20, 2020

ISSUE

The Pacific Racing Association II and the Pacific Racing Association, doing business as Golden Gate Fields (GGF), is requesting approval to distribute race day charity proceeds generated at two live race meetings for the period of August 14, 2019 through October 1, 2019, and October 16, 2019 through December 17, 2019. GGF is proposing a total distribution of \$14,094.33. The organizations selected and amounts to be distributed are listed on the attachment. Staff notes that 100 percent of the proposed charity distributions are made to equine related charity organizations.

BACKGROUND

Business and Professions Code section 19550 states the Board shall require each licensed racing association that conducts 14 or less weeks of racing to designate three racing days, and each licensed racing association that conducts more than 14 weeks of racing to designate five racing days during any one meeting, to be conducted as charity days by the licensee for the purpose of distribution of the net proceeds there from to beneficiaries through the distribution agent. No racing association shall be required to pay to a distributing agent for the purpose of distribution to beneficiaries more than an amount equal to two-tenths of one percent of the association's total on-track handle on live races conducted by the association at the meeting. Business and Professions Code section 19555 requires that proceeds are to be distributed to beneficiaries within 12 calendar months after the last day of the meet during which charity days were conducted. Business and Professions Code section 19556 provides that the distributing agent shall make the distribution to beneficiaries qualified under this article. At least 30 percent of the distribution shall be made to charities associated with the horse racing industry. An additional five percent shall be paid to a welfare fund and another five percent shall be paid to a non-profit corporation, the primary purpose of which is to assist horsemen and backstretch personnel who are being affected adversely as a result of alcohol or substance abuse. In addition to the above distributions, a separate 20 percent shall be made to a nonprofit corporation or trust, the directors or trustees of which shall serve without compensation except for reimbursement for reasonable expenses, and which has as its sole purpose the accumulation of endowment funds, the income on which shall be distributed to qualified disabled jockeys.

RECOMMENDATION

This item is presented for Board discussion and action. Staff recommends the Board approve the charity race day distribution as presented.

CHRB ANALYSIS

Pacific Racing Association II and Pacific Racing Association dba Golden Gate Fields, 2019 Combined Charity Day Proceeds

August 14, 2019-October 1, 2019 and October 16, 2019-December 17, 2019

#	Nonprofit Organization	Amount	Proposed Disbursement Percentage	Percentage Required By Horse Racing Law (2/10 of 1% on-track, live handle)	Notes
1	California Thoroughbred Foundation*	262.15	2%		a
2	CARMA*	1,260.03	9%		a
3	Edwin J. Gregson Foundation*	2,164.89	15%		a
4	Neigh Savers Foundation*	198.73	1%		a
5	Racetrack Chaplaincy of American*	342.49	2%		a
6	California Thoroughbred Horsemen's Foundation*	1,608.16	11%	minimum of 5%	b
7	Winners Foundation*	3,946.41	28%	minimum of 5%	c
8	Permanently Disabled Jockeys' Fund*	4,311.46	31%	minimum of 20%	d
	Total	\$ 14,094.32	100%	minimum of 60%	e
	Notes:				
	a	30% to charities associated with the horse racing industry (B&P 19556 (b))			
	b	5% to welfare fund (19556 (b)) described in subdivision (b) of Section 19641			
	c	5% to nonprofit organization to assist horsemen and backstretch personnel affected by alcohol and substance abuse (B&P 19556 (b))			
	d	20% to nonprofit organization that benefits qualified disabled jockeys (B&P 19556 (c)(1))			
	e	overall a minimum of 60% of the charity distribution should go to horse racing industry related nonprofit organizations.			

*horse-related organization



January 14, 2020

California Horse Racing Board
Attention: Amanda Drummond
1010 Hurley Way, Suite 300
Sacramento, CA 95825

RE: Pacific Racing Association, Charity Day Proceeds

To Whom It May Concern:

Pacific Racing Association, doing business as "Golden Gate Fields", has determined the beneficiaries of proceeds from Charity Days races conducted at Golden Gate Fields during its 2019 Autumn Meets, August 15, 2019 to September 29, 2019 and October 17, 2019 to December 15, 2019, in the amount of \$14,094.33.

Attached hereto is a list of the organizations selected to be the beneficiaries of the Charity Day proceeds as previously mentioned, which shall be distributed to the charities hereinafter set forth, together with a statement about each recipient. Note that 100% of the distributions are to horse-related charities.

Attached hereto is the official CHRIMS Report of Handle for the said race meet period upon which this distribution is based.

Please calendar this matter for discussion and action by the California Horse Racing Board. Distributions will be made upon approval of the proposed amounts by the Board.

Should you have any questions regarding the distributions or the matter set forth herein, do not hesitate to contact the undersigned.

Very truly yours,

Frank De Marco, Jr.
Vice President, Regulatory Affairs &
Secretary and General Counsel

FDM:st



GOLDEN GATE FIELDS

Pacific Racing Association
Distribution of Charity Days Proceeds

2019 Autumn Meet (August 15, 2019 to September 29, 2019 and October 17, 2019 to December 15, 2019)

		Amounts	Subtotals
I.	Horse Related Charities - BP <u>19556(b)</u> (30% minimum)		
	California Thoroughbred Foundation	\$ 262.15	
	CARMA	\$ 1,260.03	
	Edwin Gregson Foundation	\$ 2,164.89	
	Neigh Sayers Foundation	\$ 198.73	
	Race Track Chaplaincy of America	\$ 342.49	\$ 4,228.30
II.	Welfare Fund for Backside Personnel - BP 19641 (5% minimum)		
	California Thoroughbred Horsemen's Foundation	\$ 1,608.16	\$ 1,608.16
III.	Fund for Subastance or Alcohol Abuse - BP 19556(b) (5% minimum)		
	Winners Foundation	\$ 3,946.41	\$ 3,946.41
IV.	Disabled Jockeys Fund - BP 19556(c) (20% minimum)	\$ 4,311.46	\$ 4,311.46
	Total Distribution:		\$ 14,094.33



GOLDEN GATE FIELDS

LOS ANGELES TURF CLUB, INCORPORATED
Santa Anita Park

I. Horse Related Charities – California B&P Code Section 19556(b) (30% Minimum Distribution)

California Thoroughbred Foundation – CTF is a 503(c) (3) non-profit organization that provides multiple benefits to individuals involved in the Thoroughbred industry. These include scholarship programs for veterinary medicine students at US Davis and maintenance of the Carleton F. Burke Memorial Library.

CARMA – The California Retirement Management Account is organized to raise money for retired California race horses. Their mission statement provides that they assist thoroughbred retirement facilities that care for and retrain horses whose careers have ended after competing in California Thoroughbred races. Their services include tracking of retired California race horses and in working to find homes for retired equines. CARMA also manages a grant request process and distributes funds to qualified retirement facilities caring for such horses. CARMA is dedicated to the goal of providing funding for rehabilitation, retraining and/or retirement of Thoroughbred horses that have raced in California.

Edwin Gregson Foundation – A non-profit charitable foundation organized for the purpose of improving the lives of backstretch worker and their immediate family members at California race tracks. The organization provides backstretch workers with many educational programs, including “English as a second language,” bible studies and provides numerous programs, including computer training programs at its recreation facility, computer games and various magazines in English and Spanish. It organizes family outings for the workers excursions. The organization also maintains a recreational hall at Santa Anita Park for the benefit of the backside workers and their children.

Neigh Savers Foundation – Neigh Savers creates new beginnings for retired racing Thoroughbreds by building relationships, both on and off the track, to help as many horses as possible. Through rescue, rehabilitation and retraining the organization provides the foundation needed for racing Thoroughbreds to successfully transition into new careers. Whether the horse is an Off-Track Thoroughbred (OTTB) ready to end its racing career or one that has been injured on the track or has found itself standing at an auction or on a feedlot with no other options, Neigh Savers strives to make a difference, one OTTB at a time.

Racetrack Chaplaincy of America – The stated mission of the organization is “The overall mission of RTCA, through its councils and chaplains, is to make disciples for Jesus Christ through teaching, preaching, and ministering to the spiritual, emotional, physical, social, and educational needs of those persons involved in all aspects of the horse racing industry.”

II. **Welfare Fund for Backside Personnel - California B&P Code Section 1964J(b) (5% Minimum Distribution)**

California Thoroughbred Horsemen's Foundation – CTHF is a 501(c) (3) nonprofit foundation that provides assistance to the low-income backstretch community occupied with the care of Thoroughbred race horses at California's major race tracks and fair circuits and California Horse Racing Board recognized off-track training centers. The organization maintains three clinics throughout the state, which see over 10,000 people each year, including numerous children who are prepared medically to return to school each year.

III. **Fund for Substance or Alcohol Abuse - California B&P Code Section 19556(b) (5% Minimum Distribution)**

Winners Foundation – The Winners Foundation provides confidential assistance on a one-to-one basis to employees and family members of California race track who are seeking help for alcohol, gambling and drug addiction. Each situation is geared to best support an individual's desire to change his or her life for the better. The Foundation has developed a large referral base and maintains close relationships with community based services such as anonymous 12 step groups, city and county assistance agencies, detox centers, halfway houses and out-patient and in-patient hospital treatment programs. This service is provided to any employee or family member of anyone involved in the California Thoroughbred horse racing community, free of charge. This includes backstretch works, as well as all employees at Del Mar, Golden Gate Fields, Santa Anita and the California Association of Racing Fairs.

IV. **Disabled Jockeys Fund - B&P Code Section 19556(c) (20% Minimum Distribution)**

Permanently Disabled Jockeys' Fund – This is a statutorily mandated distribution per Business and Professions Code Section 19556(c). It provides support to disabled jockeys, as its name implies.

STAFF ANALYSIS
DISCUSSION AND ACTION BY THE BOARD REGARDING THE DISTRIBUTION OF
RACE DAY CHARITY PROCEEDS OF THE LOS ANGELES TURF CLUB II,
INCORPORATED DBA AS SANTA ANITA PARK, 2019 AUTUMN RACE MEETING,
SEPTEMBER 25, 2019, THROUGH OCTOBER 31, 2019, AND NOVEMBER 3, 2019
IN THE AMOUNT OF \$20,905 TO
TEN BENEFICIARIES

Regular Board Meeting
February 20, 2020

ISSUE

Los Angeles Turf Club II (LATC II) is requesting approval to distribute race day charity proceeds generated at its 2019 autumn race meet from September 25, 2019, through October 31, 2019, and November 3, 2019. LATC II is proposing a total distribution of \$20,905.01. The charitable organizations selected and amounts to be distributed are listed on the attachment. Staff notes that 100 percent of the proposed charity distributions are made to horse racing industry related charity organizations.

BACKGROUND

Business and Professions Code section 19550 states the Board shall require each licensed racing association that conducts 14 or less weeks of racing to designate three racing days, and each licensed racing association that conducts more than 14 weeks of racing to designate five racing days during any one meeting, to be conducted as charity days by the licensee for the purpose of distribution of the net proceeds there from to beneficiaries through the distribution agent. No racing association shall be required to pay to a distributing agent for the purpose of distribution to beneficiaries more than an amount equal to two-tenths of one percent of the association's total on-track handle on live races conducted by the association at the meeting. Business and Professions Code section 19555 requires that proceeds are to be distributed to beneficiaries within 12 calendar months after the last day of the meet during which charity days were conducted. Business and Professions Code section 19556 provides that the distributing agent shall make the distribution to beneficiaries qualified under this article. At least 30 percent of the distribution shall be made to charities associated with the horse racing industry. An additional five percent shall be paid to a welfare fund and another five percent shall be paid to a non-profit corporation, the primary purpose of which is to assist horsemen and backstretch personnel who are being affected adversely as a result of alcohol or substance abuse. In addition to the above distributions, a separate 20 percent shall be made to a nonprofit corporation or trust, the directors or trustees of which shall serve without compensation except for reimbursement for reasonable expenses, and which has as its sole purpose the accumulation of endowment funds, the income on which shall be distributed to qualified disabled jockeys.

RECOMMENDATION

This item is presented for Board discussion and action. Staff recommends the Board approve the charity race day distribution as presented.

CHRB ANALYSIS

Los Angeles Turf Club II, Inc. dba Santa Anita Park, 2019 Autumn Meet Charity Day Proceeds

September 25, 2019, through October 31, 2019, and November 3, 2019

#	Nonprofit Organization	Amount	Proposed Disbursement Percentage	Percentage Required By Horse Racing Law (2/10 of 1% on-track, live, handle)	Notes
1	California Thoroughbred Foundation*	275.95	1%		a
2	CARMA*	1,756.02	8%		a
3	Edwin J. Gregson Foundation*	3,098.12	15%		a
4	Holy Angels Church (Backside Permanent Deacon)*	181.87	1%		
5	Racetrack Chaplaincy of American (Southern CA Council)*	407.65	2%		a
6	Southern California Equine Foundation, Inc.*	275.95	1%		a
7	United Pegasus Foundation*	275.95	1%		a
8	California Thoroughbred Horsemen's Foundation*	2,385.26	11%	minimum of 5%	b
9	Winners Foundation*	5,853.40	28%	minimum of 5%	c
10	Permanently Disabled Jockeys' Fund*	6,394.84	31%	minimum of 20%	d
	Total Horse Related Charities	\$ 20,905.01	100%	minimum of 60%	e
	Notes:				
	a	30% to charities associated with the horse racing industry (B&P 19556 (b))			
	b	5% to welfare fund (19556 (b)) described in subdivision (b) of Section 19641			
	c	5% to nonprofit organization to assist horsemen and backstretch personnel affected by alcohol and substance abuse (B&P 19556 (b))			
	d	20% to nonprofit organization that benefits qualified disabled jockeys (B&P 19556 (c)(1))			
	e	overall a minimum of 60% of the charity distribution should go to horse racing industry related nonprofit organizations.			

*horse racing industry-related organization



January 14, 2020

California Horse Racing Board
Attention: Amanda Drummond
1010 Hurley Way, Suite 300
Sacramento, CA 95825

RE: Los Angeles Turf Club, Incorporated, Charity Day Proceeds

To Whom It May Concern:

Los Angeles Turf Club, Incorporated, doing business as "Santa Anita Park", has determined the beneficiaries of proceeds from Charity Days races conducted at Santa Anita Park during its 2019 Autumn Meet, September 27, 2019 - November 3, 2019, in the amount of \$20,905.00.

