

Twenty-Ninth Annual Report of the California Horse Racing Board

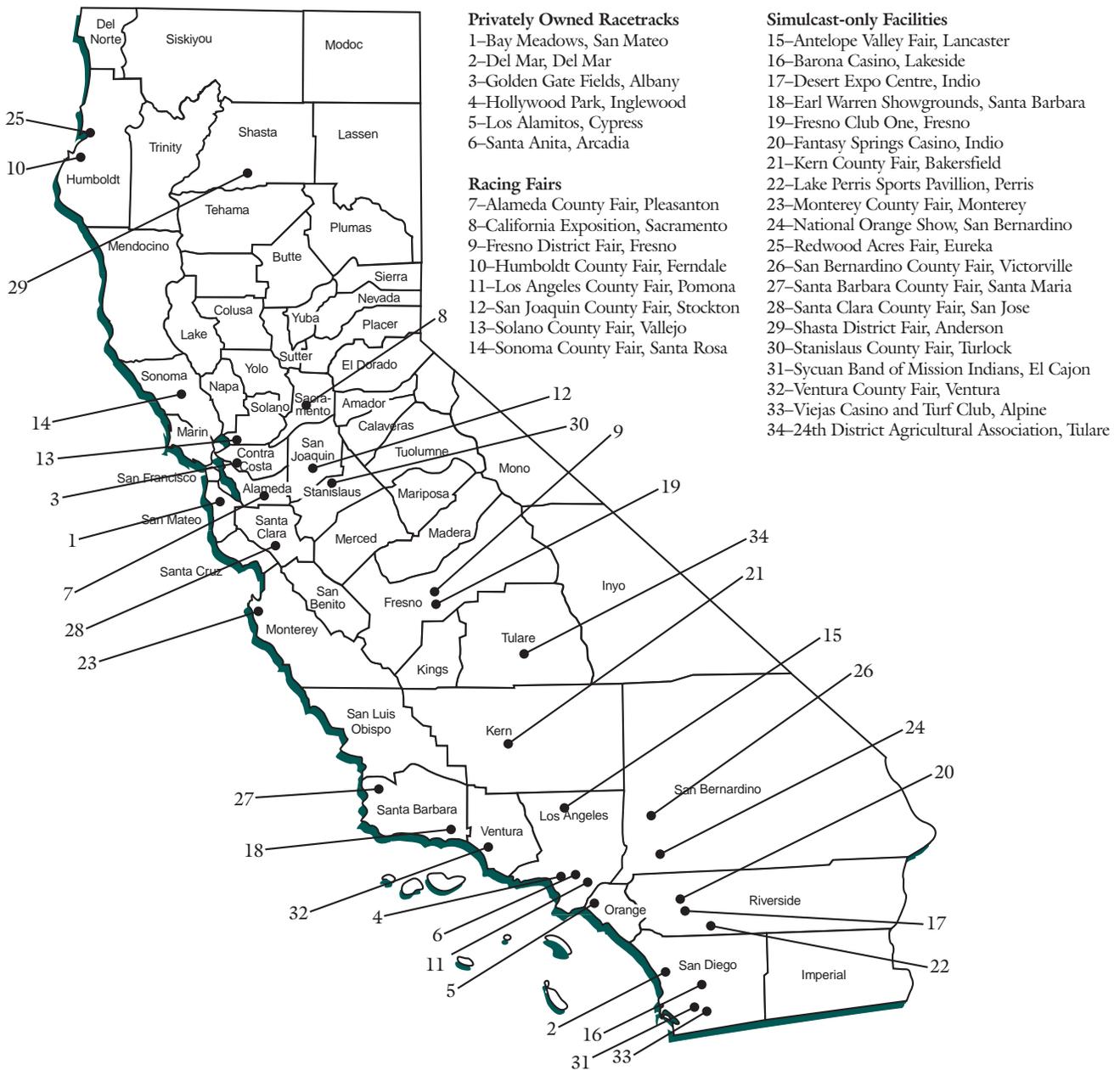
A Summary of
Fiscal Year 1998 – 1999
Racing in California

California Horse Racing Board

Ralph M. Scurfield, Chairman
George Nicholaw, Vice-Chairman*
(*elected chairman 11/99)
Stefan L. Manolakas, Member*
(*vice-chairman through November 1998)
Robert H. Tourtelot, Member
Joseph B. Fenley, Member
Christo D. Bardis, Member
Jack Coffey, Member
Sheryl L. Granzella, Member*
(*appointed October 22, 1999)
Marie G. Moretti, Member*
(*appointed October 22, 1999)
Roy C. Wood, Jr., Executive Director
Roy Minami, Assistant Executive Director

*The CHRB general office is located at 1010 Hurley Way, Suite 300, Sacramento, CA 95825.
Regional and field offices are located in the Los Alamitos-Stanton area and at all operating racetracks.
A free copy of this report may be obtained from the general office. Recent annual reports also can be viewed at
our world-wide web site www.chrb.ca.gov on the Internet.*

Names and Locations of All Wagering Facilities Regulated by the California Horse Racing Board



In Memory Of...



IN MEMORY OF J.C. GONZALEZ, the 23-year-old jockey who was killed in a racing accident at Fairplex Park in Pomona on September 9, 1999.

(Benoit Photo)



The California Horse Racing Board logo conveys the basic nature of the Board and the industry it regulates. At the very heart of the logo are horses, which are the core of the industry. The horses are flowing in action, suggesting beauty and pageantry.

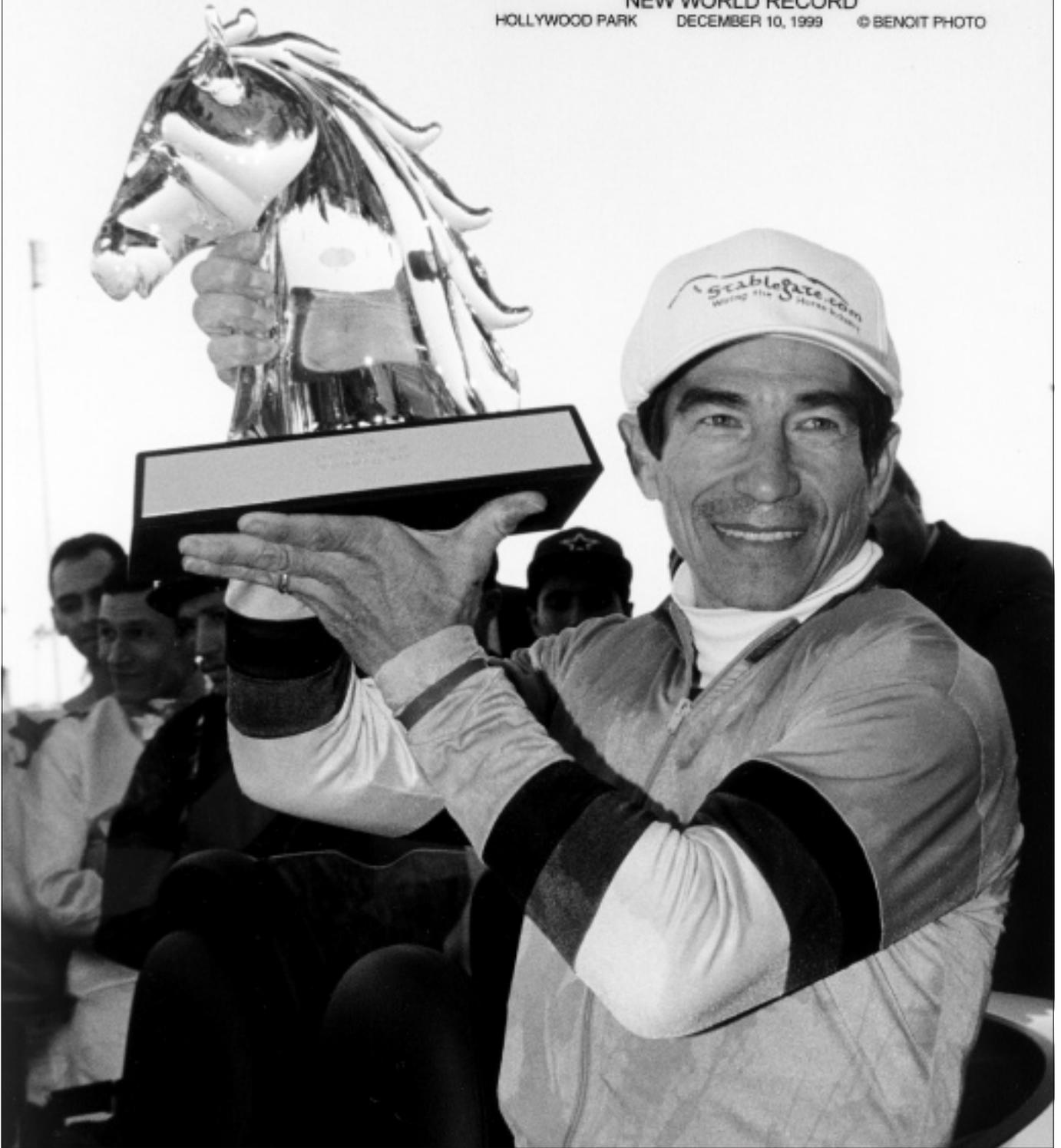
The oval shapes reflect the racing environment. The bold letters “CHRB,” representing the people of the State of California, distinguish the Board as a separate entity from the industry itself. The logo’s blue and gold colors are the official colors of the State of California.