Attached hereto is a list of the organizations selected to be the beneficiaries of the Charity Day proceeds as previously mentioned, which shall be distributed to the charities hereinafter set forth, together with a statement about each recipient. Note that 100% of the distributions are to horse-related charities.

Attached hereto is the official CHRIMS Report of Handle for the said race meet period upon which this distribution is based.

Please calendar this matter for discussion and action by the California Horse Racing Board. Distributions will be made upon approval of the proposed amounts by the Board.

Should you have any questions regarding the distributions or the matter set forth herein, do not hesitate to contact the undersigned.

Very truly yours,

Frank De Marco, Jr.
Vice President, Regulatory Affairs &
Secretary and General Counsel

FDM:st



Los Angeles Turf Club, Incorporated
Distribution of Charity Days Proceeds
2019 Autumn Meet (September 27, 2019 - November 3, 2019)

		Amounts	Subtotals
I.	Horse Related Charities - BP <u>19556(b)</u> (30% minimum)		
	California Thoroughbred Foundation	\$ 275.95	
	CARMA	\$ 1,756.02	
	Edwin Gregson Foundation	\$ 3,098.12	
	Holy Angels Church (Backside Permanent Deacon)	\$ 181.87	
	Race Track Chaplaincy of America (Southern California Council)	\$ 407.65	
	Southern California Equine Foundation, Inc.	\$ 275.95	
	United Pegasus Foundation	\$ 275.95	\$ 6,271.51
II.	Welfare Fund for Backside Personnel - BP 19641 (5% minimum)		
	California Thoroughbred Horsemen's Foundation	\$ 2,385.26	\$ 2,385.26
III.	Fund for Substance or Alcohol Abuse - BP 19556(b) (5% minimum)		
	Winners Foundation	\$ 5,853.40	\$ 5,853.40
IV.	Disabled Jockeys Fund - BP 19556(c) (20% minimum)	\$ 6,394.84	\$ 6,394.84
	Total Distribution:		\$ 20,905.01



LOS ANGELES TURF CLUB, INCORPORATED
Santa Anita Park

I. Horse Related Charities – California B&P Code Section 19556(b) (30% Minimum Distribution)

California Thoroughbred Foundation – CTF is a 503(c) (3) non-profit organization that provides multiple benefits to individuals involved in the Thoroughbred industry. These include scholarship programs for veterinary medicine students at US Davis and maintenance of the Carleton F. Burke Memorial Library.

CARMA – The California Retirement Management Account is organized to raise money for retired California race horses. Their mission statement provides that they assist thoroughbred retirement facilities that care for and retrain horses whose careers have ended after competing in California Thoroughbred races. Their services include tracking of retired California race horses and in working to find homes for retired equines. CARMA also manages a grant request process and distributes funds to qualified retirement facilities caring for such horses. CARMA is dedicated to the goal of providing funding for rehabilitation, retraining and/or retirement of Thoroughbred horses that have raced in California.

Edwin Gregson Foundation – A non-profit charitable foundation organized for the purpose of improving the lives of backstretch worker and their immediate family members at California race tracks. The organization provides backstretch workers with many educational programs, including “English as a second language,” bible studies and provides numerous programs, including computer training programs at its recreation facility, computer games and various magazines in English and Spanish. It organizes family outings for the workers excursions. The organization also maintains a recreational hall at Santa Anita Park for the benefit of the backside workers and their children.

Holy Angeles Church (Backside Permanent Deacon) – Holy Angeles church is a Catholic Church across the street from Santa Anita Park. A deacon from the church performs a weekly Mass in the recreation room at the track on Monday nights for the workers on the backside. He walks down the shed rows daily in the morning and assists the workers in an endless variety of ways. Examples of the assistance provided include counseling, organizing religious and recreational activities, the collection and distribution of clothing, help with Medicare, Medi-Cal and immigration forms, officiating at holiday gatherings at Santa Anita, etc.

Racetrack Chaplaincy of America – The stated mission of the organization is “The overall mission of RTCA, through its councils and chaplains, is to make disciples for Jesus Christ through teaching, preaching, and ministering to the spiritual, emotional, physical, social, and educational needs of those persons involved in all aspects of the horse racing industry.”

Southern California Equine Foundation, Inc. – SCEF is a nonprofit charitable organization providing hospital and equine ambulance services on the Southern California Thoroughbred racing circuit. Commonly known as the Equine Hospital, SCEF has a long history of service to the racing industry and the equine athlete. This is an organization “dedicated to the care of the injured horse.”

United Pegasus Foundation ENI#95-4497611 – UPF is a 501(c) (3) charitable organization that has become one of the largest Thoroughbred retirement, rehabilitation and adoption organizations, saving hundreds of former race horses from an uncertain destiny by giving them a humane and deserved retirement home and providing for their care at its 27-acre ranch in San Jacinto, California. The retired Thoroughbreds are maintained in pleasant quarters and peaceful surroundings to live out the balance of their lives. This organization depends entirely upon donations for the purchase of food and other amenities required maintaining the Thoroughbreds.

II. **Welfare Fund for Backside Personnel - California B&P Code Section 1964J(b) (5% Minimum Distribution)**

California Thoroughbred Horsemen’s Foundation – CTHF is a 501(c) (3) nonprofit foundation that provides assistance to the low-income backstretch community occupied with the care of Thoroughbred race horses at California’s major race tracks and fair circuits and California Horse Racing Board recognized off-track training centers. The organization maintains three clinics throughout the state, which see over 10,000 people each year, including numerous children who are prepared medically to return to school each year.

III. **Fund for Substance or Alcohol Abuse - California B&P Code Section 19556(b) (5% Minimum Distribution)**

Winners Foundation – The Winners Foundation provides confidential assistance on a one-to-one basis to employees and family members of California race track who are seeking help for alcohol, gambling and drug addiction. Each situation is geared to best support an individual’s desire to change his or her life for the better. The Foundation has developed a large referral base and maintains close relationships with community based services such as anonymous 12 step groups, city and county assistance agencies, detox centers, halfway houses and out-patient and in-patient hospital treatment programs. This service is provided to any employee or family member of anyone involved in the California Thoroughbred horse racing community, free of charge. This includes backstretch works, as well as all employees at Del Mar, Golden Gate Fields, Santa Anita and the California Association of Racing Fairs.

IV. **Disabled Jockeys Fund - B&P Code Section 19556(c) (20% Minimum Distribution)**

Permanently Disabled Jockeys’ Fund – This is a statutorily mandated distribution per Business and Professions Code Section 19556(c). It provides support to disabled jockeys, as its name implies.

STAFF ANALYSIS
PUBLIC HEARING AND ACTION REGARDING THE PROPOSED AMENDMENTS OF
CHRB RULE 1843.3, PENALTIES FOR MEDICATION VIOLATIONS;
CHRB RULE 1843.5, MEDICATION, DRUGS AND OTHER SUBSTANCES
PERMITTED AFTER ENTRY IN A RACE
AND
CHRB RULE 1844, AUTHORIZED MEDICATION,
TO CODIFY THE BOARD'S PRIOR TEMPORARY SUSPENSION OF AUTHORIZED
MEDICINE FOR ALL HORSES PARTICIPATING IN ALL LICENSED
HORSE RACING MEETINGS

Regular Board Meeting
February 20, 2020

ISSUE:

In March 2019, pursuant to its authority under [California Horse Racing Board \(Board\) Rule 1844.1](#), Suspension of Authorized Medication, the Board suspended the authorized administration of eleven medications for all thoroughbred horses participating at Santa Anita Park (SA) and Golden Gate Fields (GGF). The presence of the suspended medications in a post-race test will be considered a violation of Board regulations. The proposed amendments of [Board Rule 1843.3](#), Penalties for Medication Violations; [Rule 1843.5](#), Medication, Drugs and Other Substances Permitted After Entry in a Race; and [Rule 1844](#), Authorized Medication, will codify the Board's prior temporary suspension of authorized medication for all horses participating in all licensed horse racing meetings in California.

ANALYSIS:

In March 2019, The Stronach Group called for zero tolerance on the use of race day medications at SA and GGF. At its March 2019 regular meeting, the Board authorized a suspension of the administration of eleven medications authorized under Board Rule 1844 for administration to horses entered to race. The suspension was for all thoroughbred horses participating at SA and GGF but would allow the Board to similarly extend the prohibition of authorized medication for any other breed, race or race meeting for 12 months pursuant to Board Rule 1844.1. The suspension began March 29, 2019 and will extend for the remainder of those race meetings. The suspended medications are: Phenylbutazone; Flunixin; Ketoprofen; Betamethasone; Dexamethasone; Diclofenac; Firocoxib; Methylprednisolone; Prednisolone; Triamcinolone Acetonide; and Isoflupredone. The proposed amendments of Board Rule 1843.3, Penalties for Medication Violations; Board Rule 1843.5, Medication, Drugs and Other Substances Permitted After Entry in a Race and Board Rule 1844, Authorized Medication, will codify the Board's prior temporary suspension of authorized medication for all horses participating in all licensed horse racing meetings in California.

The proposed amendment to Board Rule 1843.3 will modify subsection (d) to add penalties for a fourth violation involving Category “C” substances. A fourth violation will require a minimum 15-day suspension and a fine of \$2,500. Any subsequent violations will require a greater suspension and fine than the previous violation. In addition, the proposed amendment will remove Category “C” penalties for Board Rule 1844(c) NSAID violations as such substances will no longer be authorized for horses entered to race.

The proposed amendment to Board Rule 1843.5 will modify subsection (a) to change the rule’s definition of “entered.” Board Rule 1843.5 currently states a horse is deemed “entered” in a race 48 hours before post time of the running of the race. The proposed amendment provides that a horse is deemed “entered” at midnight the day entries close for the race. Subsection 1843.5(b) has been changed to state that only hay, and grain may be provided to the horse up until post time. Subsection (e) has been modified to delete electrolyte solutions and amino acid solutions as substances that may be administered by injection until 24 hours before the post time of the race. Subsection 1843.5(g), which allowed for the administration of phenylbutazone, flunixin and ketoprofen until 24 hours before the post time of the race, has been deleted. A new subsection (g) states that only water may be used to wash the horse’s mouth on race day.

The proposed amendment to Board Rule 1844 deletes subsections (c) and (d), which allowed for the administration of not more than one NSAID to a horse that is entered to race. This means that phenylbutazone, flunixin, ketoprofen or metabolites or analogues of the NSAIDs may no longer be present in post-race test samples. A new subsection 1844(c) states that not more than one glucocorticoid including adrenocorticotrophic hormone (ACTH) may be administered to a horse entered to race. Glucocorticoids are a class of steroid hormones used to treat inflammation. Subsection (e) has been amended to remove eight drug substances that with the NSAIDs under subsection 1844(c), constituted the eleven substances previously suspended by the Board. The substances are: Betamethasone; Dexamethasone; Diclofenac; Firocoxib; Methylprednisolone; Prednisolone; Triamcinolone Acetonide; and Isoflupredone.

At its January 2020 regular meeting, the Board approved the adoption of emergency amendments of Board Rule 1843.5 and Rule 1844 to address the Board’s prior temporary suspension of authorized medication for all horses participating in all licensed horse racing meetings. The proposed texts of the emergency regulations were identical to the proposed amendments of Rules 1843.5 and 1844 except the proposed new subsection (g) of Board Rule 1843.5 was removed as the Board did not want to allow any corticosteroids after a horse is entered to race. The Board may consider amending the text of the proposed amendment to Board Rule 1843.5 to be consistent with the emergency regulation approved in January. If the text is amended, an additional 15-day public comment period will be required.

BACKGROUND:

[Business and Professions Code \(BPC\) section 19440](#) provides that the Board shall have all powers necessary and proper to enable it to carry out fully and effectually the purposes of this chapter. Responsibilities of the Board shall include adopting rules and regulations for the protection of the public and the control of horse racing and pari-mutuel wagering. [BPC section 19562](#) states the Board may prescribe rules, regulations and conditions under which all horse races with wagering on their results shall be conducted in California. [BPC section 19580](#) requires the Board to adopt regulations to establish policies, guidelines, and penalties relating to equine medication to preserve and enhance the integrity of horse racing in California. [BPC section 19581](#) provides that no substance of any kind shall be administered by any means to a horse after it has been entered to race, unless the Board has, by regulation, specifically authorized the use of the substance and the quantity and composition thereof. [BPC Code section 19582](#) provides that violations of section 19581, as determined by the Board, are punishable as set forth in regulations adopted by the Board.

RECOMMENDATION:

This item is presented for Board discussion and action. No comments were received during the 45-day comment period.

CALIFORNIA HORSE RACING BOARD
TITLE 4., CALIFORNIA CODE OF REGULATIONS
ARTICLE 15. VETERINARY PRACTICES
PROPOSED AMENDMENT OF
RULE 1843.3. PENALTIES FOR MEDICATION VIOLATIONS

Regular Board Meeting
February 20, 2020

1843.3. Penalties for Medication Violations.

(a) In reaching a decision on a penalty for a violation of Business and Professions Code section 19581, the Board, the board of stewards, the hearing officer or the administrative law judge shall consider the penalties set forth in subsections (d) and (e) of this Rule and any aggravating and mitigating circumstances. Deviation from these penalties is appropriate where the facts of the particular case warrant such a deviation, for example: there may be mitigating circumstances for which a lesser or no penalty is appropriate, and aggravating factors for which a greater penalty is appropriate.

(b) Mitigating circumstances and aggravating factors, which must be considered, include but are not limited to:

(1) The past record of the licensee regarding violations of Business and Professions Code section 19581;

(2) The potential of the drug(s) to influence a horse's racing performance and the amount of the drug present;

(3) The legal availability of the drug and whether the drug was prescribed to the horse by a California Horse Racing Board (CHRB) licensed veterinarian;

(4) Whether there is reason to believe the responsible party knew of the administration of the drug or intentionally administered the drug;

(5) The steps taken by the trainer to safeguard the horse;

(6) The steps taken by an owner to safeguard against subsequent medication violations including, but not limited to, the transfer of the horse(s) to an unaffiliated trainer;

(A) "Unaffiliated trainer" means a trainer or an assistant trainer who is not related by blood, marriage or domestic partnership, or who is not or was never employed by the trainer from whose care such horse(s) were transferred.

(7) The probability of environmental contamination or inadvertent exposure due to human drug use or other factors;

(8) The purse of the race;

(9) Whether the drug found to be present in the official test sample was one for which the horse was receiving treatment as determined and documented through the process described in Rule 1842 of this division;

(10) Whether there was any suspicious wagering pattern on the race;

(11) Whether the licensed trainer was acting under the advice of a CHRB licensed veterinarian.

(c) The Board shall consider the classification of a drug substance as referred to in Rule 1843.2 of this division and the California Horse Racing Board (CHRB) Penalty Categories Listing by Classification, (Revised 4/15), which is hereby incorporated by reference, if a determination is made that an official test sample from a horse contained:

(1) Any drug substance, medication, metabolites or analogues thereof foreign to the horse, whose use is not expressly authorized in this division, or

(2) Any drug substance, medication or chemical authorized by this article in excess of the authorized level or other restrictions as set forth in the article.

(d) Penalties for violation of each classification level are as follows:

CATEGORY “A” PENALTIES

Penalties for violations due to the presence of a drug substance in an official test sample, which CHRB drug classification is categorized as warranting a Category A penalty are as follows:

LICENSED TRAINER:		
1st offense	2nd LIFETIME offense	3rd LIFETIME offense
<ul style="list-style-type: none"> ◦ Minimum one - year suspension absent mitigating circumstances. The presence of aggravating factors could be used to impose a maximum of a three-year suspension. <p>AND</p> <ul style="list-style-type: none"> ◦ Minimum fine of \$10,000 or 10% of gross purse (greater of the two) absent mitigating circumstances. The presence of aggravating factors could be used to impose a maximum fine of \$25,000 or 25% of purse (greater of the two). <p>AND</p> <ul style="list-style-type: none"> ◦ May be referred to the Board for any further action deemed necessary by the Board. 	<ul style="list-style-type: none"> ◦ Minimum two-year suspension absent mitigating circumstances. The presence of aggravating factors could be used to impose a maximum of a three-year suspension. <p>AND</p> <ul style="list-style-type: none"> ◦ Minimum fine of \$20,000 or 25% of gross purse (greater of the two) absent mitigating circumstances. The presence of aggravating factors could be used to impose a maximum fine of \$50,000 or 50% of purse (greater of the two). <p>AND</p> <ul style="list-style-type: none"> ◦ May be referred to the Board for any further action deemed necessary by the Board. 	<ul style="list-style-type: none"> ◦ Minimum three-year suspension absent mitigating circumstances. The presence of aggravating factors could be used to impose a maximum of permanent license revocation. <p>AND</p> <ul style="list-style-type: none"> ◦ Minimum fine of \$25,000 or 50% of gross purse (greater of the two) absent mitigating circumstances. The presence of aggravating factors could be used to impose a maximum of \$100,000 or 100% of purse (greater of the two). <p>AND</p> <ul style="list-style-type: none"> ◦ May be referred to the Board for any further action deemed necessary by the Board.
LICENSED OWNER:		
1st offense	2nd LIFETIME offense in owner’s stable	3rd LIFETIME offense in owner’s stable
<ul style="list-style-type: none"> ◦ Disqualification of horse and loss of purse. <p>AND</p> <p>Horse may be placed on the veterinarian’s list for up to 90 days and must pass a Board - approved examination pursuant to Rule 1846 before becoming eligible to be entered.</p> <p>AND</p> <ul style="list-style-type: none"> ◦ Be subject to drug testing at the owner’s expense and be negative for prohibited drug substances as defined in Rule 1843.1. 	<ul style="list-style-type: none"> ◦ Disqualification of horse and loss of purse. <p>AND</p> <ul style="list-style-type: none"> ◦ Horse shall be placed on the veterinarian’s list for up to 120 days and must pass a Board - approved examination pursuant to Rule 1846 before becoming eligible to be entered. <p>AND</p> <ul style="list-style-type: none"> ◦ Be subject to drug testing at the owner’s expense and be negative for prohibited drug substances as defined in Rule 1843.1. 	<ul style="list-style-type: none"> ◦ Disqualification of horse, loss of purse and absent mitigating circumstances, minimum fine of \$10,000. The presence of aggravating factors could be used to impose a maximum fine of \$50,000. <p>AND</p> <ul style="list-style-type: none"> ◦ Horse shall be placed on the veterinarian’s list for up to 180 days and must pass a Board-approved examination pursuant to Rule 1846 before becoming eligible to be entered. <p>AND</p> <ul style="list-style-type: none"> ◦ Be subject to drug testing at the owner’s expense and be negative for prohibited drug substances as defined in Rule 1843.1. <p>AND</p> <ul style="list-style-type: none"> ◦ Referral to the Board with a recommendation of a suspension of owners license for a minimum of 90 days.

CATEGORY “B” PENALTIES

Penalties for violations due to the presence of a drug substance in an official test sample, which CHRB drug classification is categorized as warranting a Category B penalty are as follows:

LICENSED TRAINER:		
1st offense	2nd offense (within two year time period)	3rd offense (within five year time period)
<ul style="list-style-type: none"> ◦ Minimum 30 -day suspension absent mitigating circumstances. The presence of aggravating factors could be used to impose a maximum of a 60-day suspension. <p>AND/OR</p> <ul style="list-style-type: none"> ◦ Minimum fine of \$500 absent mitigating circumstances. The presence of aggravating factors could be used to impose a maximum fine of \$10,000. 	<ul style="list-style-type: none"> ◦ Minimum 60-day suspension absent mitigating circumstances. The presence of aggravating factors could be used to impose a maximum of a 180-day suspension. <p>AND/OR</p> <ul style="list-style-type: none"> ◦ Minimum fine of \$1,000 absent mitigating circumstances. The presence of aggravating factors could be used to impose a maximum fine of \$20,000. 	<ul style="list-style-type: none"> ◦ Minimum 90-day suspension absent mitigating circumstances. The presence of aggravating factors could be used to impose a maximum of a one-year suspension. <p>AND/OR</p> <ul style="list-style-type: none"> ◦ Minimum fine of \$2,500 absent mitigating circumstances. The presence of aggravating factors could be used to impose a maximum fine of \$50,000 or 10% of purse (greater of the two). <p>AND</p> <ul style="list-style-type: none"> ◦ May be referred to the Board for any further action deemed necessary by the Board.
LICENSED OWNER:		
1st offense	2nd offense in stable (within two year time period)	3rd offense in stable (within five year time period)
<ul style="list-style-type: none"> ◦ Disqualification of horse and loss of purse. <p>AND</p> <ul style="list-style-type: none"> ◦ Horse must pass a Board-approved examination pursuant to Rule 1846 before becoming eligible to be entered. <p>AND</p> <ul style="list-style-type: none"> ◦ Be subject to drug testing at the owner’s expense and be negative for prohibited drug substances as defined in Rule 1843.1. 	<ul style="list-style-type: none"> ◦ Disqualification of horse and loss of purse. <p>AND</p> <ul style="list-style-type: none"> ◦ Horse must pass a Board-approved examination pursuant to Rule 1846 before becoming eligible to be entered. <p>AND</p> <ul style="list-style-type: none"> ◦ Be subject to drug testing at the owner’s expense and be negative for prohibited drug substances as defined in Rule 1843.1. 	<ul style="list-style-type: none"> ◦ Disqualification of horse, loss of purse and absent mitigating circumstances minimum fine of \$5,000. The presence of aggravating factors could be used to impose a maximum fine of \$20,000. <p>AND</p> <ul style="list-style-type: none"> ◦ Horse shall be placed on the veterinarian’s list for up to 45 days and must pass a Board-approved examination pursuant to Rule 1846 before becoming eligible to be entered. <p>AND</p> <ul style="list-style-type: none"> ◦ Be subject to drug testing at the owner’s expense and be negative for prohibited drug substances as defined in Rule 1843.1.

CATEGORY “B” PENALTIES FOR RULE 1843.6 TOTAL CARBON DIOXIDE (TCO₂) TESTING

Penalties for violations due to exceeding permitted levels of TCO₂ as defined in Rule 1843.6 are

LICENSED TRAINER:		
1st offense TCO₂ (> 37.0 mm/l/-<39 mm/l)	2nd offense TCO₂ (> 37.0 mm/l/-<39 mm/l)	3rd offense TCO₂ (> 37.0 mm/l/-<39 mm/l)
<ul style="list-style-type: none"> Up to a 30-day suspension absent mitigating circumstances. The presence of aggravating factors could be used to impose a maximum of a 60-day suspension. <p>AND/OR</p> <ul style="list-style-type: none"> Minimum fine of \$1,500 absent mitigating circumstances. The presence of aggravating factors could be used to impose a maximum fine of \$5,000. 	<ul style="list-style-type: none"> Minimum 60-day suspension absent mitigating circumstances. The presence of aggravating factors could be used to impose a maximum of a 120-day suspension. <p>AND/OR</p> <ul style="list-style-type: none"> Minimum fine of \$2,500 absent mitigating circumstances. The presence of aggravating factors could be used to impose a maximum fine of \$10,000. 	<ul style="list-style-type: none"> Minimum 90-day suspension absent mitigating circumstances. The presence of aggravating factors could be used to impose a maximum of a 180-day suspension. <p>AND/OR</p> <ul style="list-style-type: none"> Minimum fine of \$5,000 absent mitigating circumstances. The presence of aggravating factors could be used to impose a maximum fine of \$15,000.
LICENSED OWNER:		
1st offense TCO₂ (> 37.0 mm/l/-<39mm/l)	2nd offense TCO₂ (> 37.0 mm/l/-<39 mm/l)	3rd offense TCO₂ (> 37.0 mm/l/-<39 mm/l)
<ul style="list-style-type: none"> Disqualification of horse and loss of purse. 	<ul style="list-style-type: none"> Disqualification of horse and loss of purse. 	<ul style="list-style-type: none"> Disqualification of horse, loss of purse and in the absence of mitigating circumstances, \$2,500 fine.
LICENSED TRAINER:		
1st offense TCO₂ (≥ 39.0 mm/l)	2nd offense TCO₂ (≥ 39.0 mm/l)	3rd offense TCO₂ (≥ 39.0 mm/l)
<ul style="list-style-type: none"> Minimum 30-day suspension absent mitigating circumstances. The presence of aggravating factors could be used to impose a maximum of a 60-day suspension. <p>AND/OR</p> <ul style="list-style-type: none"> Minimum fine of \$2,500 absent mitigating circumstances. The presence of aggravating factors could be used to impose a maximum fine of \$10,000. 	<ul style="list-style-type: none"> Minimum 60-day suspension absent mitigating circumstances. The presence of aggravating factors could be used to impose a maximum of a 180-day suspension. <p>AND/OR</p> <ul style="list-style-type: none"> Minimum fine of \$5,000 absent mitigating circumstances. The presence of aggravating factors could be used to impose a maximum fine of \$15,000. 	<ul style="list-style-type: none"> Minimum 90-day suspension absent mitigating circumstances. The presence of aggravating factors could be used to impose a maximum of a 365-day suspension. <p>AND/OR</p> <ul style="list-style-type: none"> Minimum fine of \$10,000 absent mitigating circumstances. The presence of aggravating factors could be used to impose a maximum fine of \$25,000.
LICENSED OWNER:		
1st offense TCO₂ (≥ 39.0 mm/l)	2nd offense TCO₂ (≥ 39.0 mm/l)	3rd offense TCO₂ (≥ 39.0 mm/l)
<ul style="list-style-type: none"> Disqualification of horse and loss of purse. 	<ul style="list-style-type: none"> Disqualification of horse and loss of purse. 	<ul style="list-style-type: none"> Disqualification of horse, loss of purse and a fine ranging from a minimum of \$5,000, up to a maximum of \$20,000.

as set forth below. All concentrations are for measurements in serum or plasma.

CATEGORY “C” PENALTIES

Penalties for violations due to the presence of a drug substance in an official test sample, which CHRB drug classification is categorized as warranting a Category C penalty ~~and for the presence of more than one non-steroidal anti-inflammatory (NSAID) in a plasma/serum sample, as defined in Rule 1844 of this division, and furosemide as defined in Rule 1845 of this division in an official test sample~~ are as set forth below. All concentrations are for measurements in serum or plasma.

LICENSED TRAINER:		
1st offense	2nd offense (within 365-day period)	3rd offense (within 365-day period)
<ul style="list-style-type: none"> Minimum fine of \$500 to a maximum fine of \$1,000 absent mitigating circumstances. 	<ul style="list-style-type: none"> Minimum fine of \$1,000 to a maximum fine of \$2,500, and up to a 15 - day suspension absent mitigating circumstances. 	<ul style="list-style-type: none"> Minimum fine of \$2,500 and up to a 30 - day suspension absent mitigating circumstances

Penalties for a fourth violation within a 365-day period shall require a minimum 15-day suspension and \$2500 fine. Penalties for any subsequent violation within a 365-day period shall require a greater suspension and fine than the penalty imposed for the previous violation.