By encircling the horses with the name “California Horse Racing Board,” the logo shows both the benevolent and regulatory natures of the Board. One purpose of the CHRB is to encourage agriculture by supporting the industry. Another purpose is to regulate the industry and protect the public interest. Through its fair and consistent enforcement of all regulations, the Board ensures the integrity of racing and encourages participation in the sport.

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LAFFIT PINCAY, JR. • WIN #8,834
NEW WORLD RECORD
HOLLYWOOD PARK DECEMBER 10, 1999 © BENOIT PHOTO



THE WINNER AND NEW CHAMPION – Laffit Pincay Jr. passed Bill Shoemaker as the all-time leading jockey for races won in a historic ride at Hollywood Park. For details, see page 36.



RALPH SCURFIELD completed eight years of public service on the California Horse Racing Board in 1999, seven of those years as chairman. In the 66-year history of the CHRB, only one other person, Dwight Murphy in the 1950s, served longer than Scurfield as chairman. Scurfield and his wife, Barbara, continue to reside in Sacramento.

REPORT OF THE CHAIRMAN

On behalf of the California Horse Racing Board (CHRB), I am pleased to submit its 29th Annual Report, which summarizes the activities of the Board and the horse-racing industry during the 1998-1999 fiscal year and includes an overview of the Board's operations, statistical data, and activities of the industry. This report highlights the contribution of horse racing to California's economy, since tax revenues, jobs, investments, economic growth for local communities, and stability for the expansion of agriculture, including the breeding of horses, are directly and indirectly impacted by horse racing.

California racing and wagering facilities reported a total pari-mutuel handle of \$3.79 billion, an increase of .5%, from the total reported for 1997-98. The on-track handle was \$872 million, a reduction of 2.65%. Pari-mutuel wagers placed at the intra-state simulcast wagering facilities were \$1.49 billion, up 3.5%. In order to mitigate the adverse effects of any decreases on racing associations and horsemen, Senate Bill 27 (Ken Maddy) was enacted to provide a license-fee reduction for California racing associations and fairs. This reduction will permit the associations and fairs to retain an estimated \$40 million annually, most of which will strengthen racing cards by boosting purses, increasing incentive awards to owners and breeders, and invigorating simulcast organizations.

The ever-popular California Cup, sponsored by the California Thoroughbred Breeders Association and the Oak Tree Racing Association, was held at Santa Anita Park on October 30, 1999. California Cup X featured 10 races with fields restricted to California-breds. Total purses for those races neared \$1.3 million, providing another big boost for the California breeding industry.

The California Horse Racing Board's expansion into the Internet permits access for the public and other racing jurisdictions to information concerning the Board's activities, resources, statistics, licensing information, and other horse-racing organizations within and outside the United States. It is estimated that the Board's Web site received approximately 3,000 visits per month during this year, and it is anticipated that visits will increase as we add information and expand services. Additionally, the CHRB is in the process of developing on-line license renewal, allowing licensees to renew their licenses through the Internet utilizing an on-line credit card system to pay fees. It is anticipated that this service will be available to the public in the Spring of 2000.

During this past year, the ownership of several California racetracks has changed hands. Hollywood Park was sold to Churchill Downs while Santa Anita Park was sold to MI Entertainment, a subsidiary of Magna International, a multinational auto-parts company headquartered in Toronto, Canada. Additionally, negotiations are pending for the sale of Golden Gate Fields.

The Board continued its commitment to the Postmortem Program, which has gained national attention. Several studies conducted by the University of California Davis (UCD) School of Veterinary Medicine were commissioned, which resulted in amendments to CHRB regulations that facilitate the health and safety of racehorses. The Equine Analytical Chemistry Laboratory at the UCD is near completion and is expected to accept equine test samples in early 2000.

I wish to thank all members of the Board for their valued contributions this past year, and specifically Ralph Scurfield for his hard work and dedication to horse racing in this state. Scurfield served as the Chairman of the Board for seven consecutive years and was known for his fairness and strong leadership in promoting and regulating the horse-racing industry.

Respectfully submitted,



George Nicholaw, Chairman
California Horse Racing Board

Charity Days

California horse-racing associations have distributed many millions of dollars to worthwhile charities over the last 60 years. Their donations in the last fiscal year alone totaled \$1,297,460.

By law, each racing association must conduct a specified portion of its race meeting for the benefit of charities meeting the statutory criteria and approved by the Board. The law also requires that at least 20% of the proceeds be distributed to charitable groups within the horse-racing industry. While recognizing the worthwhile nature of all the charitable organizations favored by the various distributing foundations, the CHRB encourages the foundations to exceed this minimum percentage to racing-related charities.

On charity racing days, the racing association furnishes the facilities and personnel necessary for the conduct of racing. The income from all operations of the race meeting on charity racing days, less deductions for actual expenses, is dedicated to charitable purposes. The following charitable foundations distributed funds last year: the Santa Anita Foundation, the Hollywood Park Racing Charities, Inc., the Del Mar Thoroughbred Club, the Oak Tree Charitable Foundation, the Golden Gate Fields Foundation, and the Bay Meadows Foundation.



The Del Mar Thoroughbred Club distributed \$176,000 to 20 beneficiaries in 1999, including gifts to San Diego-area charities and qualified organizations, such as the North County YMCA and the Children's Hospital of San Diego. Del Mar President Joe Harper is shown here presenting former jockey Bill Shoemaker with Del Mar's \$10,000 contribution to the Shoemaker Foundation, which provides assistance to all injured racing participants.

The California Horse Racing Board

Horse racing has been taking place in California since the turn of the century, but horse racing as we now know it — under the pari-mutuel wagering system — was not made possible until the electorate passed a Constitutional Amendment in 1933. The Horse Racing Law prompted construction of new racetracks on solid economic foundations.

The expressed intent of the Horse Racing Law is to allow pari-mutuel wagering on horse races and:

- ◆ Assure protection of the public;
- ◆ Encourage agriculture and the breeding of horses in this state;
- ◆ Generate public revenues;
- ◆ Provide for maximum expansion of horse racing opportunities in the public interest; and
- ◆ Provide uniformity of regulation for each type of horse racing.

To accomplish this, the Constitutional Amendment authorized pari-mutuel wagering on the results of horse races

at licensed race meetings and created the California Horse Racing Board to oversee the industry.

The CHRFB's principal responsibilities are to:

- ◆ Adopt rules and regulations for the protection of the public and the control of horse racing and pari-mutuel wagering;
- ◆ Adjudicate controversies arising from the enforcement of laws and regulations of horse racing and pari-mutuel wagering;
- ◆ License each racing association, each simulcast wagering facility, and all persons, other than the public at large, who participate in a horse

race meeting with pari-mutuel wagering; and

- ◆ Allocate racing dates to qualified associations in the best interests of the people of California.

The Attorney General of the State of California is the Board's legal counsel, and the Board is assigned a deputy attorney general to provide general legal service. As a member of the Association of Racing Commissioners International, the Board exchanges information on licensees and disciplinary proceedings with other commissions of the RCI through the National Association State Racing Information System.