CATEGORY “C” PENALTIES FOR RULE 1844, AUTHORIZED MEDICATION (C) (1), (2), (3)

~~Penalties for violations due to overages for permitted non-steroidal anti-inflammatory drug substances (NSAIDs) as defined in Rule 1844 (c) (1), (2) and (3) of this division. All concentrations are for measurements in serum or plasma.~~

~~The official veterinarian shall consult with the treating veterinarian in all violations of 1844 (c). If the trainer has not had an 1844 (c) violation within the previous three years, the board of stewards may issue a warning in lieu of a fine for violations of 1844 (c)(1), phenylbutazone, provided the reported level is below 5.1 mcg/ml.~~

LICENSED TRAINER:	Phenylbutazone (2.1-<5.0 mcg/ml) Flunixin (20-<100 ng/ml) Ketoprofen (2-<50 ng/ml)	Phenylbutazone (2.1-<5.0 mcg/ml) Flunixin (20-<100 ng/ml) Ketoprofen (2-<50 ng/ml)
1st offense	2nd offense (within 365-day period)	3rd offense (within 365-day period)
⌚ Minimum fine of \$500 to a maximum fine of \$1,000.	⌚ Minimum fine of \$1,000 to a maximum fine of \$2,500.	⌚ Minimum fine of \$2,500 to a maximum fine of \$5,000.
LICENSED OWNER:	Phenylbutazone (2.1-<5.0 mcg/ml) Flunixin (20-<100 ng/ml) Ketoprofen (2-<50 ng/ml)	Phenylbutazone (2.1-<5.0 mcg/ml) Flunixin (20-<100 ng/ml) Ketoprofen (2-<50 ng/ml)
1st offense	2nd offense (within 365-day period)	3rd offense (within 365-day period)
No penalty administered.	No penalty administered.	No penalty administered.
LICENSED TRAINER:	Phenylbutazone (≥ 5.0 mcg/ml) Flunixin (≥ 100 ng/ml) Ketoprofen (≥ 50 ng/ml)	Phenylbutazone (≥ 5.0 mcg/ml) Flunixin (≥ 100 ng/ml) Ketoprofen (≥ 50 ng/ml)
1st offense	2nd offense (within 365-day period)	3rd offense (within 365-day period)
⌚ Minimum fine of \$1,000 to a maximum fine of \$2,500.	⌚ Minimum fine of \$2,500 to a maximum fine of \$5,000.	⌚ Minimum fine of \$5,000 to a maximum fine of \$10,000.
LICENSED OWNER:	Phenylbutazone (≥ 5.0 mcg/ml) Flunixin (≥ 100 ng/ml) Ketoprofen (≥ 50 ng/ml)	Phenylbutazone (≥ 5.0 mcg/ml) Flunixin (≥ 100 ng/ml) Ketoprofen (≥ 50 ng/ml)
1st offense	2nd offense (within 365-day period)	3rd offense (within 365-day period)
⌚ Horse must pass Board-approved examination pursuant to Rule 1846 before being eligible to run.	⌚ Disqualification of horse and loss of purse. If same horse, placed on veterinarian's list for up to 45 days, must pass Board-approved examination pursuant to Rule 1846 before being eligible to run.	⌚ Disqualification of horse and loss of purse. Minimum \$5,000 fine. If same horse, placed on veterinarian's list for 60 days, must pass Board-approved examination pursuant to Rule 1846 before being eligible to run.

(e) Violations due to the presence of a drug substance in an official test sample, which CHRB drug classification is categorized as warranting a Category "D" penalty, may result in a written warning to the licensed trainer and owner.

CATEGORY “D” PENALTIES

1 st offense (within 365-day period)	2 nd offense (within 365-day period)	3 rd offense (within 365-day period)
Minimum of an official written warning to a maximum fine of \$250.	Minimum of a \$250 fine to a maximum fine of \$500.	Minimum of a \$500 fine to a maximum fine of \$750.

(f) If a licensee has received a penalty for a Class A, B or C medication violation, and within a 365-day period has a subsequent lesser violation (e.g. an A violation followed by a B violation), the earlier violation shall count as a “prior violation” for the purposes of determining the penalty for the subsequent lesser violation.

(g) If a licensee has received a penalty for a Class B, C or D medication violation, and within a 365-day period has a subsequent greater violation (e.g. a D violation followed by a C violation), the earlier violation shall count as an aggravating factor for the purposes of determining the penalty for the subsequent greater violation.

(h) Any drug or its metabolite or analogue thereof found to be present in an official test sample that is not classified in Rule 1843.2 of this division shall be classified as a Class 1 substance and a Category “A” penalty until classified by the Board.

(i) The administration of a drug substance to a race horse must be documented by the treating veterinarian through the process described in Rule 1842 of this division.

(j) Any licensee found to be responsible for the administration of any drug substance resulting in a positive test may be subject to the same penalties set forth for the licensed trainer and his presence may be required at any and all hearings relative to the case.

(1) Any veterinarian found to be involved in the administration of any drug substance resulting in a positive test in Penalty Category “A” shall be referred to the California Veterinary Medical Board (CVMB) for consideration of further disciplinary action.

(2) Any veterinarian found to be involved in the administration of any drug substance resulting in a positive test in Penalty Category “B” or “C” may be referred to the CVMB for

consideration of further disciplinary action upon the recommendation of the Equine Medical Director, the board of stewards or hearing officers.

(k) A licensee who is suspended because of a medication violation is not able to benefit financially during the period of suspension. This includes, but is not limited to, ensuring that horses are not transferred to licensed family members or, for any licensee whose suspension is for more than 30 days, to any other licensee who has been an employee of the suspended licensee within the previous year.

(1) A licensee whose license is revoked because of a medication violation is not able to benefit financially following the revocation of his or her license. This includes, but is not limited to, ensuring that horses are not transferred to licensed family members or to any other licensee who has been an employee of the licensee whose license is revoked within the previous year.

(l) "Licensed family members" means any person who holds an occupational license issued by the CHRB and who is related to the suspended licensee, or the licensee whose license is revoked, by blood, or by marriage or domestic partnership, or who is related by blood to the spouse or domestic partner of such licensee.

(1) Licensed trainers suspended 60 days or more shall be banned from all inclosures under the jurisdiction of the CHRB. In addition, during the period of suspension, such trainer shall forfeit all assigned stall space and shall remove from the inclosures all signage, colors, advertisements, training-related equipment, tack, office equipment, and any other property.

(2) A trainer whose license is revoked shall be banned from all inclosures under the jurisdiction of the CHRB. In addition, such trainer shall forfeit all assigned stall space and shall remove from the inclosures all signage, colors, advertisements, training-related equipment, tack, office equipment, and any other property.

Authority: Sections 19440, 19461 and 19580,
Business and Professions Code.

Reference: Sections 19461, 19580, 19581 and 19582,
Business and Professions Code; and
Section 11425.50, Government Code.

CALIFORNIA HORSE RACING BOARD
TITLE 4., CALIFORNIA CODE OF REGULATIONS
ARTICLE 15. VETERINARY PRACTICES
PROPOSED AMENDMENT OF
RULE 1843.5. MEDICATION, DRUGS AND OTHER SUBSTANCES PERMITTED
AFTER ENTRY IN A RACE

Regular Board Meeting
February 20, 2020

1843.5. Medication, Drugs and Other Substances Permitted After Entry in a Race.

(a) In this ~~rule~~ article a horse is deemed "entered" in a race ~~48 hours before post time of the running of the race~~ at midnight the day entries close for the race.

(b) ~~Water, and feed, including hay, and grain, and feed supplements that do not contain prohibited drugs~~ may be provided to the horse up until post time.

(c) Drugs, medications or any other substances shall not be administered by any means to a horse after it is deemed enter to race ~~within 48 hours of the post time of the race in which the horse is entered~~ except:

(1) Topical medications, (such as antiseptics, ointments, salves, leg rubs, leg paints, hoof dressings, liniments and antiphlogistics) which do not contain anesthetics or other prohibited drugs.

(d) Any drug, medication or any other substance found in a test sample taken from a horse which is not authorized under this rule shall be deemed a prohibited drug substance.

(e) Any of the following substances may be administered by injection until 24 hours before the post time of the race in which the horse is entered:

(1) Injectable Vitamins;

~~(2) Electrolyte Solutions;~~

~~(3) Amino Acid Solutions;~~

~~(4)~~(2) Tetanus Antitoxin or Tetanus Toxoid, if the horse has sustained a wound.

(f) Approved anti-ulcer medications may be administered until 24 hours before the post time of the race in which the horse is entered. A list of approved anti-ulcer medications, and route of administration, shall be posted at each racetrack in the office of the official veterinarian.

~~(g) One of the following non-steroidal anti-inflammatory medications may be administered until 24 hours before the post time of the race in which the horse is entered under Rule 1844 of this division:~~

~~(1) Phenylbutazone;~~

~~(2) Flunixin;~~

~~(3) Ketoprofen.~~

(g) Not more than one glucocorticoid including adrenocorticotrophic hormone (ACTH) may be administered to a horse that is entered to race.

(h) In addition to the substances named in subsection (c)(1), any of the following substances may be administered under Rule 1845 of this division within 24 hours of the post time of the race in which the horse is entered:

(1) Furosemide;

~~(2) Other Authorized Bleeder Medication.~~

(2) Only water may be used to wash the horse's mouth on race day.

(i) Drugs, medications or any other substances may not be administered to a horse by injection, via nasogastric tube (stomach tubing) or any other means after the horse is entered to race, except under these regulations.

Authority: Sections 19580, 19581 and 19582,
Business and Professions Code.

Reference: Sections 19580, 19581 and 19582,
Business and Professions Code;
Section 337 f, g and h, Penal Code.

CALIFORNIA HORSE RACING BOARD
TITLE 4., CALIFORNIA CODE OF REGULATIONS
ARTICLE 15. VETERINARY PRACTICES
PROPOSED AMENDMENT OF
RULE 1844. AUTHORIZED MEDICATION

Regular Board Meeting
February 20, 2020

1844. Authorized Medication.

Consistent with the intent of these rules, drug substances and medications authorized by the Board for use may be administered to safeguard the health of the horse entered to race provided that:

(a) No person shall administer a drug substance to any horse entered to race except upon authorization of the official veterinarian in conformance with these rules.

(b) No drug substance, other than authorized bleeder medication, shall be administered to a horse entered to race within 24 hours of the race in which entered.

~~(c) Not more than one approved non-steroidal anti-inflammatory drug substance (NSAID) may be administered to a horse that is entered to race and shall be only one of the following authorized drug substances:~~

~~(1) Phenylbutazone in a dosage amount that the test sample shall contain not more than 2 micrograms of the drug substance per milliliter of blood plasma or serum.~~

~~(2) Flunixin in a dosage amount that the test sample shall contain not more than 20 nanograms of the drug substance per milliliter of blood plasma or serum.~~

~~(3) Ketoprofen in a dosage amount that the test sample shall contain not more than 2 nanograms of the drug substance per milliliter of blood plasma or serum.~~

~~(4) Metabolites or analogues of approved NSAIDs may be present in post race test samples.~~

~~(d) If the official chemist reports that a blood test sample contains an authorized NSAID in excess of the limit for that drug substance under this rule, the official veterinarian shall, in conjunction with the veterinarian who administered or prescribed the authorized drug substance, establish a dosage amount or time of administration of the drug substance that will comply with the limits under this rule; or the official veterinarian may, if in his/her judgment no such reduced dosage amount or amendment to time of administration will result in a test sample level within the limits of this rule, withdraw authorization for the use of any one NSAID.~~

~~(e)~~ Official urine test samples may contain one of the following drug substances, their metabolites and analogs, in an amount that does not exceed the specified levels:

(1) Acepromazine; 10 nanograms per milliliter

(2) Mepivacaine; 10 nanograms per milliliter

(3) Albuterol; 1 nanograms per milliliter

(4) Procaine; 25 nanograms per milliliter

(5) Salicylates; 750 micrograms per milliliter

(6) Detomidine; 2 nanograms per milliliter

(7) Nandrolone; 1 nanograms per milliliter for geldings, fillies and mares; 45 nanograms for males other than geldings.

(8) Boldenone; 15 nanograms per milliliter in males other than geldings.

(9) Testosterone; 20 nanograms per milliliter in geldings.

(A) Testosterone at any level in males other than geldings is not a violation of this regulation.

(10) Testosterone; 55 nanograms per milliliter in fillies or mares (unless in foal)

(11) Butorphanol 300 nanograms per milliliter

(fd) Official blood test samples may contain the following drug substances, their metabolites and analogs, in an amount that does not exceed the specified levels in serum or plasma:

~~(1) Bethamethasone; 10 picograms per milliliter~~

~~(12) Dantrolene; 100 picograms per milliliter~~

~~(23) Detomidine; 1 nanogram per milliliter~~

~~(4) Dexamethasone; 5 picograms per milliliter~~

~~(5) Diclofenac; 5 nanograms per milliliter~~

~~(36) Dimethylsulfoxide (DMSO); 10 micrograms per milliliter~~

~~(7) Firocoxib; 20 nanograms per milliliter~~

~~(48) Lidocaine; 20 picograms per milliliter~~

~~(59) Methocarbamol; 1 nanogram per milliliter~~

~~(10) Methylprednisolone; 100 picograms per milliliter~~

~~(644) Glycopyrrolate; 3 picograms per milliliter~~

~~(12) Prednisolone; 1 nanogram per milliliter~~

~~(13) Triamcinolone Acetonide; 100 picograms per milliliter~~

~~(744) Xylazine; 200 picograms per milliliter~~

~~(845) Butorphanol; 2 nanograms per milliliter~~

~~(16) Isoflupredone; 100 picograms per milliliter~~

(~~917~~) Cetirizine; 6 nanograms per milliliter

(~~1048~~) Cimetidine; 400 nanograms per milliliter

(~~1149~~) Guaifenesin; 12 nanograms per milliliter

(~~1220~~) Omeprazole; 10 nanograms per milliliter

(~~1324~~) Ranitidine; 40 nanograms per milliliter

(~~eg~~) Official blood test samples shall not contain any of the drug substances, or their metabolites or analogs listed in subsection (~~ec~~)(1) to (5) and (~~ec~~)(7) to (10).

(~~fh~~) Procaine, following administration of procaine penicillin, is an authorized medication provided:

(1) Official blood test samples shall not contain any procaine, or its metabolites or analogs in excess of 25 nanograms per milliliter.

(2) all procaine penicillin administrations have been reported pursuant to Rule 1842 of this division,

(3) procaine penicillin was not administered after entry to race,

(4) the horse was under surveillance for a minimum of six hours prior to racing.

(~~gi~~) All expenses related to surveillance and testing for procaine under subsection (h) of this regulation shall be paid by the owner of the horse.

Authority: Sections 19440 and 19562,
Business and Professions Code.

Reference: Sections 19580 and 19581,
Business and Professions Code.

STAFF ANALYSIS
PUBLIC HEARING AND ACTION BY THE BOARD REGARDING THE PROPOSED
ADDITION OF CHRB RULE 1866.2, SHOCKWAVE THERAPY RESTRICTED, TO
PROVIDE PROCEDURES FOR THE USE OF EXTRACORPOREAL SHOCK WAVE
THERAPY (ESWT) OR RADIAL PULSE WAVE THERAPY WITHIN A CHRB
INCLOSURE

Regular Board Meeting
February 20, 2020

ISSUE:

Extracorporeal shock wave therapy (ESWT) is a technology used for treating musculoskeletal problems, soft-tissue injuries and bone injuries in horses. The California Horse Racing Board (Board) currently does not have a regulation governing the use of ESWT technology within the inclosure. The proposed addition of Board Rule 1866.2, Shock Wave Therapy Restricted, will put in place a regulation to provide guidelines and procedures for the use of ESWT within a Board inclosure.