The California Horse Racing Board met 10 times throughout the state during the 1998-99 fiscal year. Meetings were held in conjunction with a licensed racing meet. Board meetings are open to the public and include a published agenda. The following meeting dates and locations were held:

July 23, 1998
Del Mar Simulcast Facility,
Del Mar

August 21, 1998
Del Mar Simulcast Facility,
Del Mar

September 18, 1998
Sheraton Suites Fairplex,
Pomona

October 30, 1998
Arcadia City Hall, Arcadia

December 4, 1998
Los Alamitos Racetrack,
Los Alamitos

January 22, 1999
Bay Meadows Racetrack,
San Mateo

February 19, 1999
Arcadia City Hall, Arcadia

March 26, 1999
Arcadia City Hall, Arcadia

April 23, 1999
Hollywood Park Racetrack,
Inglewood

June 10, 1999
Hollywood Park Racetrack,
Inglewood

Members of the California Horse Racing Board

The California Horse Racing Board consists of seven members appointed by the Governor, generally to four-year terms, who are subject to Senate confirmation. Members are eligible for reappointment at the discretion of the Governor. The terms are specific; no more than two of the terms expire in any calendar year.

At least four members of the Board must concur in the taking of any official action or in the exercise of any of the Board's duties, powers, or functions. The member commissioners elect their chairman, who presides over meetings of the Board. The members also elect a vice-chairman to preside in the absence of the chairman.

Commissioners receive a per diem of \$100 for each day spent in attendance

at meetings and are reimbursed for traveling and other expenses necessarily incurred in the performance of their official duties.

Committees Of The Board

The executive director is directed to provide public notice of a meeting of a standing committee, other than a meeting of the Stewards' Committee. Whenever a Board quorum is expected at any meeting of a committee, the ex-

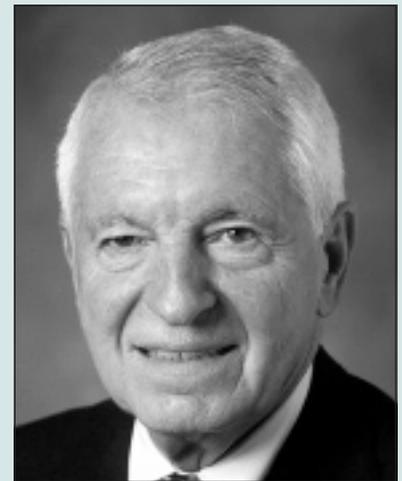
ecutive director shall give notice that the meeting is a Special Meeting of the California Horse Racing Board limited to the agenda, the items to be discussed at the meeting, and the expected commissioners in attendance so that legal notice may be published.

*The members
of the
California
Horse Racing
Board during
the fiscal year
and their
terms of office:*



**Ralph M. Scurfield,
Chairman**

President of the Scurfield Company in Sacramento. Appointed to the CHRB by Governor George Deukmejian on January 4, 1991. Reappointed by Governor Pete Wilson through July 26, 1999. Chairman since September 23, 1992.



**George Nicholaw,
Vice-Chairman**

Vice-president and general manager of KNX Newsradio in Los Angeles. Appointed to the CHRB by Governor Pete Wilson on March 26, 1992. Reappointed by Governor Wilson through January 1, 2000. Vice-Chairman since December 4, 1998.

Members of the California Horse Racing Board



**Stefan L. Manolakas,
Member**

President of Palisades Properties, Inc., in Folsom. Appointed to the CHRHB by Governor Pete Wilson on July 25, 1991. Reappointed by Governor Wilson through January 1, 1999.

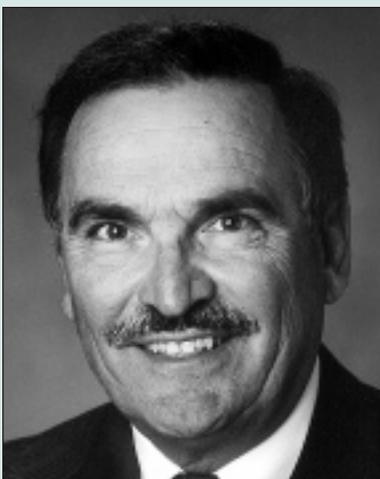
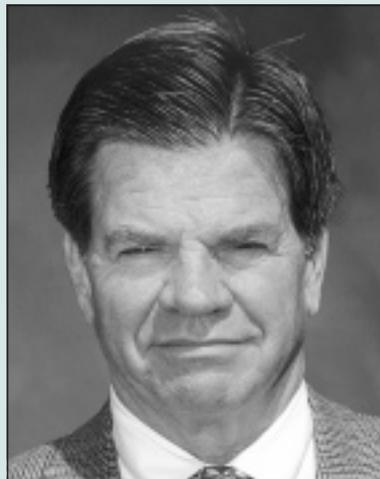


**Robert H. Tourtelot,
Member**

Partner in the professional law corporation of Tourtelot and Butler in Los Angeles. Appointed to the CHRHB by Governor Pete Wilson on October 6, 1993. Reappointed by Governor Wilson through July 26, 2001.

**Joseph B. Fenley,
Member**

Founder of Gateway Freight Services and Gateway Passenger Services. Appointed to the CHRHB by Governor Pete Wilson on November 22, 1996, through July 26, 2000.



**Christo D. Bardis,
Member**

Co-owner of Wincrest Homes in Sacramento. Appointed to the CHRHB by Governor Pete Wilson on March 18, 1998. Served through December 31, 1998.



**Jack Coffey,
Member**

Manager with Chevron Corporation in Sacramento. Appointed to the CHRHB by Governor Pete Wilson on April 13, 1998. Served through December 31, 1998.



Sheryl L. Granzella,
Member
Special Projects
Manager with
Richmond Sanitary
Service in Richmond.
Appointed to the
CHRB by Governor
Gray Davis on October
22, 1999, through
January 1, 2002.



Marie G. Moretti,
Member
Executive Vice
President with
Goddard Claussen
Porter Novelli in
Sacramento.
Appointed to the
CHRB by Governor
Gray Davis on October
22, 1999, through
January 1, 2002.

*Assignments for the standing committees of the Board during 1998-99, as assigned by
Chairman Ralph Scurfield, were as follows:*

**BENEVOLENT PROGRAMS
COMMITTEE**

Commissioner Jack Coffey
Chairman

Vice-Chairman George Nicholaw

Oversees the Horsemen's Organizations Welfare Special Account funds; makes recommendations to the Board on submitted requests for distributions of charity racing funds; oversees the propriety of charity racing distributing agents; and recommends to the Board revisions of laws or regulations deemed necessary to ascertain appropriate benevolent and charitable uses of funds designated for such purposes.

EXECUTIVE COMMITTEE

Chairman Ralph Scurfield,
Chairman

Vice-Chairman Stefan Manolakas

Considers matters dealing with the policies and programs determined by the Board; supervises the execution of the Board's decisions and determinations; and provides the appropriate directions to the senior staff during intervals between regular Board meetings.

FINANCE COMMITTEE

Chairman Ralph Scurfield,
Chairman

Vice-Chairman Stefan Manolakas

Considers matters dealing with the Board's fiscal support; provides oversight of the utilization of budgeted resources; and recommends revisions of laws or regulations to ascertain adequate financial resources for Board operations and to promote efficiency and economical operation of its functions.

**HORSEMEN'S
REPRESENTATION AND
ORGANIZATION BYLAWS
COMMITTEE**

Commissioner Robert Tourtelot,
Chairman

Vice-Chairman George Nicholaw

Considers matters dealing with horsemen's organizations and makes recommendations to the Board regarding their approval. In addition, the Bylaws Committee is responsible for the review and consideration of revisions to Article 22 of the Board's rules, which contains the regulations governing horsemen's organizations.

LEGISLATIVE COMMITTEE

Chairman Ralph Scurfield,
Chairman

Vice-Chairman Stefan Manolakas

Considers proposed legislation and, if warranted, recommends positions to be taken by the Board before the Legislature and Governor; transmits such Board views to the authors and appropriate legislative committees; responds to questions from the public concerning such legislation; and considers appropriate regulatory or administrative actions required by enacted legislation.

MEDICATION COMMITTEE

Vice-Chairman Stefan Manolakas,
Chairman

Commissioner Joseph Fenley
Commissioner Jack Coffey

Establishes the Board's veterinary practices and procedures; selects advisors from the industry; selects official veterinarians for assignment to racing meetings; offers recommendations for laws or regulations deemed necessary to improve veterinary practices; provides oversight of official racing laboratories; oversees Board enforcement of veterinary practices and medication procedures; and provides leadership in the development of new or amended track safety standards.