ANALYSIS:

ESWT (also known as Radial Pulse Wave Therapy) is a noninvasive procedure wherein short, high energy pressure pulses are transmitted to a select area of the body through a hand-held probe. The operator may choose different levels of energy depending upon the purpose of the therapy. In horses, the therapy is often used to address orthopedic problems, especially tendon or ligament issues. A horse will usually receive a mild sedative to keep it still during the treatment. Shock wave treatments can act as on-site analgesia in the area where energy waves are targeted. It is not known how long such pain relief lasts, with estimates ranging from two to three days. Board Rule 1866.2 will provide guidelines and procedures for the use of ESWT within a Board inclosure. The proposed regulation provides that:

- ESWT machines brought into the inclosure must be registered with the official veterinarian.
- ESWT machines may only be used in designated locations within the inclosure.
- Treating veterinarians must keep a log of all shock wave therapy treatments that shall be available for inspection. The logs must include the horse's identifying information, the area treated and the number of pulses.
- Horses receiving shock wave therapy treatment shall be placed on the Veterinarian's List and cannot participate in a recorded workout for 30 days after treatment.
- Unless it has received prior approval, no horse may be brought on to a Board racing or training facility if it has received shock wave therapy in the last 30 days.
- The use and/or possession of an ESWT machine in violation of Board Rule 1866.2 is a prohibited practice and is subject to a Class "A" Penalty.

BACKGROUND:

[Business and Professions Code \(BPC\) section 19440](#) provides that the Board shall have all powers necessary and proper to enable it to carry out fully and effectually the purposes of this chapter. Responsibilities of the Board shall include adopting rules and regulations for the protection of the public and the control of horse racing and pari-mutuel wagering. [BPC section 19562](#) states the Board may prescribe rules, regulations and conditions under which all horse races with wagering on their results shall be conducted in California. [BPC section 19580](#) requires the Board to adopt regulations to establish policies, guidelines, and penalties relating to equine medication to preserve and enhance the integrity of horse racing in California.

RECOMMENDATION:

This item is presented for Board discussion and action. No comments were received during the 45-day comment period. Staff recommends that the Board adopt the proposed regulation as presented.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 15. VETERINARY PRACTICES
PROPOSED ADDITION OF
RULE 1866.2. SHOCKWAVE THERAPY RESTRICTED

February 20, 2020
Regular Board Meeting

1866.2 Shockwave Therapy Restricted

(a) Prior to being brought into any CHRB racing or training inclosure, all Extracorporeal Shock Wave Therapy or Radial Pulse Wave Therapy (ESWT) machines shall be registered with the official veterinarian who shall keep a listing of all ESWT machines so registered.

(b) Only CHRB licensed veterinarians are allowed to use EWST machines within a CHRB racing or training inclosure.

(c) ESWT machines are not allowed in the stable area. All treatments are to be conducted in a designated area approved by the official veterinarian responsible for that CHRB racing or training facility.

(d) The treating veterinarian shall keep a log of all ESWT treatments. The log shall be available for inspection by the official veterinarian, Stewards or CHRB investigators. The log shall include the horse's tattoo, microchip number, or other identifying information if the horse is not tattooed or microchipped, the anatomical area treated, and the number of pulses administered.

(e) All ESWT treatments are to be reported to the official veterinarian on a separate form Veterinary Report Confidential CHRB-24 (Rev. 01/18) (CHRB-24), which is incorporated by reference. Such report shall be submitted by 10:00 AM the day following treatment.

(f) Horses treated with ESWT will be placed on the Veterinarian's List for ESWT treatment for 30 days. The day after treatment is the first day on the Veterinarian's List. Unless otherwise provided under Rule 1866, the horse will be automatically removed from the Veterinarian's List for ESWT on the day following the 30th day (30 + 1 days). A horse on the Veterinarian's List for multiple reasons must meet whatever criteria is required for removal for those other reasons.

(g) Horses treated with ESWT may not participate in a recorded workout for 30 days after treatment.

(h) No owner, trainer or licensee shall bring on to a CHRB racing or training facility a horse known to have received EWST within the last 30 days without prior approval of the official veterinarian.

(i) Any person participating in the use of ESWT and/or the possession of ESWT machines in violation of this rule shall be considered to have committed a prohibited veterinary practice and is subject to a Category A penalty pursuant to Rule 1843.3 of this Division.

Authority: Sections 19440, 19562, and 19580, Business and Professions Code.

Reference: Sections 19440, 19562, and 19580, Business and Professions Code.

STAFF ANALYSIS
PUBLIC HEARING AND ACTION BY THE BOARD REGARDING THE PROPOSED
ADDITION OF CHRB RULE 1867.1, USE OF BISPHOSPHONATES PROHIBITED, TO
PROHIBIT THE ADMINISTRATION OF BISPHOSPHONATES TO ANY HORSE
WITHIN A CHRB INCLOSURE

Regular Board Meeting
February 20, 2020

ISSUE:

Bisphosphonates are a class of drugs that prevent the loss of bone density and are used in people to treat osteoporosis and similar diseases. In horses, bisphosphonates are used to treat similar problems, like navicular disease. However, bisphosphonates inhibit the normal bone repair process, so their use has been restricted to horses that are four or older. In younger horses, bisphosphonates could cause bones to become more brittle. Since 2015 the British Horse Racing Authority has restricted the use of bisphosphonates to horses over three-and-a-half years old, and the use of bisphosphonates in horses has been an issue of discussion internationally. The proposed addition of California Horse Racing Board (Board) Rule 1867.1, Use of Bisphosphonates Prohibited, would prohibit the use of bisphosphonates in racehorses within a Board inclosure.

ANALYSIS:

The proposed addition of Board Rule 1867.1 will prohibit the administration of bisphosphonates within a Board inclosure. The proposed regulation would also prohibit any licensee from bringing a horse that is known to have been administered a bisphosphonate within the previous six months into a Board inclosure. A proposed Racing Medication and Testing Consortium bisphosphonate regulation will have a similar six month stand down time, as six months is the best-informed estimate of inhibition of bone repair. The purpose of the proposed addition is to prevent individuals from taking a horse off-site, administering bisphosphonates, and bringing the horse back onto the grounds. Subsection 1867.1(c) of the proposed addition to Board Rule 1867.1 allows for the use of methylene diphosphonate for nuclear imaging purposes, which is used in combination with technetium 99m for the evaluation of benign and malignant skeletal conditions.

Restricting the use of bisphosphonates was originally discussed at the Medication, Safety and Welfare Committee (Committee) meeting on April 17, 2019 where the Committee developed regulatory language for a proposed Board Rule 1866.2, Use of Bisphosphonates Restricted, that would have restricted and set conditions for the administration of, but not prohibited the use of, bisphosphonates in a Board inclosure. Board Rules [1866, Veterinarian's List](#), and [1866.1, Presence of Clenbuterol in Quarter Horses](#), both provide parameters for how and why horses are to be put on the Veterinarian's List, including for the presence of certain drugs administered. The former proposed Board Rule 1866.2 was numbered as such because the Board's intent was to

restrict bisphosphonate use and require that a horse who has been administered bisphosphonates be placed on the Veterinarian's List. At the subsequent April 18, 2019 regular Board meeting, the Board decided to instead develop language that prohibited the use of bisphosphonates. To reflect that change and intent, the proposed regulation's number and title were changed to 1867.1, Use of Bisphosphonates Prohibited, because Board Rule [1867, Prohibited Veterinary Practices](#), governs treatments that are prohibited in Board inclosures.

At the June 19, 2019, Medication, Safety and Welfare Committee meeting, the Committee discussed the proposed addition of Board Rule 1867.1. At the June 20, 2019 regular Board meeting, the Board subsequently directed staff to initiate the 45-day public comment period regarding the proposed regulation. The required Notice documents were completed and submitted to Agency for review and approval. The proposed regulation was submitted to OAL for review and the public comment period was initiated on October 18, 2019. The 45-day public comment period ended on December 2, 2019. No comments were received. Staff prepared the finished rulemaking file and submitted it to OAL for review on December 20, 2019.

On January 31, 2020, OAL determined that subsection (c) of the proposed text lacked clarity and was at risk of rejection. Staff subsequently withdrew the rulemaking file to amend the text according to OAL's suggestions and noticed the text for a 15-day notice effective February 3, 2020. At the time of original submittal, subsection (c) read "For nuclear imaging purposes, methylene diphosphonate may be administered when used in combination with the radionuclide technetium 99m". Subsection (c) of the proposed text is an exception to subsections (a) and (b) because it allows a certain type of bisphosphonate, methylene diphosphonate, to be used for nuclear imaging purposes within a Board inclosure, and horses who have had this treatment administered within the prior six months are still allowed to be brought into Board inclosures. To meet OAL's clarity standards, staff has amended the text to read "Notwithstanding subsections (a) and (b) above, for nuclear imaging purposes, methylene diphosphonate may be administered when used in combination with the radionuclide technetium 99m". The amended language makes clear that subsection (c) is an exception to subsections (a) and (b).

BACKGROUND:

[Business and Professions Code section 19440](#) provides that the Board shall have all powers necessary and proper to enable it to carry out the purposes of this chapter. Responsibilities of the Board shall include adopting rules and regulations for the protection of the public and the control of horse racing and pari-mutuel wagering. [Business and Professions Code section 19562](#) states the Board shall adopt rules, regulations and conditions consistent with the provisions of this chapter under which horse races with wagering on the results shall be conducted in this State. [Business and Professions Code section 19580](#) provides that the Board shall adopt regulations to establish policies, guidelines, and penalties relating to equine medication to preserve and enhance the integrity of horse racing in the state. [Business and Professions Code section](#)

[19581](#) states no substance of any kind shall be administered by any means to a horse after it has been entered to race in a horse race, unless the Board has, by regulation, specifically authorized the use of the substance and the quantity and composition thereof. Board Rule [1843, Medication, Drugs and Other Substances](#), provides that no horse participating in a race shall carry in its body any drug substance or its metabolites or analogues, foreign to the horse except as hereinafter expressly provided. No drug substance shall be administered to a horse which is entered to compete in a race to be run in this state except for approved and authorized drug substances as provided in these rules.

RECOMMENDATION:

This item is presented to the Board for discussion and action. Staff recommends that the Board adopt the proposed regulation as presented.

**CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 15. VETERINARY PRACTICES
PROPOSED ADDITION OF
RULE 1867.1. USE OF BISPHOSPHONATES PROHIBITED**

Text of Modified Proposed Regulations

Changes are illustrated with double underline for proposed additions and by ~~double
strike through~~ for proposed deletions.

1867.1. Use of Bisphosphonates Prohibited.

(a) Bisphosphonates may not be administered to any horse within a CHRB inclosure.

(b) No licensee shall bring into a CHRB inclosure a horse that has been administered a bisphosphonate within the previous six months.

(c) Notwithstanding subsections (a) and (b) above, ~~f~~For nuclear imaging purposes, methylene diphosphonate may be administered when used in combination with the radionuclide technetium 99m.

Authority: Sections 19440, 19562, 19580 and 19581, Business and Professions Code.

Reference: 19440, 19580, and 19581, Business and Professions Code.

STAFF ANALYSIS

DISCUSSION AND ACTION BY THE BOARD REGARDING THE PROPOSED AMENDMENTS TO CHRB RULE 2071, LICENSE TO CONDUCT ADVANCE DEPOSIT WAGERING BY A CALIFORNIA APPLICANT, AND RULE 2072, APPROVAL TO CONDUCT ADVANCE DEPOSIT WAGERING BY AN OUT-OF-STATE APPLICANT, TO ESTABLISH MINIMUM STANDARDS FOR ADVANCE DEPOSIT WAGERING ACCOUNT VERIFICATION AND MODIFY THE APPLICATION FOR LICENSE TO CONDUCT ADVANCE DEPOSIT WAGERING (CHRB-132 AND CHRB-133)

Regular Board Meeting
February 20, 2020

ISSUE:

The current Form CHRB-132, Application for License to Conduct Advance Deposit Wagering, and Form CHRB-133, Application for License to Conduct Advance Deposit Wagering, do not provide the California Horse Racing Board (Board) with enough detail about how Advance Deposit Wagering (ADW) providers will carry out their security access policies and safeguards pursuant to Business and [Professions Code \(BPC\) Section 19604](#). The CHRB-132 and CHRB-133 also do not provide sufficient details about the types of transactions to make deposits and withdraws from ADW accounts that ADW providers will accept, nor about how ADW providers will comply with internal revenue service (IRS) requirements regarding gambling tax withholdings and reporting. To provide the Board with a clearer picture of how ADW providers will comply with the Board requirements for application for a license to conduct advance deposit wagering in California, the proposed amendment to Board Rule 2071, License to Conduct Advance Deposit Wagering by a California Applicant, and Board Rule 2072, Approval to Conduct Advance Deposit Wagering by an out-of-state applicant provides that ADW providers disclose the necessary details on their application for the Board to verify compliance with BPC 19604.

ANALYSIS:

The Thoroughbred Owners of California (TOC) worked with Board staff to develop the proposed amendments to Board Rules 2071 and 2072 in an effort to provide further clarity around ADW providers' security access policies and safeguards, compliance with IRS reporting and tax withholdings, and which types of deposits and withdraws to and from customer accounts that providers will accept. The amendment first updates the Form CHRB-132, which is incorporated by reference in Board Rule 2071, and Form CHRB-133, incorporated by reference in Board Rule 2072, to elicit further detail from ADW providers when applying for a license to conduct advance deposit wagering. The proposed amendment also modifies the language in Board Rules 2071 and 2072 to reflect the changes to the forms CHRB-132 and CHRB-133.

The TOC, in a memo sent to the Board on December 7, 2019, suggested that a significant portion of the race meet purses are generated from the Market Access fees collected by ADW. BPC 19604 defines Market Access fees as “the amount of advance deposit wagering handle remaining after the payment of winning wagers, and after the payment of contractual compensation, if any, to an ADW provider”. The statute goes on to specify the distribution of the Market Access fees to various stakeholders. In determining the distribution of the Market Access fees, it is significant where the wagers originated. Wagers originating in California have different distributions than wagers originating from without. To give the Board a clearer picture of how ADW providers determine the originating location of a wager, the TOC argues that the Board should require more details about the security access policies and safeguards being implemented.

The current CHRB-132 and CHRB-133 require ADW providers to disclose the name and address of the third party that they will use to verify identity, residence, and age of account holders. The proposed amendment would expand on this requirement by requiring ADW providers to also disclose the policies, procedures, criteria, and business rules used by the third party when verifying details about account holders. Conversely, if ADW providers do not use a third party to verify identity, residence, and age of account holders, the proposed amendment provides that ADW providers be required to disclose the policies, procedures, criteria, and business rules by which they verify account holder information when by other than a third party. With this additional information, the Board can determine if the third-party service or any alternative method is adhering to best practices and the Board can condition approval of the ADW license upon meeting the Board’s standards for compliance with the security access policies and safeguards requirements in BPC 19604.

Further updates to the security access portion of the CHRB-132 and CHRB-133 require a description of technologies, policies, and procedures to ensure identity, residence, and age when an account holder’s information has been modified, or when the account holder has changed residence. This change is also reflected in the amendments to Board Rules 2071 and 2072 whose amended language will echo the required information in the forms CHRB-132 and CHRB-133. The TOC expressed concern that when an account holder changes residence or modifies the information on their account in a way that could impact the perceived source of the wager, those modifications can affect the distribution of the Market Access fees, and therefore impact the horsemen through a change in the funds allocated to purses. The proposed amendment provides that, in order to ensure that due diligence is performed when verifying the accuracy of modifications to account holder information, the Board will require a description of the technologies, policies, and procedures to ensure the identity, residence, and age of account holders is accurate after modifications have been made, such as a change in residence. The proposed amendment also provides for a description of the technology, policies, and procedures used to detect and report suspicious activity to the Board. Such activity can include any information thought to be disingenuous or misleading, including activity that would cause suspicion that the ZIP code provided by the account holder may not be the actual ZIP code for the residential address of the account holder.

The TOC points out that another concern beyond that of the distribution of Market Access fees is compliance with federal anti-money laundering (AML) initiatives. For this reason, it is necessary that ADW providers have a means to report suspicious activity to the Board, and have policies, procedures, and technologies in place to detect such activities. Additionally, the proposed amendment would add a question to the CHRB-132 and CHRB-133 to ask if ADW providers are registered with the Financial Crimes Enforcement Network (FinCEN) or any other banking and AML compliance agency. FinCEN is a Federal entity under the Department of Treasury that establishes Know Your Customer (KYC) guidelines and best practices to assist organizations in detecting and combating money laundering.

The proposed amendment also provides that ADW providers describe what type of transactions to make deposits and withdraw to and from a customer's account that the provider will accept. The current forms CHRB-132 and CHRB-133 ask what type of deposits the ADW provider will accept. The proposed amendment provides for a description in more nuanced detail about the different types of transactions to make both deposits and withdrawals so that the Board can get a clearer picture of the types of transactions that the ADW provider will be engaging in. A clearer picture of the types of transactions that are being accepted will aid the Board in determining how the ADW provider's security access policies account for various sources of deposits and withdrawals. To further assist with AML compliance and enforcement, the proposed amendment also provides that ADW providers describe the technology, policies, and procedures utilized to verify that the method of deposit and withdrawals are made from funds owned by the account holder.

The proposed amendment also provides that ADW providers describe the technology, policies, and procedures used to comply with Board Rule 2074, Requirements to Establish an Advance Deposit Wagering Account with a California Entity, and Board Rule 2075, Requirements to Establish an Advance Deposit Wagering Account with an out-of-state Hub, specifically subsection (i). Board Rules 2074(i) and 2075(i) provide that ADW providers shall, at all times, comply with IRS requirements for reporting and withholding proceeds from ADW wagers by account holders and shall send to account holders subject to IRS reporting or withholding a Form W2-G summarizing the information for tax purposes following a winning wager being deposited into an account. Providing the Board with further details about the ADW providers' technologies, policies, and procedures in this regard enables the Board to examine the ADW providers' practices and determine if they are sufficient for compliance with existing Board rules.

BACKGROUND:

[BPC Section 19440](#) provides that the Board shall have all powers necessary and proper to enable it to carry out fully and effectually its responsibilities, including the administration and enforcement of all laws, rules, and regulations affecting horse racing and pari-mutuel wagering. [BPC Section 19590](#) provides that the Board shall adopt rules governing, permitting, and regulating pari-mutuel wagering on horse races and that pari-mutuel wagering shall be conducted only by a person or persons licensed to conduct a horse

racetrack meeting or authorized by the Board to conduct advance deposit wagering. BPC Section 19604 provides that the Board may authorize a racing association, racing fair, betting system, or multijurisdictional wagering hub to conduct advance deposit wagering. Subsection 19604(2) provides that the Board shall develop and adopt rules and regulations requiring ADW providers to establish security access policies and safeguards, including, but not limited to, Board-approved methods to perform location and age verification confirmation with respect to persons establishing an advance deposit wagering account.

RECOMMENDATION:

This item is presented for Board discussion and action.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 26. ADVANCE DEPOSIT WAGERING
RULE 2071. LICENSE TO CONDUCT
ADVANCE DEPOSIT WAGERING BY A CALIFORNIA APPLICANT

Regular Board Meeting
February 20, 2020

2071. License to Conduct Advance Deposit Wagering by a California Applicant.

(a) Prior to an Account being established or wagering being conducted the Applicant located in California must be licensed by the Board. All licenses granted shall be subject to the provisions of Business and Professions Code (B&PBPC) Section 19460 et. seq.

(b) An Applicant for license shall complete an Application for License to Conduct Advance Deposit Wagering, CHRB-132 (~~New 9/04~~)(Rev. 02/20), hereby incorporated by reference, which is available at the Board's administrative office. The Application must be filed not later than 90 days in advance of the scheduled start date of operation. A bond from a surety company admitted in the state of California or other form of financial security in the amount of \$500,000 must accompany the Application. The term of the license shall be two years from the date the license is issued.

(c) Applicants shall establish security access policies and safeguards pursuant to B&PBPC Section 19604.

(d) Applicants shall provide a description of the technology, policies, procedures, criteria, and business rules utilized when implementing the applicant's security access policies and safeguards.

(e) Applicants shall provide a description of the technology, policies, procedures, criteria, and business rules utilized when verifying an account holder's name, residence and age verification pursuant to Board Rule 2074(d).

(f) Applicants shall provide a description of the technology, policies, procedures, criteria and business rules utilized when complying with Board Rule 2074(i) regarding IRS gambling withholdings.

(dg) Applicants that accept wagers from California residents shall provide a full accounting and verification of the source of the wagers, and a detailed wagering information file that includes, but is not limited to, dollar amount wagered, pool on which the wager was placed, race number and racing venue, zone, breed, zip code of the Account Holder, time wagering stopped, and time of the wager in the form of a daily download of pari-mutuel data to the Board designated database, California Horse Racing Information Management System, that is compatible with a Comma Delimited Text File.

(h) Applicants shall provide a description of the types of transactions to make deposits and withdraw to and from a customer's Advance Deposit Wagering account that the applicant will accept.

(ei) Applicants shall provide financial information that demonstrates the financial resources to operate Advance Deposit Wagering and provide a detailed budget that

shows anticipated revenue, expenditures and cash flows by month projected for the term of the license.

(fj) The Board may conduct investigations, inspections or request additional information from the Applicant as it deems appropriate in determining whether to approve the license.

(gk) The Board, or its designee, shall be given access for review and audit of all records. The Applicant shall, at their location during hours of operation, make such information available. The Board may require the Applicant to annually submit audited financial statements.

(hl) All advertisements shall contain a statement that persons under 18 are not allowed to open or have access to Accounts. All advertisements shall contain contact information for a recognized problem-gambling support organization.

(im) Applicants shall enter into a written contractual agreement with the bona fide labor organization that has historically represented the same or similar classifications of employees at the nearest horse racing meeting.

(jn) The Board shall notify the Applicant in writing within 30 calendar days from the receipt date by the Board's administrative office if the Application is complete or deficient. If the Application is deficient, the notice shall include:

(1) Instructions as to what is required of the Applicant to complete the Application.

(2) Instructions for requesting additional time to satisfy the requirements listed in the notification, if needed.

(ko) The Board shall approve or deny an Application within 90 calendar days from the receipt date by the Board unless the Applicant requests and is granted additional time to supply information.

(lp) If the Board denies an Application, the Applicant has 30 calendar days, from the receipt date of the Board's denial notification, to request a reconsideration of the Board's decision. The request must be in writing and sent to the Board's administrative office. The Board shall respond in writing to the reconsideration request within 30 working days from the receipt date of the request. If reconsideration is denied, the Applicant may file for judicial review in accordance with §section 11523 of the Government Code.

(mq) Subsequent to the issuance of a license to conduct Advance Deposit Wagering under this article, changes or amendments to information or operating procedures contained in an Application will be permitted by order of the Board or by Board approval of a request submitted in writing by the Applicant.

NOTE: Authority cited: Sections 19440 and 19590, Business and Professions Code. Reference: Sections 19460 and 19604, Business and Professions Code.

HISTORY:

1. Amendment filed 1-7-02; effective 1-7-02.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 26. ADVANCE DEPOSIT WAGERING
RULE 2072. APPROVAL TO CONDUCT ADVANCE
DEPOSIT WAGERING BY A CALIFORNIA APPLICANT

Regular Board Meeting
February 20, 2020

2072. Approval to Conduct Advance Deposit Wagering by an out-of-state Applicant.

(a) Prior to an Account being established or wagering being conducted the Applicant located out-of-state must be Board-approved. All approvals granted shall be subject to the provisions of Business and Professions Code (B&PBPC) Code Section 19460 et. seq.

(b) An out-of-state Applicant shall complete an Application for Approval to Conduct Advance Deposit Wagering, CHRB-133 (New 9/04)(Rev. 02/20), hereby incorporated by reference, which is available at the Board's administrative office. The Application must be filed not later than 90 days in advance of the scheduled start date of operation. A bond from a surety company admitted in the state of California or other form of financial security in the amount of \$500,000 must accompany the Application. The term of approval is two years from the date the approval is issued.

(c) Out-of-state Applicants shall establish security access policies and safeguards pursuant to B&PBPC Section 19604.

(d) Applicants shall provide a description of the technology, policies, procedures, criteria and business rules utilized when implementing the applicant's security access policies and safeguards.

(e) Applicants shall provide a description of the technology, policies, procedures, criteria, and business rules utilized when verifying an account holder's name, residence, and age verification pursuant to Board Rule 2075(d).

(f) Applicants shall provide a description of the technology, policies, procedures, criteria, and business rules utilized when complying with Board Rule 2075(i) regarding IRS gambling withholdings.

(dg) Out-of-state Applicants that accept wagers from California residents shall provide a full accounting and verification of the source of the wagers, and a detailed wagering information file that includes, but is not limited to, dollar amount wagered, pool on which the wager was placed, race number and racing venue, zone, breed, zip code of the Account Holder, time wagering stopped, and time of the wager in the form of a daily download of pari-mutuel data to the Board designated database, California Horse Racing Information Management System, that is compatible with a Comma Delimited Text File.

(h) Applicants shall provide a description of the types of transactions to make deposits and withdraw to and from a customer's Advance Deposit Wagering account that the applicant will accept.

(~~e~~i) Out-of-state Applicants shall provide financial information that demonstrates the financial resources to operate Advance Deposit Wagering and provide a detailed budget that shows anticipated revenue, expenditures and cash flows by month projected for the term of the approval.

(~~f~~j) The Board may conduct investigations, inspections or request additional information from the out-of-state Applicant as it deems appropriate in determining whether to approve the Application.

(~~g~~k) The Board, or its designee, shall be given access for review and audit of all records. The out-of-state Applicant shall, at their location during hours of operation, make such information available. The Board may require the out-of-state Applicant to annually submit audited financial statements.

(~~h~~l) All advertisements shall contain a statement that persons under 18 are not allowed to open or have access to Accounts. All advertisements shall contain contact information for a recognized problem-gambling support organization.

(~~i~~m) The Board shall notify the out-of-state Applicant in writing within 30 calendar days from the receipt date by the Board's administrative office if the Application is complete or deficient. If the Application is deficient, the notice shall include:

(1) Instructions as to what is required of the out-of-state Applicant to complete the Application.

(2) Instructions for requesting additional time to satisfy the requirements listed in the notification, if needed.

(~~j~~n) The Board shall approve or deny an Application within 90 calendar days from the receipt date by the Board unless the out-of-state Applicant requests and is granted additional time to supply information.

(~~k~~o) If the Board denies an Application, the out-of-state Applicant has 30 calendar days, from the receipt date of the Board's denial notification, to request a reconsideration of the Board's decision. This request must be in writing and sent to the Board's administrative office. The Board shall respond in writing to the reconsideration request within 30 working days from the receipt date of the request. If reconsideration is denied, the out-of-state Applicant may file for judicial review in accordance with Section 11523 of the Government Code.

(~~l~~p) Subsequent to the issuance of an approval to conduct Advance Deposit Wagering under this article, changes or amendments to information or operating procedures contained in an Application will be permitted by order of the Board or by Board approval of a request submitted in writing by the Applicant.

(~~m~~q) As a condition of approval the out-of-state Applicant shall designate a California agent for receipt of service of process.

(~~n~~r) By submitting the Application the out-of-state Applicant consents to the jurisdiction of California courts and the application of California law as to all California wagers and operations.

NOTE: Authority cited: Sections 19440 and 19590, Business and Professions Code. Reference: Sections 19460 and 19604, Business and Professions Code.

HISTORY:

1. Amendment filed 1-7-02; effective 1-7-02.

STATE OF CALIFORNIA
CALIFORNIA HORSE RACING BOARD (CHRB)
APPLICATION FOR LICENSE TO CONDUCT ADVANCE DEPOSIT WAGERING
CHRB-132 (New 9/04 Rev. 02/20)

Application is made to the CHRB for a license to conduct Advance Deposit Wagering in accordance with the California Business and Professions (~~B&P~~) Code (BPC) and CHRB Rules and Regulations (Rule) and the provisions of the Interstate Horseracing Act, 15 U.S.C. 3001 to 3007.

Application must be filed not later than 90 days in advance of the date scheduled to conduct Advance Deposit Wagering and must be accompanied by a bond from a surety company admitted in the state of California or other form of financial security in the amount of \$500,000.

1. APPLICANT

- A. Racing Association (Licensee) Racing Fair (Licensee)
 Betting System CA Multi-jurisdictional Wagering Hub (CA Hub)
- B. Name, mailing address, telephone and fax numbers:
- C. Names and titles of all management personnel:

NOTICE – All management personnel must be CHRB licensed.