PARI-MUTUEL OPERATIONS COMMITTEE

Vice-Chairman George Nicholaw,
Chairman
Commissioner Joseph Fenley
Commissioner Christo Bardis

Approves agreements, facilities equipment, and accommodations necessary for wagering; determines appropriate procedures and considers matters dealing with expansion of pari-mutuel operations; and recommends to the Board changes to law or regulations governing pari-mutuel operations.

SECURITY AND LICENSING COMMITTEE

Vice-Chairman George Nicholaw,
Chairman
Commissioner Joseph Fenley
Commissioner Jack Coffey

Oversees the Board's occupational licensing operations; reviews security controls maintained by racing associations; makes recommendations to the Board for changes to laws or regulations governing security at racing facilities; and meets with the security services subcommittee, which consists of the Board's chief investigator, supervising investigators, and security personnel for racing associations, to consider reports and recommendations of the subcommittee.

SIMULCAST OPERATIONS COMMITTEE

Commissioner Robert Tourtelot,
Chairman
Commissioner Joseph Fenley
Commissioner Christo Bardis

Oversees the state simulcast program; also receives input from an industry-wide group that makes recommendations to increase revenue to the horsemen, to the associations, and to the state in a coordinated effort to protect the state's share of the simulcasting market and to keep California in front of competition from other states.

RACE DATES COMMITTEE

Chairman Ralph Scurfield,
Co-Chairman
Vice-Chairman George Nicholaw,
Co-Chairman

Considers requests from racing associations and interested organizations concerning racing dates to be allocated by the Board; reviews staff proposals for the racing calendars; and recommends to the Board the California horse racing schedule for the calendar year or for multiple years.

STEWARDS' COMMITTEE

Vice-Chairman Stefan Manolakas,
Chairman
Commissioner Robert Tourtelot

Exercises authority over stewards; selects qualified stewards for assignments to race meetings; selects by examination qualified applicants for listing of stewards; adopts policies relative to the duties of stewards; and recommends to the Board revisions to laws and regulations deemed necessary to improve race officiating.

SPECIAL AD HOC COMMITTEES

The chairman may appoint special ad hoc committees to consider and make recommendations on designated issues. It is the policy of the chairman to appoint at least two commissioners to such ad hoc committees. The appointment of two commissioners allows attendance of an additional commissioner at meetings without amended notice.

RCI COMMITTEES

Members of the Board and CHRB staff members participated in Committee functions of the Association of Racing Commissioners International, as follow:

Board of Directors

Joseph Fenley, *Member*
Ralph Scurfield,
Immediate Past Chairman

Audit Committee

Joseph Fenley

Native American Affairs Committee

Joseph Fenley

Off-Track Betting/ Simulcasting Committee

Joseph Fenley

Stewards/Judges Accreditation Committee

Roy Wood

Information Services Committee

Ralph Scurfield

Database Committee

Mory Atashkar, *Chairman*

Totalizator Standards Committee

Mory Atashkar

Drug Testing Standards/Practices

Joseph Fenley
Roy Wood
Dr. Ronald Jensen

Scientific Review Committee

Dr. Ronald Jensen

Veterinary Pharmacology Com.

Dr. Ronald Jensen

Multi-Jurisdictional Licensing Program

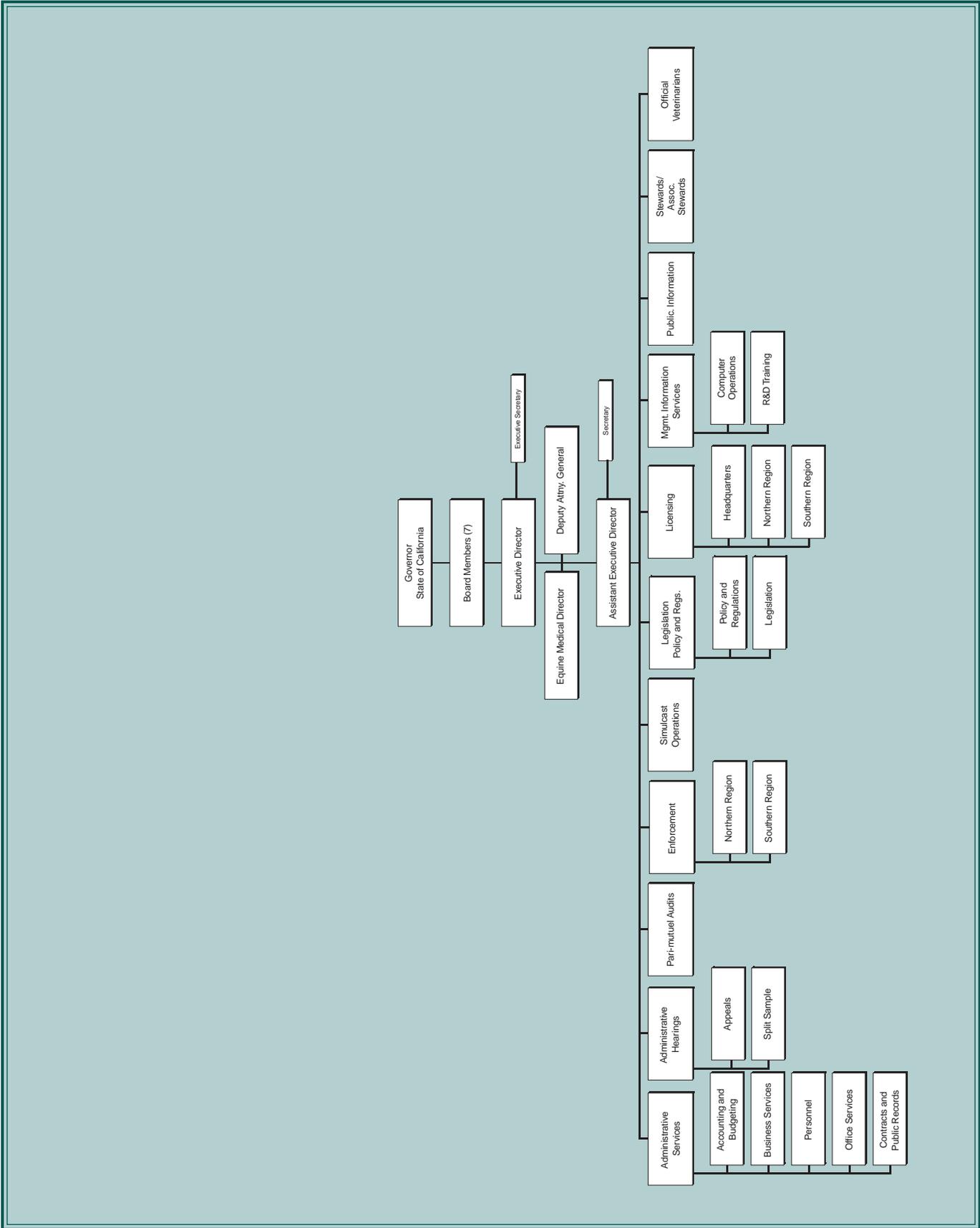
Roy Wood, *Vice-Chairman*

California Horse Racing Board – Operating Budget

July 1, 1998 – June 30, 1999

Appropriations	Item	Total
Personal Services	\$3,557,740	
Operating Expenses	4,248,500	
Total Appropriation		\$7,806,240
Expenditures — Personal Services		
Salaries and Wages	\$2,514,082	
Staff Benefits	575,547	
Total Personal Services		\$3,089,629
Operating Expenses and Equipment		
General Expense	155,000	
Printing	64,000	
Communications	68,000	
Postage	31,000	
Travel-in-State	189,000	
Travel-out-of-State	15,000	
Training	8,000	
Facility's Operation	178,000	
Contractual & Professional Services-Interdepartmental	723,000	
Contractual & Professional Services-External	2,894,000	
Consolidated data center: Stephen P. Teale Data Center	165,000	
Central Administration Services: Pro Rata	116,000	
Major Equipment	00	
Total Operating Expenses and Equipment		<u>\$4,606,000</u>
Total Expenditures		* <u>\$7,695,629</u>
Unexpended Balance FY 1998/99 to be reverted to General Fund 6/30/01		<u>\$ 110,611</u>
Total Expenditures & Unexpended Balance		\$7,806,240

* Includes year-end accruals



Executive Division

The specialized and complex requirements for the regulation of horse racing require a unique organizational structure and joint responsibilities for the operational divisions of the Board.