- D. Racing Fairs are not required to complete Section 3, Business Structure.
- E. Betting Systems and CA Hubs - attach the contract with the Licensee and the required horsemen's approval under the Interstate Horseracing Act that permits you to provide Advance Deposit Wagering services and identify the amount of the market access fee to be paid to the Licensee for access to the California market for wagering purposes.

2. DATES OF OPERATION

- A. Dates Advance Deposit Wagering will be conducted:
- B. Hours Advance Deposit Wagering will be conducted:

3. BUSINESS STRUCTURE

- A. Corporation (complete subsection B)
 LLC (complete subsection C)
 Other (specify, and complete subsection D)

Complete the applicable subsection

CHRB CERTIFICATION

Application received:
Reviewed:
Hearing date:

Approval date:
License number:

B. CORPORATION

1. Registered name of the corporation:
2. State where incorporated:
3. Registry or file number for the corporation:
4. Name of all officers and directors, titles, and number of shares of the corporation held by each:
5. Names (true names) of all persons, **other than the officers and directors listed above**, that hold 5% or more of the outstanding shares in the corporation and the number of shares held by each:
6. Number of outstanding shares in the corporation:
7. Are the shares listed for public trading? Yes No
If yes, on what exchange and how is the stock listed:
8. Name of the custodian of the list of shareholders and/or the transfer agent for the share holdings of the corporation:
9. If more than 50% of the shares are held by a parent corporation or are paired with any other corporation or entity, give the name of the parent and/or paired corporation or entity:
10. Attach the most recent annual financial statement for the corporation, including balance sheet and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the corporation and/or the Securities and Exchange Commission and/or the California Corporations Commission.
11. Attach a business plan to include a detailed budget that shows anticipated revenue, expenditures and cash flow by month projected for the term of the license.

C. LLC

1. Registered name of the LLC:
2. State where articles of organization are filed:
3. Registry or file number for the LLC:
4. Names of all officers and directors, titles, and the number of shares of the LLC held by each:
5. Names (true names) of all members, **other than the officers and directors listed above**, that hold 5% or more of the outstanding shares in the LLC and the number of shares held by each:
6. Are the shares listed for public trading? Yes No

If yes, on what exchange and how is the stock listed:

7. If more than 50% of the shares are held by a parent corporation or are paired with any other corporation or entity, give the name of the parent and/or paired corporation or entity:
8. Attach the most recent annual financial statement for the LLC, including balance sheet and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the LLC and/or the Securities and Exchange Commission and/or the California Corporations Commission.
9. Attach a business plan to include a detailed budget that shows anticipated revenue, expenditures and cash flow by month projected for the term of the license.

D. OTHER

1. Name(s) of partners/sole proprietor:
2. If a partnership, attach partnership agreement.
3. Attach a business plan to include a detailed budget that shows anticipated revenue, expenditures and cash flow by month projected for the term of the license.

4. ESTABLISHING ADVANCE DEPOSIT WAGERING ACCOUNTS – must comply with Rule 2074.

- A. List the procedures to establish an Account:
- B. If an application form is used to establish an Account attach a copy of the form.
- C. Provide the Name and address of the third party you will use to verify identity, residence, and age verification:
 1. Provide detail on how the verification is conducted including policies, procedures, criteria, and business rules. The response should be detailed and complete.
 2. Provide details on how verification is conducted, including policies, procedures, criteria, and business rules, when other than by the third parties.
- D. Provide a description of the technology, policies and procedures used to comply with CHRB Rule 2074(i) regarding gambling withholdings.

5. OPERATION OF ADVANCE DEPOSIT WAGERING ACCOUNTS – must comply with Rule 2073.

- A. Submit a copy of your plan for operation.
- B. List the type of deposits you will accept transactions to make deposits and withdraw to and from a customer's advance deposit wagering account:
 1. List the types of deposits you will accept:
 - a. Checks

- b. Wire Deposits
- c. ACH Deposits
- d. Debit Card Account Transfers
- e. PayPal or other Payment Service (list all under other)
- f. Intra Bank Transfers
- g. Cash
- h. Money Orders
- i. Cashier Checks
- j. Multi Party Check
- k. Credit Card
- l. Credit Card Cash Advance (Quasi Cash Transactions)
- m. Do you offer customers promotional funds for opening accounts?
- n. Do you offer rebates? If so, provide a schedule of rebates
- o. Other (Provide all other types of deposits you accept on a separate schedule if needed)

2. List the types of withdraws you will process:

- a. Check
- b. Wire Transfer
- c. ACH Transfer
- d. Debit Card Account Transfer
- e. PayPal or other Payment Service (list all under other)
- f. Intra Bank Transfers
- g. Cash
- h. Money Orders
- i. Cashier Checks
- j. Multi Party Checks
- k. Other (Provide all other types of withdraws you accept on a separate schedule if needed)

C. Identify any fees or transaction-related charges and the amount that will be assessed:

D. Are you registered with FinCEN or any other agency with regards to banking or anti-money laundering compliance?

6. SECURITY ACCESS

A. Attach your security access policy and safeguards pursuant to B&PBPC Section section 19604 (c) (2). Policy must include the following:

1. Description of the technology to ensure identity, residence, and age verification when an Account is established:
2. Description of the technology, policies, and procedures to ensure identity, residence, and age verification when an account holder's information is modified, or the account holder has changed residence.
3. Description of the technology, policies, and procedures utilized to detect and report suspicious activity to the Board. Suspicious activity shall include any activity that would cause suspicion the ZIP code used may not actually be the ZIP code for the residential address of the account holder.

24. Description of the technology to ensure confidentiality of the ~~M~~means of ~~P~~personal ~~I~~identification:
35. Methods and locations available for ~~A~~account ~~H~~holders to withdraw funds from their Account:
6. Description of technology, policies, and procedures to verify that the method of deposit and withdraw are made from funds owned by the account holder.
- 47. If the Advance Deposit Wagering records will be maintained at a site other than the applicants provide the name, address, telephone and fax numbers and the hours of operation:

7. PARI-MUTUEL

- A. Name, address and telephone number of the pari-mutuel audit firm:
- B. Type(s) of pari-mutuel or totalizator equipment to be used and the simulcast organization, name of the entity supplying equipment, and expiration date of the service contract:
- C. List the locations of the racing venues on which Advance Deposit Wagering will be accepted:

NOTICE – The pari-mutuel system used must use a device or combination of devices authorized and operated exclusively for placing, receiving, or otherwise making a wager and by which a person must subscribe to in order to place, receive or otherwise make a wager; an effective customer and age verification system and the appropriate data security standards to prevent unauthorized access by any person who has not subscribed or who is under the age of 18.

8. CONTRACTS AND AGREEMENTS

- A. List name and address of all organizations you will contract with to facilitate Advance Deposit Wagering that are not provided in other sections of this application:
- B. List each contract or agreement to facilitate Advance Deposit Wagering that is not finalized and signed:

NOTICE – Pursuant to ~~B&PBPC Section~~section 19604 (c) (1) you must contract with the bona fide labor organization that has historically represented the same or similar classifications of employees at the nearest horse racing meeting.

9. ADVERTISING

Name and address of the advertising agency you will use:

NOTICE – Pursuant to Rule 2071 (h) all advertisements shall contain a statement that persons under 18 are not allowed to open or have access to ~~A~~accounts. All advertisements shall contain contact information for a recognized problem-gambling support organization. Additionally, pursuant to ~~B&PBPC Section~~section 19604 (D) (3) advertisements shall not be deceptive to the public.

10. CERTIFICATION

I hereby certify under penalty of perjury that I have examined this Application, that all of the foregoing statements in this Application are true and correct, and that I am authorized to attest to this Application.

Print Name

Signature

Print Title

Date

STATE OF CALIFORNIA
CALIFORNIA HORSE RACING BOARD (CHRB)
APPLICATION FOR APPROVAL TO CONDUCT ADVANCE DEPOSIT WAGERING
CHRB-133 (New 9/04 Rev. 02/20)

Application is made to the CHRB for approval to conduct Advance Deposit Wagering in accordance with the California Business and Professions (~~B&P~~) Code (BPC) and CHRB Rules and Regulations (Rule) and the provisions of the Interstate Horseracing Act, 15 U.S.C. 3001 to 3007.

NOTICE – By submitting the Application the out-of-state Applicant consents to the jurisdiction of California courts and the application of California law as to all California wagers and operations.

Application must be filed not later than 90 days in advance of the date scheduled to conduct Advance Deposit Wagering and must be accompanied by a bond from a surety company admitted in the state of California or other form of financial security in the amount of \$500,000.

1. OUT-OF-STATE MULTI-JURISDICTIONAL WAGERING HUB (out-of-state Hub)

- A. Name, mailing address, telephone and fax numbers:
- B. Name, title, license number and racing jurisdiction where licensed for all management personnel:
- C. Name, title and mailing address of the California agent for receipt of service of process:
- D. Attach the contract with the California racing association or fair and the required horsemen's approval under the Interstate Horseracing Act that permits you to provide Advance Deposit Wagering services and identify the amount of the market access fee to be paid to the California racing association or fair for access to the California market for wagering purposes.

2. DATES OF OPERATION

- A. Dates Advance Deposit Wagering will be conducted:
- B. Hours Advance Deposit Wagering will be conducted:

3. BUSINESS STRUCTURE

- A. Corporation (complete subsection B)
- LLC (complete subsection C)
- Other (specify, and complete subsection D)

Complete the applicable subsection

B. CORPORATION

- 1. Registered name of the corporation:

CHRB CERTIFICATION

Application received:
Reviewed:

Hearing date:
Approval date:

2. State where incorporated:
3. Registry or file number for the corporation:
4. Name of all officers and directors, titles, and number of shares of the corporation held by each:
5. Names (true names) of all persons, **other than the officers and directors listed above**, that hold 5% or more of the outstanding shares in the corporation and the number of shares held by each:
6. Number of outstanding shares in the corporation:
7. Are the shares listed for public trading? Yes No
If yes, on what exchange and how is the stock listed:
8. Name of the custodian of the list of shareholders and/or the transfer agent for the share holdings of the corporation:
9. If more than 50% of the shares are held by a parent corporation or are paired with any other corporation or entity, give the name of the parent and/or paired corporation or entity:
10. Attach the most recent annual financial statement for the corporation, including balance sheet and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the corporation and/or the Securities and Exchange Commission and/or the corresponding state where you registered your corporation.
11. Attach a business plan to include a detailed budget that shows anticipated revenue, expenditures and cash flow by month projected for the term of the approval.

C. LLC

1. Registered name of the LLC:
2. State where articles of organization are filed:
3. Registry or file number for the LLC:
4. Names of all officers and directors, titles, and the number of shares of the LLC held by each:
5. Names (true names) of all members, **other than the officers and directors listed above**, that hold 5% or more of the outstanding shares in the LLC and the number of shares held by each:
6. Are the shares listed for public trading? Yes No
If yes, on what exchange and how is the stock listed:

7. If more than 50% of the shares are held by a parent corporation or are paired with any other corporation or entity, give the name of the parent and/or paired corporation or entity:
8. Attach the most recent annual financial statement for the LLC, including balance sheet and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the LLC and/or the Securities and Exchange Commission and/or the corresponding state where you registered your corporation.
9. Attach a business plan to include a detailed budget that shows anticipated revenue, expenditures and cash flow by month projected for the term of the approval.

D. OTHER

1. Name(s) of partners/sole proprietor:
2. If a partnership, attach partnership agreement.
3. Attach a business plan to include a detailed budget that shows anticipated revenue, expenditures and cash flow by month projected for the term of the approval.

4. ESTABLISHING ADVANCE DEPOSIT WAGERING ACCOUNTS – must comply with Rule 2074.

- A. List the procedures to establish an Account:
- B. If an application form is used to establish an Account attach a copy of the form.
- C. Provide the Name and address of the third party you will use to verify identity, residence, and age verification:
 1. Provide detail on how the verification is conducted including policies, procedures, criteria, and business rules. The response should be detailed and complete.
 2. Provide details on how verification is conducted, including policies, procedures, criteria, and business rules, when other than by the third parties.
- D. Provide a description of the technology, policies and procedures used to comply with CHRB Rule 2075(i) regarding gambling withholdings.

5. OPERATION OF ADVANCE DEPOSIT WAGERING ACCOUNTS – must comply with Rule 2073.

- A. Submit a copy of your plan for operation.
- B. List the type of ~~deposits you will accept~~ transactions to make deposits and withdraw to and from a customer's advance deposit wagering account:
 1. List the types of deposits you will accept:
 - a. Checks
 - b. Wire Deposits
 - c. ACH Deposits

- d. Debit Card Account Transfers
- e. PayPal or other Payment Service (list all under other)
- f. Intra Bank Transfers
- g. Cash
- h. Money Orders
- i. Cashier Checks
- j. Multi Party Check
- k. Credit Card
- l. Credit Card Cash Advance (Quasi Cash Transactions)
- m. Do you offer customers promotional funds for opening accounts?
- n. Do you offer rebates? If so, provide a schedule of rebates
- o. Other (Provide all other types of deposits you accept on a separate schedule if needed)

2. List the types of withdraws you will process:

- a. Check
- b. Wire Transfer
- c. ACH Transfer
- d. Debit Card Account Transfer
- e. PayPal or other Payment Service (list all under other)
- f. Intra Bank Transfers
- g. Cash
- h. Money Orders
- i. Cashier Checks
- j. Multi Party Checks
- k. Other (Provide all other types of withdraws you accept on a separate schedule if needed)

C. Identify any fees or transaction-related charges and the amount that will be assessed:

D. Are you registered with FinCEN or any other agency with regards to banking or anti-money laundering compliance?

6. SECURITY ACCESS

A. Attach your security access policy and safeguards pursuant to ~~B&P~~B&P~~BPC~~BPC ~~§~~§section 19604 (c) (2). Policy must include the following:

1. Description of the technology to ensure identity, residence, and age verification when an Account is established:
2. Description of the technology, policies and procedures to ensure identity, residence, and age verification when an account holder's information is modified, or the account holder has changed residence.
3. Description of the technology, policies and procedures utilized to detect and report suspicious activity to the Board. Suspicious activity shall include any activity that would cause suspicion the ZIP code used may not actually be the ZIP code for the residential address of the account holder.
24. Description of the technology to ensure confidentiality of the ~~M~~Mmeans of ~~P~~Ppersonal

Identification:

35. Methods and locations available for Account Holders to withdraw funds from their Account:

6. Description of technology, policies, and procedures to verify that the method of deposit and withdraw are made from funds owned by the account holder.

47. If the Advance Deposit Wagering records will be maintained at a site other than the applicants provide the name, address, telephone and fax numbers and the hours of operation:

7. PARI-MUTUEL

A. Name, address, and telephone number of the pari-mutuel audit firm:

B. Type(s) of pari-mutuel or totalizator equipment to be used and the simulcast organization, name of the entity supplying equipment, and expiration date of the service contract:

C. List the locations of the racing venues on which Advance Deposit Wagering will be accepted:

NOTICE – The pari-mutuel system used must use a device or combination of devices authorized and operated exclusively for placing, receiving, or otherwise making a wager and by which a person must subscribe to in order to place, receive or otherwise make a wager; an effective customer and age verification system and the appropriate data security standards to prevent unauthorized access by any person who has not subscribed or who is under the age of 18.

8. CONTRACTS AND AGREEMENTS

A. List name and address of all organizations you will contract with to facilitate Advance Deposit Wagering that are not provided in other sections of this application:

B. List each contract or agreement to facilitate Advance Deposit Wagering that is not finalized and signed:

9. ADVERTISING

Name and address of the advertising agency you will use:

NOTICE – Pursuant to Rule 2072 (h) all advertisements shall contain a statement that persons under 18 are not allowed to open or have access to Accounts. All advertisements shall contain contact information for a recognized problem-gambling support organization. Additionally, pursuant to B&PBPC Ssection 19604 (D) (3) advertisements shall not be deceptive to the public.

10. CERTIFICATION

I hereby certify under penalty of perjury that I have examined this Application, that all of the foregoing statements in this Application are true and correct, and that I am authorized to attest to this Application.

Print Name

Signature

Print Title

Date

CALIFORNIA HORSE RACING BOARD

FEBRUARY 20, 2020
REGULAR BOARD MEETING

There is no board package material for Item 10

STAFF ANALYSIS
DISCUSSION AND ACTION BY THE BOARD REGARDING THE PROPOSED
AMENDMENTS TO CHRB RULE 1685, EQUIPMENT REQUIREMENT, TO MODIFY
RIDING CROP SPECIFICATIONS.

Regular Board Meeting
February 20, 2020

ISSUE:

The current California Horse Racing Board (Board) [Rule 1685](#) is designed to prevent abuse through use and construction of the riding crop. The current language is the result of a 2010 amendment to transition to the “cushion crop”, a crop design that implements a soft padded material on the tip and has a rounded tip without hard edges. Starting in 2007, the Jockey’s Guild (Guild) began advocating for the cushion crop design as a “kinder” alternative that was gentler on horses and better protected the horses’ health and safety compared to the prior crop design. However, Ramón Dominguez, a retired jockey, has since developed a newer riding crop design called the 360 Gentle Touch (360 GT) that is more “equine friendly” than the current cushion crop. The 360 GT has no stitching and the popper is made of soft but durable foam. The popper on the 360 GT is wider and longer than a cushion crop, and the density and size of the popper makes the crop flex more as it travels through the air compared to the cushion crop. The foam popper causes the tip to bounce off a horse when struck without leaving a sting. The lack of stitching on the popper avoids causing welts or cuts when striking a horse.

On May 8, 2019, Mr. Dominguez proposed new language to the Board to amend Board Rule 1685 to incorporate the specifications of the 360 GT and to require jockeys and riders to use crops with cylindrical soft foam poppers that lack exterior stitching. Under existing language, the 360 GT is authorized only when approved by Stewards, pursuant to subsection (d) of Board Rule 1685.

At the January 22, 2020 regular Board meeting, the Board heard testimony from Mr. Dominguez and from representatives of the Guild regarding amendments to Board Rule 1685. Mr. Dominguez proposed modifications to the language in the proposed amendment that would allow for a popper consisting of a single material, as well as require that the popper material be waterproof. He also proposed that the term “width” be replaced with the term “diameter” because diameter is a more accurate measurement for a cylinder and is more consistent with language requiring a cylindrical popper. Additionally, representatives of the Guild proposed striking proposed language that provided for all riding crops to be supplied by the racing association or fair conducting the race. The Board unanimously supported the decision to strike proposed subsection (e) which required racing associations or fairs to supply the riding crop.

ANALYSIS:

The text of the proposed amendment to Board Rule 1685 incorporates the specifications for the 360 GT riding crop. The proposed text specifies that the shaft of the riding crop shall have a cylindrical, soft, foam popper instead of the soft, leather flap with a foam interior popper specified in the current text. The proposed text also specifies that there be no binding on the exterior of the soft tube at the end of the shaft. The cylindrical foam popper has no hard edges from folds or seams in contrast to the current cushion crops, and the lack of stitching or binding prevents the accidental strike along the edge or seam of the cushion crop from causing welts or cuts. The proposed amendment to Board Rule 1685 provides that the foam popper will be crafted from closed cell foam, memory foam, or material of a similar shock-absorbing material that is waterproof to preserve the softness and shock absorption qualities during use under all conditions and durable enough to withstand the rigors of regular use without breaking down or hardening over time. The proposed specification of material makeup and quality ensures that the riding crop, which is used in outdoor environments exposed to weather and dirt, will not breakdown and malfunction during a race and risk accidentally harming a horse during use. The proposed amendment also removes reference to inner and outer layers in the material specifications to allow for a popper that consists of one material, as the 360 GT is made with a single layer foam popper. Additionally, the material specifications ensure that the shock absorption qualities of the popper will prevent causing the horse pain but will still be effective in allowing a jockey or rider to direct and encourage the horse because the cylindrical foam popper is designed to produce significant noise to catch a horse's attention. The proposed amendment to Board Rule 1685 also provides that the popper has a minimum diameter of 0.8 inches, a reduction from the current minimum width of 1 inch to allow for a more tapered popper, and a change in the term of measurement from "width" to "diameter" to maintain consistency with the proposed language which provides for a cylindrical popper. The proposed language is specific enough to allow for the safety of horses, but still broad enough to allow for other riding crops outside of the GT 360 that meet these specifications, as well as allow for modifications for jockey preference.

The proposed amendments to Board Rule 1685 also remove new subsection (e) which indicates that riding crops will be the property of the racetrack and must be checked out to jockeys or riders daily. The removal of this proposed subsection will maintain the use of personal riding crops, subject to subsection (d) which provides that all riding crops are subject to inspection and approval by the stewards. This continues the practice of stewards performing unannounced checks of riding crops to inspect them for unauthorized alterations.

Additionally, the current 360 GT has a circumference of 3 1/8 inches, which falls under the minimum requirements of subsection (c)(1) requiring a minimum circumference of 3 inches for riding crops, but planned modifications to the 360 GT will bring the circumference to slightly less than 3 inches in diameter. The proposed amendment modifies the minimum circumference to 2.5 inches to allow for a more tapered popper.

BACKGROUND:

[Business and Professions Code \(BPC\) section 19420](#) provides that the California Horse Racing Board (Board) shall have jurisdiction and supervision over meetings in California where horse races with wagering on their results are held or conducted, and over all persons or things having to do with the operation of such meetings. [BPC section 19440](#) states the Board shall have all powers necessary and proper to enable it to carry out fully and effectually the purposes of Chapter 4 of the BPC. Responsibilities of the Board shall include, but not be limited to, adopting rules and regulations for the protection of the public and the control of horse racing and pari-mutuel wagering. [BPC section 19481](#) provides that in performing its responsibilities, the Board shall establish safety standards governing equipment for horse and rider.

RECOMMENDATION:

This item is presented to the Board for discussion and action.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 8. RUNNING THE RACE
PROPOSED AMENDMENT OF
RULE 1685 EQUIPMENT REQUIREMENT

Regular Board Meeting
February 20, 2020

1685. Equipment Requirement

- (a) No bridle shall weigh more than two (2) pounds.
- (b) Riding crops allowed for use in flat racing and training shall be unaltered from the original manufacturer; shall have shaft and ~~flap (popper)~~cylindrical soft foam popper; shall weigh no more than 8 ounces and shall not be more than 30 inches in length.
- (1) The minimum diameter of the shaft shall be 0.5 inches, with a smooth, padded contact area that has no protrusions or raised surface.
- (c) The only allowed attachment to the shaft is the ~~flap (popper)~~cylindrical soft foam popper, which shall not extend more than 1 inch beyond the end of the shaft.
- (1) The ~~flap (popper)~~cylindrical soft foam popper shall have a ~~width~~diameter of not less than ~~40.8 inches~~, or more than 1.5 inches; shall have a minimum length of 7 inches; and a minimum circumference of ~~32.5 inches~~ measured around the width. The ~~flap (popper)~~cylindrical soft foam popper shall have no reinforcements or additions beyond the end of the shaft, and no binding ~~within 7 inches of the end of the shaft~~anywhere on the exterior of the soft tube at the end of the shaft.
- (2) The ~~flap (popper)~~cylindrical soft foam popper shall ~~be folded over and sewn down each side. It shall have an inner layer~~ consisting of memory foam, closed cell foam, or a similar shock-absorbing material, and ~~an outer layer that is~~shall be dark in color, waterproof and made of material that does not harden over time.
- (d) All riding crops are subject to inspection and approval by the stewards.

NOTE: Authority cited: Sections 19420 and 19440, Business and Professions Code. Reference: Sections 19441.2 and 19481, Business and Professions Code.

HISTORY:

1. Amendment filed 4-15-93; effective 5-17-93.
2. Amendment filed 1-9-96; effective 2-8-96.
3. Amendment filed 3-29-10; effective 4-28-10.
4. Amendment filed 1-25-18; effective 4-1-18.

CALIFORNIA HORSE RACING BOARD

FEBRUARY 20, 2020
REGULAR BOARD MEETING

There is no board package material for Item 12

STAFF ANALYSIS

DISCUSSION AND ACTION BY THE BOARD REGARDING THE PROPOSED AMENDMENTS TO CHRB RULE 1501, WORKER'S COMPENSATION INSURANCE REQUIRED, AND RULE 1502, PROGRAM TRAINER PROHIBITED, TO CLARIFY THE PARAMETERS OF PROGRAM TRAINING PROHIBITION

Regular Board Meeting
February 20, 2020

BACKGROUND:

The trainer plays a vital role in the conditioning and training of a horse prior to a race. The decisions the trainer makes about training, workouts, and rest can affect the performance of the horse. The trainer is also ultimately responsible for the condition of the horse prior to entry to race, and to ensure the horse is free of medications, illicit substances, is healthy to run, and fit to compete.

Given the great responsibility placed on a trainer, there exists a risk to the industry and the wagering public through "program" or "paper" trainers. A program trainer is generally a licensed trainer who is listed on the official race program as the trainer of record for the entered horse. In reality this is in name only, as the actual training and conditioning of the horse has been completed by someone other than the listed trainer. Program training is unfair to both the wagering public and other licensees because the person responsible for the training of the horse is unknown.

Although instances of program training are pursued against licensees who engage in such behavior, the proposed amendments to [Board Rule 1501](#) and [1502](#) seek to clarify and expressly prohibit this activity.

ANALYSIS:

The proposed amendment to Board Rule 1501 will add a subsection (b) which states, "No licensee, for the purpose of avoiding the requirements for workmen's compensation insurance as set forth in this article, shall place any horse in the care of or attendance of any other person." This subsection was originally found in Board Rule 1502 but is being moved for clarity purposes as it relates to worker compensation insurance requirements.

The proposed amendment to Board Rule 1502 will clarify that program training is prohibited and any licensee who engages in program training may be suspended or fined. This is necessary to clarify that any licensee who engages in program training will be held liable for their actions. Subsection (b) states, "a licensed trainer is identified as the trainer of record in the official program but has not engaged in the actual training of the horse either personally or through the assistant trainer." Subsection (c) is amended to state, "Actual training, as it is used in this regulation, shall mean any responsibility required of a licensed trainer under this division or any act traditionally

performed by a licensed trainer including but not limited to: (1) determining when a horse will walk, gallop or workout; (2) determining the feed or supplements given to the horse; (3) consulting with a licensed veterinarian when needed.” This subsection is necessary to clarify what actions constitute training.

RECOMMENDATION:

This item is presented to the Board for discussion and action.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 4. OCCUPATIONAL LICENSES
PROPOSED AMENDMENT OF
RULE 1501 WORKERS COMPENSATION INSURANCE REQUIRED
AND PROPOSED AMENDMENT OF 1502 PROGRAM TRAINER PROHIBITED

1501. Worker's Compensation Insurance Required.

(a) No person may be licensed as a trainer, owner, trainer-driver, or in any other capacity in which such person acts as the employer of any other licensee at any authorized race meeting, unless his liability for worker's compensation has been secured in accordance with the Labor Code of the State of California and until evidence of such security for liability is provided the Board. Should any such required security for liability for worker's compensation be cancelled or terminated, any license held by such person shall be automatically suspended and shall be grounds for revocation of the license. The trainer of a public stable shall provide evidence that the policy of insurance securing his liability for worker's compensation has been endorsed or amended to include, as an additional insured, each person for whom he trains horses to the extent that such person is exposed to liability as the employer of a jockey, unless such person has procured coverage for such exposure and has furnished evidence of such coverage to the Board.

(b) No licensee, for the purpose of avoiding the requirements for workmen's compensation insurance as set forth in this article, shall place any horse in the care of or attendance of any other person.

1502. Program Trainer ~~Training~~ Prohibited

~~No licensed trainer, for the purpose of avoiding the requirements for workmen's compensation insurance as set forth in this article, shall place any horse in the care of or attendance of any other person.~~

(a) Program training is prohibited. Any licensee engaged in program training may be suspended or fined by the stewards.

(b) Program training occurs when:

(1) a licensed trainer is identified as the trainer of record in the official program but has not engaged in the actual training of the horse either personally or through the assistant trainer

(c) Actual training, as it is used in this regulation, shall mean any responsibility required of a licensed trainer under this division or any act traditionally performed by a licensed trainer including but not limited to:

(1) determining when a horse will walk, gallop or workout;

(2) determining the feed or supplements given to the horse;

(3) consulting with a licensed veterinarian when needed.

CALIFORNIA HORSE RACING BOARD

FEBRUARY 20, 2020
REGULAR BOARD MEETING

There is no board package material for Item 14

CALIFORNIA HORSE RACING BOARD

FEBRUARY 20, 2020
REGULAR BOARD MEETING

There is no board package material for Item 15