The Board appoints an executive director and assistant executive director to execute the duties as specified. They are responsible for the department's

operations, which includes overseeing on a daily basis all office and field operations conducted by the staff and contract employees.

The dynamics, complexity, and broad geographical base of the horse-racing industry place a tremendous responsibility on the executive staff of the Board as it deals with a myriad of situations that arise on almost a daily basis.

The stewards at the various racetracks are in continual contact with Board executives, who in turn have direct access to the chairman and vice-chairman if their guidance is required. The horse racing industry operates seven days a week — 365 days a year — and Board executives remain available by pager and cellular telephone at any hour of the day.

To Coordinate and Manage All Administrative Departments

Run by the **CHIEF OF ADMINISTRATION**, the **ADMINISTRATION SERVICES DIVISION** managed all aspects of administrative and support functions through its various units: Budget and Accounting Unit, Business Services Unit, Contractual Services and Public Records Unit, Office Services Unit, and Personnel Unit. The Division managed the general office, which is the repository for the Board's records, including all proceedings of the Board, records of individuals prohibited from participating in pari-mutuel wagering, records of horses and races, and various files, documents, and papers of the Board.



Roy C. Wood, Jr.
Executive Director

Appointed January 1, 1994. Previously director of racing for the Texas Racing Commission and assistant director for the Louisiana State Racing Commission.



Roy Minami, Assistant Executive Director

Appointed November 1, 1990. Previously served as CHRB's chief of administration. Served as interim executive director from May 28, 1993, through December 31, 1993.

MISSION

To Meet Increasing Demands for Fiscal Information for the Effective Execution of Program Operations and Decision Making

To Provide Support Activities, Such as Procurement, Travel, and Space

To Provide Clerical Support to the Board and Staff Relating to All Office Operations

MISSION

To Comply with All Programs Mandated by the State While Effectively Handling All Personnel Transactions and Related Activities for Employees of the Board

The **BUDGET AND ACCOUNTING UNIT** accurately and efficiently accounted for all revenue, expenditures, receipts, disbursements, and property of the state. In recognition of the Budget and Accounting Unit's accuracy and efficiency, the State Controller's Office presented an award for achieving excellence in financial reporting. New programs and procedures are being developed on an ongoing basis to further perfect and streamline current operations.

The **BUSINESS SERVICES UNIT** continued to perform its responsibilities relating to the business operations of the Department, which include property management, printing, and telecommunications. The Unit managed the acquisition, repair, and disposal of supplies and equipment. This Unit processed travel-claim documents for the commissioners and staff, processed travel expense claim documents, and acted as a resource for Board members and staff on the business operations of the department.

The **OFFICE SERVICES UNIT** provided support with office-telephone reception, word processing, filing, mail distribution, photocopying, and coordinating the Board's records retention program. This Unit performed the critical function of photocopying, collating, and distributing the monthly Board and Committee meeting notices and packages to the Board members, staff, and interested members of the public. Other significant responsibilities included direct support to the administrative hearings unit and the business services unit.

ACHIEVEMENTS

The **PERSONNEL UNIT** continued to maintain, update, and keep employees informed on programs relating to defensive driving, CPR and first aid, mentoring, the Americans with Disabilities Act, health and safety, wellness, ergonomics, merit award, and emergency evacuations as part of health and safety.

The Unit processed all actions relating to payroll, health, dental and vision benefits, annual conflict of interest statements, and other related personnel actions. The Personnel Unit continued to administer a variety of examinations throughout the year. Personnel staff participated on several committees, including those related to classification, wellness, and training.

MISSION

To Comply with State Agency Requirements in the Collection, Use, Maintenance, and Dissemination of Information.

The **PUBLIC RECORDS** Act was established in the California Government Code, effective in 1968. The Information Practices Act was established in the California Civil Code, and became effective in 1978. The dissemination of records maintained by the Board was regulated by both Acts.

The Board's policy to release records was based on the premise of open government and every person's right to public information, and that personal privacy must be protected by placing constraints on the collection, maintenance, and dissemination of information. Both the Public Records Act and the Information Practices Act placed specific requirements on the Board for the dissemination of information relating to individuals.

Because the Board collects and maintains licensee information, including personal details, the dissemination of personal information, which could be found on license application documents, was prohibited, except for very specific circumstances. The Board carefully weighed the information requested in order to balance statutory or constitutional mandates with the individual's right to privacy.

To Promote Sound Business Decisions While Securing Necessary Services Through Contractual Agreements.

The Board requires **CONTRACTED SERVICES** to meet operating needs. The Board executed a wide range of service and commodity contracts, including those relating to the use of a weapons range (for enforcement staff firearm qualifications) and equine drug testing. Contractual arrangements included interagency agreements with other state entities, such as the University of California-Davis, which provided an Equine Medical Director to help ensure the health, safety, and welfare of horses, and the Veterinary Diagnostic Laboratory, which performed postmortem examinations on racehorses.

Another contracted arrangement procured 17 stewards responsible to the Board for the conduct of race meetings. They provided general authority and supervision over all licensees and the racing enclosure. The Board contracted with six official veterinarians, who maintained authority and jurisdiction to supervise the practicing licensed veterinarians and enforced the Board's regulations relating to veterinary practices at the racetracks.

To Improve and Enhance Business Practices and Service to the Public Through the Prudent and Innovative Use of Information Technology

The **MANAGEMENT INFORMATION SYSTEMS DIVISION** managed all aspects of the CHRB's statewide computer operations. MIS continued its aggressive approach to improve the Board's computer capabilities by implementing a comprehensive network and Internet technologies upgrades at the Board's headquarters and throughout the state.

Other significant achievements included the realignment of the CHRB's telecommunications network infrastructure, bringing the CHRB into full compliance with Y2K challenges, providing licensees with the ability to pay their occupational license fees with a credit card (soon, via the Internet), and ensuring that the reliability of the Board's information repositories in the event of a disaster is maintained.

MISSION

MIS Ensures the CHRB Web Site Offers Important, Accurate Information, and Provides a Chat Room for Public Dialogue

The Board's Web site on the Internet delivers on-line services and information, such as a search engine to access public information pertaining to CHRB licenses and regulations, audio/visual streaming technology to educate the general public and horse racing fans about the integrity of the horse-racing industry in California, various CHRB publications (the CHRB's quarterly newsletter, medication handbook, news releases, and this annual report), and other public information, including special announcements.

The CHRB Web site also includes a list of Board members, meeting schedules, agendas, racing calendars, statistical information, links to other horse racing-related Web sites, and lists of racetracks, fairs, and simulcast facilities.

MIS further enhanced the Board's Web site to include chat services, which allow horse-racing fans throughout the world to freely communicate regarding horse-racing issues.

Looking to the future, MIS will continue working with the Department of Justice and the FBI to replace the CHRB's manual fingerprint processing with a digitized card system to help identify applicants more quickly and accurately; converting the Board's Polaroid license identification-cards system into an automated, digitized ID system that will allow license applications to be processed more efficiently; consulting with the University of California at Davis' new Equine Laboratory in order to automate current manual procedures; and automating the Board's ruling process and forms to maintain and improve the standardization effort.

To Complete Regulatory Rulemaking Files and Develop Policies and Procedures to Implement Regulatory Changes and Board Policies

The **POLICY AND REGULATION UNIT**, in response to enacted legislation and industry requests, amended several Board regulations governing horse racing in California. In addition, the Unit provided support, conducted special projects, streamlined administrative procedures, and developed recommendations for Board consideration.

In 1999 the Board's medication regulations were amended to delete meclufenamic acid, naproxen, and oxphenylbutazone as authorized non-steroidal anti-inflammatory drug substances, while ketoprofen was authorized at an amount not to exceed 50 nanograms per milliliter of blood plasma or serum. The authorized amount of flunixin permitted in a test sample was reduced from 1 microgram to 0.5 micrograms.

The Board's trifecta wagering rule, which involves correctly selecting the first three finishers in a race in the precise order of finish, was amended effective September 30, 1999, to reduce from eight to six the number of wagering interests that must be scheduled to start at the time the wagering pool is opened.

A superfecta wager was added to the Board's regulations effective October 16, 1999. The superfecta wager involves correctly selecting the first four finishers in a race in the precise order of finish, and permits a coupled entry or field.

The Unit continued the administration of the Board's ongoing track safety program, the farrier and trainer licensing programs, and the review of the applications for license to conduct a horse-racing meeting.

MISSION

To Monitor Legislation and Update the Horse Racing Law

The **LEGISLATIVE UNIT**, in addition to updating the Horse Racing Law, tracked and analyzed all legislative bills with a potential impact on the horse-racing industry, five of which were enacted by the Legislature and signed into law by the Governor. The Unit also represented the Board in legislative hearings.

Enacted Legislation:

The following horse racing bills were chaptered in 1999:

SB 263 - (Senator Don Perata); Chapter 219, Statutes of 1999

Increases the number of races that may be imported daily by a thoroughbred racing association or fair from 20 to 23, and exempts from the limitation races commencing after specified times that are imported with the permission of specified associations; races that are part of the Kentucky Derby, Kentucky Oaks, Preakness Stakes, Belmont Stakes, Jockey Club Gold Cup, Breeders' Cup, or Haskell Invitational; races imported into the northern zone when no live racing is being conducted in that zone; and races imported into the combined central and southern zones when no live racing is being conducted in these combined zones.

Effective date: July 28, 1999.

SB 517 - (Senator Ross Johnson); Chapter 170 (1999)

Amends the law to allow any licensed racing association to act as its own distributing agent for the net proceeds of its charity race dates, upon approval of the CHRB if it meets minimum allocation and distribution requirements.

Effective date: January 1, 2000.

AB 270 - (Assemblyman Richard Floyd); Chapter 28 (1999)

Reduces the maximum number of weeks for both harness racing and quarter-horse racing in the northern zone to 20 weeks and repeals the provision authorizing the Board to allocate a maximum of 12 weeks of harness racing to the 22nd District Agricultural Association from the weeks available for harness and quarter-horse racing; provides that the Board may authorize these associations to accept wagers on up to six out-of-state or out-of-country harness or quarter-horse races on any given live racing day, subject to specified conditions, and deletes the requirement that races imported under this provision be feature or stake races with a purse of \$100,000 or more. *Effective date: May 26, 1999.*

AB 618 - (Assemblyman Bob Margett); Chapter 127 (1999)

Amends the law prohibiting a person licensed to conduct a racing meeting from paying any horse owner or any agent, person, or organization representing horse owners, purses, or any other type of consideration, except as expressly provided, to allow promotional contests of sponsorship contributions to be distributed by a harness racing association in the northern zone as payment in addition to purses.

Effective date: January 1, 2000.

AB 1486 - (Assemblyman Abel Maldonado); Chapter 218 (1999)

Provides that the Board take public testimony and make all determinations on the allocation of racing dates during a public hearing. It also requires all discussions of allocating racing dates by the Board or its subcommittees to be conducted during a public hearing. *Effective date: January 1, 2000.*

MISSION

To Supervise All Audits and Authorized Pari-mutuel Wagering Operations

The **SENIOR MANAGEMENT AUDITOR** formulated the audit procedures for the computerized totalizators, reviewed totalizator programs and audit reports, reviewed pari-mutuel pool distributions, resolved pari-mutuel complaints submitted to the Board, reviewed reports of charity racing proceeds, and monitored audits of breeders' award programs and horsemen's organization welfare funds.

To Continually Audit Pari-mutuel Operations

PARI-MUTUEL AUDITORS remained on duty throughout each and every racing program, as required by the Board, to provide the Board with an ongoing audit of the pari-mutuel operations. The senior management auditor coordinated the efforts of the pari-mutuel auditors by establishing consistent reporting formats and providing technical assistance as required.

A daily audit report of the actual amount of pari-mutuel wagers (the handle) was provided to the Board to ensure that the correct license fee was collected from the association and to ensure that the correct pari-mutuel payoffs were made to the public.

Under the supervision of the senior management auditor, the **ASSOCIATE MANAGEMENT AUDITOR** performed audits on the pari-mutuel results of racing associations and other racing-related organizations in California. These audits covered such areas as purses, charity day results, horsemen's welfare organizations, and simulcast organizations.

To Respond to Requests for Information from the Public and the Industry and to Improve the Public Image of the CHRB and Horse Racing

The **PUBLIC INFORMATION OFFICER** responded daily to numerous inquiries from the news media and the general public on a wide range of matters pertaining to the California horse-racing industry and the Board's activities. The PIO attended all Board and Committee meetings and issued 19 news releases pertaining to those meetings and other actions of the Board. Those releases were routinely distributed to those members of the news media and news organizations interested in California horse racing, as well as to all major racing organizations, interested state lawmakers and agencies, and certain national and international groups involved in the industry.

The PIO compiled this Annual Report and developed and edited the Board's quarterly newsletter, CHRB News & Review, which emphasized the many positive things accomplished by the CHRB, the California Legislature, and the racing industry as a whole.

In a major effort to enhance the image of horse racing, the PIO distributed and arranged for the public viewing of a motion-picture-quality video, which was developed by the Board to inform the general public of the nature of horse racing and the effectiveness of the State of California in regulating that industry. This video was produced through the generosity of the horse-racing industry. The PIO arranged for various racetrack stewards to attend seminars and other public events in order to meet and respond to questions from the public, thereby reassuring the public concerning the professionalism and qualifications of those responsible for the orderly conduct of race meetings.

Highlights of CHRB News & Review

The California Horse Racing Board publishes a quarterly newsletter, the CHRB News & Review, to publicize the many positive accomplishments of the Board, state government, and the horse-racing industry. What follows are summaries of important articles from 1998-99:

Bay Meadows completed its \$20-million construction project with the opening of five new barns, each with 16 specified sleeping rooms, and a 53-room dormitory built to motel standards. The living quarters for backstretch workers are furnished with bunk beds. Each room has a large window for light and ventilation, a wall heater, and acoustical materials to cut the noise level outside. Additionally, special steps were taken for sewage and drainage, resulting in a cleaner stable area with fewer odors that is more attractive to look at and nicer to live in.

The Thoroughbred Owners of California helped jump-start racing's human substance-abuse testing effort by donating funds to the sluggish program and encouraging trainers to test all new job applicants. The testing program makes it easy and inexpensive (sometimes free) for trainers to have job applicants tested for prohibited substances before they are hired on permanently. The test is legal, confidential, no disciplinary action is taken against those who are tested, and trainers are free to hire or not hire regardless of the outcome of the test.

The CHRB Simulcast Operations Advisory Committee issued its report containing nine strategic goals designed to improve the simulcast program in the State of California. These goals include: standardizing simulcast operations as much as possible, especially in the area of totalizator information; investigating the creation of a unified marketing program, supported by the State, labor, racing associations, and fairs; coordinating the simulcast sales programs of all racing associations and fairs, so the negotiated price for California simulcasts to out-of-state locations reflects the full value of the product; and seeking legislation that would permit the industry to provide the public with a wide range of off-track wagering opportunities.



UC Davis researchers developed important information that will be useful to those designing training and racing programs for racehorses.

The research focused on the effect of high-intensity exercise on racing injuries. Specifically, they evaluated the relationship between intensive training and the likelihood of sustaining a catastrophic (fatal) musculoskeletal injury and the likelihood of having a lay-up of 60 days or longer from racing. They determined that a catastrophic musculoskeletal injury was four times more likely to occur after a period of high-intensity training than after other periods of time in a horse's career. The data will continue to be analyzed during the next two years to detect training and shoeing factors that interrupt training schedules.

Full-card simulcasting got off to a fast start after January 1, 1999, when a new law (SB 27) allowed for the importation of as many as 20 races from outside of the state each racing day. Largely due to full-card simulcasting, handle in California started showing its first solid increases in years. Under SB 27, state license fees were reduced substantially in order to provide tax relief to the racing industry.

Licensing

*During the operation of a licensed race meeting at any of the 14 racetracks in the state, a field office of the Board is established at the operating facility and staffed with personnel of the **LICENSING DIVISION**, who license all participants. The Division is comprised of a Licensing Manager, Licensing Supervisor, and 10 professional licensing specialists known as License Technicians. The primary duty of the Division is to issue occupational licenses to qualified applicants and ensure that everyone participating in a race meeting is properly licensed.*



To License All Participants In Horse Racing



In compliance with laws and regulations requiring all persons who participate in the racing of horses, all employees of a pari-mutuel department, and all persons acting as officials to be licensed by the Board, the **LICENSING DIVISION** issued 13,151 licenses of all classes. The majority of these were renewal licenses for individuals who had been previously licensed, including 4,224 owners, 760 pari-mutuel, and 4,111 grooms' licenses.



To Ensure Proper Licensing



The Division constantly checked the racing program and the work lists of individual stables and all racing departments to ensure that each racing participant met the licensing requirements. Inasmuch as the Board demands appropriate workers compensation sureties for every racing employer and requires that certificates of insurance coverage be filed with the Board by employer-licensees, the Division routinely checked against expiration or termination notices. In 1999 the Division continued the program to personally telephone licensees with expiring insurance and remind them of the expiration date. This resulted in fewer problems on race days for trainers. Based on the success of this program, the Division expanded its efforts to forestall race-day problems by implementing a program to alert trainers about expiring stable and multiple-ownership licenses.



To Enhance Customer Service to the Public and Licensees



In 1999 the Division continued its efforts to improve service to the public and licensees in various ways. It expanded the usage of the fingerprint reciprocity and affidavit programs. The year also saw the introduction of multi-jurisdiction license application forms for owners. To accommodate the needs of licensees working at stabling tracks, Division staff started a program of licensing at those facilities one or two days per week. Licensees and racing associations have enthusiastically received this program, and it will be expanded in the future. Finally, Division staff have made a commitment to quality customer service, and their efforts have been recognized by numerous written comments during the year.

Enforcement

*The **ENFORCEMENT DIVISION** is comprised of investigators, the chief investigator, and four supervising investigators, all of whom are sworn peace officers. Their primary duty is the enforcement of the Horse Racing Law and provisions of the Penal Code relating to crimes in connection with sporting events and gambling. During the operation of a licensed race meeting at any of the 14 racetracks in the state, a field office of the Board is established at the operating facility and staffed with investigative personnel who investigate all observed or reported offenses.*



To Check on Fitness for Licensure



As part of required background investigations, the **ENFORCEMENT DIVISION** conducted investigational interviews of each applicant who admitted to having a criminal conviction for any public offense or a suspension or revocation of license for any racing-related violation. The Division received from the Licensing Division and submitted 2,261 fingerprints to the Department of Justice for processing.



To Obtain and Submit Information to the National Data Bank



The Division obtained background information on applicants through the computerized national index of the Association of Racing Commissioners International. As part of its participation in this national program, the Board submitted 1,123 rulings of the California stewards for input into the national system. There is on-line access to the NASRIS index at each field office, as well as microfiche records, to assist in reviewing an out-of-state applicant's license history. Documents supporting eligibility for employment of resident aliens were checked in an effort to prevent subsequent problems between the applicant and the Immigration and Naturalization Service. The Division declined to issue 64 licenses to applicants who failed to meet established criteria or because grounds existed to refuse or deny the license. Such refusals were without prejudice to the applicants, who were permitted to reapply if the license criteria were met.



To Enforce Rules and Regulations



Observed or reported offenses were investigated, and the majority of those investigations resulted in administrative action against the licensees and the issuance by the stewards of 1,168 rulings. Of those, 236 concerned riding or driving infractions during races, 125 involved the eligibility of horses entered in races, and 131 resulted from financial responsibility complaints. Potential or actual criminal offenses were investigated, including horse druggings, bookmaking, possession and/or sales or controlled substances, theft, burglary, arson, and forgery, as well as disorderly conduct and the writing of non-sufficient-fund checks. Board investigators maintained a close liaison with municipal, state, and federal law enforcement agencies, as well as local enforcement officers assigned to anti-gambling operations. Local policing authorities often worked in conjunction with Board investigators concerning matters of mutual interest. Board investigators conducted compliance inspections of each racing facility to make certain that required standards for access, maintenance, cleanliness, fire safety, and officiating equipment were being met.

Enforcement Summary

Enforcement Actions — Fiscal Year 1998–1999	
Investigations:	1,891
Fitness for continued licensing	50
Unlicensed participation	20
Conduct of financial affairs	290
Use of a prohibited drug on entered horse	37
Improper medication practice	210
Possession of contraband	18
General misconduct	112
Intoxication/alcohol or controlled substance	54
Simulcast facility inspections	23
Other	375
Total Complaints filed:	702
Steward's Rulings	
Official Rulings of the Board of Stewards	1,168
Racing infractions during a race	236
Misconduct concerning entry or procedure	125
Fitness for continued license	64
Conduct of financial affairs	131
Use of a prohibited drug on entered horse	83
Improper medication practice	12
Possession of contraband	3
Unlicensed participation/security control	21
Intoxication/alcohol or controlled substance	134
Failure to appear	18
Other	341

Licensing Summary

Applicant and License Processing — Fiscal Year 1998–1999	
Verification of license qualifications:	
Approval for license	13,151
Formal refusal of license	64
Verification of criminal offender records:	
Fingerprints taken and processed	2,261

MISSION

To Process Appeals in a Fair and Timely Manner

The **ADMINISTRATIVE HEARINGS UNIT** received 45 appeals, coordinated 21 administrative hearings, and processed 15 requests for temporary stays and peremptory orders related to those appeals and other actions of the Board.

All decisions and rulings of the stewards are subject to review by the Board and may be appealed by anyone directly affected by the action. Any applicant for license who is refused the license may appeal for review by the Board. Every person who is excluded and/or ejected from a racing enclosure is entitled to a hearing before the Board for a determination as to the propriety of that action. Complaints not resolved by investigators at the field office are referred to the Administrative Hearing Unit for appropriate action, such as filing an accusation or preparing a statement of issues.

To Ensure Compliance with All Laws and Rules at Simulcast Facilities

The **SIMULCAST WAGERING OPERATIONS UNIT** conducted 22 random compliance inspections of operating simulcast facilities in California. These inspections focused on the overall facility operation in addition to compliance with California Horse Racing Board Rules and Regulations. Satellite uplink and downlink equipment was also examined during the course of these inspections.

Including the six major racetracks and nine racing fairs, there are currently 34 simulcast wagering facilities located throughout the state. Four of the 34 are located on Indian reservations.

The day-to-day operation of a facility is overseen by a simulcast supervisor, who works in concert with a pari-mutuel manager to ensure that all aspects of the facility operation run smoothly. In addition, each simulcast supervisor has a specific investigator in the Simulcast Wagering Unit, who may be contacted at any time for questions, rule interpretations or application, or other concerns. This “assigned investigator” system, implemented two years ago as part of the Board’s Integrity of Racing program, continues to be very well received by simulcast facility operators.

During FY 1998 - 1999, investigators assigned to the unit conducted a variety of investigations into alleged rule violations occurring at simulcast facilities. Investigators of the unit were once again assigned to field enforcement duties at all Stockton, Cal Expo, and Fresno race meetings and continued to provide administrative support to other headquarters units on a year-round basis.

Another important function performed by the unit was the review of California Department of Justice and Federal Bureau of Investigation criminal history records on all first-time license applicants and subsequent arrest/conviction information on current licensees. In the case of a first-time applicant this information may result in the termination of the license if the applicant failed to accurately report his or her conviction at the time of the application. In the case of a subsequent arrest or conviction, the information may result in a Complaint and Order to Appear before the stewards being sent to the licensee for adjudication at a steward’s hearing. This process helps to keep undesirable elements from actively participating in horse racing.

Racing Supervision

The responsibility for on-site supervision of race meetings is placed with designated racing officials appointed or approved by the Board. The racing officials are the stewards, associate judges, paddock judges, patrol judges, starters, clerks of scales, official veterinarians, racing veterinarians, horse identifiers, horseshoe inspectors, and timers. Of these, the stewards have overall responsibility for the conduct of the race meetings.

The Board selects and contracts with stewards and delegates to each panel of three stewards at a race meeting those powers and duties necessary to ensure the integrity of racing and compliance with the Horse Racing Law and all CHRB rules and regulations.

The Board directly appoints the stewards, official veterinarian, and horse identifier for each race meeting, while the other racing officials are nominated by the racing association and subject to the Board's approval.

The Board has the responsibility for payment of Stewards' costs, including

the official veterinarians. The Legislature provides an annual appropriation to meet the costs of direct racing supervision. The allocation for 1998 - 1999 was \$1.8 million for stewards and official veterinarians. Other racing officials were paid by the associations in the manner prescribed by the Board.

To Officiate Racing and Enforce Those Laws and Rules Pertaining to Racing and Licensing.

Essentially acting as surrogates for the Commissioners of the Board in all matters relating to the race meeting assigned, the **STEWARDS** at all race meetings used their delegated authority to oversee entries, declarations, and the placing of horses for the official order of finish; conducted administrative hearings on matters involving racing infractions and other racing offenses; issued rulings based on those hearings, in accordance with their delegated authority to impose suspensions of license, impose fines, and/or bar individuals from the enclosure for racing offenses; presided over examinations required for certain classes of licenses; made recommendations to the Board regarding the qualifications and fitness for licensure of applicants referred to them by the Board's licensing staff; and maintained minutes of all such proceedings for review by the Board.

As requested by the Board and horse-racing industry, the stewards permitted the public to "participate" in the inquiry process by having their race reviews shown over the closed-circuit monitors on track and at simulcast facilities while they conducted those inquiries. To help enhance the public perception of horse racing, the stewards attended seminars and other public gatherings at which they described their roles, answered questions, and in general educated the public as to the effectiveness of CHRB regulation of the horse-racing industry.

To remain current on all laws, regulations, and Board policies, and in order to ensure that all stewards' decisions are made in a fair and consistent manner throughout the state, the stewards helped organize and attended in-house seminars at which they heard lectures, received information, and shared their own views and experiences relating to race reviews, veterinary practices, proper administrative hearing procedures, public relations, and other important matters relating to their work.

MISSION

To Protect the Public Interest and Ensure the Safety of Racing Participants While Supervising All Veterinary Practices

The **OFFICIAL VETERINARIANS** enforced those CHRB regulations relating to veterinary practices, medication, and the health and welfare of the horse.

They supervised operations of the receiving barn, the collection of urine and blood samples for testing, and the preparation and documentation of the samples to be transported to the laboratory.

The official veterinarians consulted with the CHRB's equine medical director (see Laboratory Services) and with the track veterinarians, examined horses for fitness, maintained a health and racing soundness record for each racehorse eligible to compete at a meeting, reviewed confidential reports of all veterinary treatments of horses under their general supervision, maintained a listing of infirm horses, maintained records of accidents and injuries, approved all prescribed therapeutic treatment regimens, and otherwise acted as the Board's veterinary advisors for each race meeting.

To Properly Identify All Horses Competing at Race Meetings

The **HORSE IDENTIFIERS** accurately identified approximately 10,000 of all breeds of racehorses who, in order to compete at licensed race meetings in California, had to be identified before starting in any race. The horse identifiers supervised the tattooing of horses and maintained that information in the identification records of each horse, along with photographs and other information relating to unique markings, color, pedigree, and a narrative description.

Appointed Racing Officials — FY 1998–1999



Pamela Berg
Albert Christiansen
Michael Corley
Ingrid Fermin
Martin Hamilton
John Herbuveaux

Robert Latzo
Darrel McHargue
William Meyers
Dennis Nevin
Peder Pedersen
David Samuel

Peter Tommila
Merlin Volzke
Thomas Ward
John Williams



Pamela Berg
Albert Christiansen
Michael Corley

Robert Latzo
William Meyers

Peter Tommila
John Williams



Dr. Jack Abrahams, DVM
Dr. B. William Bell, DVM

Dr. Christine Cornish, DVM
Dr. Robert Guillen, DVM

Dr. Joan Hurley, DVM
Dr. Robert Goodbary, DVM

Laboratory Services

California's equine drug-testing program is recognized as a leader in its application of available technology and its ability to detect even trace amounts of prohibited drug substances. The accuracy and reliability of the CHRB's drug-testing program goes to the heart of state regulation, for without full public confidence in the honesty and integrity of horse racing, the industry could not survive.

The equine drug-testing program is comprehensive. Post-race urine and blood samples are obtained from the winner of every race, every claimed horse, the horses finishing second and third in certain stakes races, and from nine horses selected at random from each program, as well as other horses designated by the stewards.

Truesdail Laboratories, Inc., of Tustin continued performing equine test sample analyses as the CHRB's primary laboratory, while the Veterinary Diagnostic Laboratory at Iowa State University provided complementary laboratory testing services. The two equine testing laboratories analyzed 35,000 urine and blood specimens in 1998-1999 at a cost of \$1 million. These official equine laboratories participated in the Laboratory Quality Assurance Program of the Association of Racing Commissioners International. Associated Pathologists Laboratories of Las Vegas performed human drug-test analyses.

The Board utilized the services of an equine medical director (EMD), provided by the UC Davis School of Veterinary Medicine, who advised on all aspects of the drug-testing program. The EMD reviewed, evaluated, and monitored testing programs of the laboratories, and evaluated security policies and procedures for the reporting of prohibited substances; recommended types of tests and drugs that needed to be tested by the laboratories; conducted long-range program planning; recommended policies and programs for Board-administered veterinary regulations; advised the Board on regula-

tions relating to veterinary practices within racing enclosures; and monitored policies and procedures relating to the health and welfare of horses in regulated areas.

Because urine and blood specimens from racehorses may be evidence in administrative or criminal proceedings, a strict chain of custody was maintained for all samples tested. Screening results indicating the presence of a drug were confirmed by in-depth instrumental methods.

The following procedures were employed in the collecting, testing, and retention of specimens:

1. Horses selected to be drug tested were sent to the test barn immediately following the race.
2. At the test barn, blood and urine samples were collected from the horse.
3. The owner, trainer, or representative of the horse being tested retained the right to witness the blood and urine sample collection.
4. After collection of the samples, a portion of the blood and urine samples was placed in separate containers for retention by the Board as a horseman's split sample.
5. One portion of the blood and urine was sent directly to the testing laboratory. A portion also was sent to the split sample storage site in Sacramento, where an investigator of the Board, designated to be the custodial officer, received and secured the specimens.
6. All specimen containers were identified only by a unique number, and the identity of the horse involved was

known only to the Board's official veterinarian until the laboratory informed the Board of the test results.

7. At the laboratory, the samples were first subjected to a screening analysis. If this analysis did not detect the presence of a drug, the testing was complete. However, if the screening analysis indicated that a drug might have been present in a sample, the sample then underwent a confirmation analysis. When the confirmation analysis detected and identified a drug present in the sample, the laboratory director reviewed the testing procedure. The laboratory director determined if the testing data conformed to the laboratory's criteria for calling a positive. If it did, the laboratory director reported the finding to the CHRB.

Under Board procedures, the affected trainer and owner(s) of the horse were confidentially notified, along with the Board's executive director and EMD, after the official laboratory reported that any test sample contained a prohibited substance. Trainer/owner(s) had 72 hours to request that the horsemen's split sample be sent to an approved laboratory for analysis at their expense.

If the split sample laboratory detected the presence of the prohibited substance reported by the official racing laboratory, the test was deemed positive, and the laboratory's test was deemed to be accurate and evidentiary proof of the presence of such prohibited drugs in the test sample. This did not preclude trainers and owners from seeking all other administrative remedies available.

Equine Postmortem Program

The State of California is recognized for greatly contributing to the health and safety of horses and other racing participants through its continued funding and support of the CHRB Postmortem Program, which distributes information about the nature of these catastrophic injuries to veterinarians, trainers, and others involved in the care and training of racehorses.

The CHRB's Postmortem Program, conducted in partnership with the California Veterinary Diagnostic Laboratory System (CVDLS) at the University of California Davis, has become a role model nationally for the racing industry. The program, established ten years ago, seeks to determine the cause of death and nature of catastrophic injuries occurring in racehorses, to determine the reasons for these injuries, and to develop prevention strategies.

CVDLS performs necropsies on any horse that dies or is euthanized on any racetrack or training facility under the jurisdiction of the California Horse Racing Board. Using funds provided by the racing community, various foundations, and the United States Department of Agriculture (USDA), various veterinary scientists within the University of California, School of Veterinary Medicine (UCD), perform further detailed examinations and tests on tissues from specific racehorse injuries. Information from these tests and data gathered from the postmortem examinations are analyzed in efforts to elucidate the specific cause of catastrophic injuries. An advisory board composed of horse owners, trainers, CHRB officials, veterinarians, and track maintenance people give insight into injury investigations and relay program findings and prevention strategies back to the industry.

The Postmortem Program's broad cooperative approach between industry, regulators, and university faculty has

produced practical preventive measures for racing injuries, especially with stress fractures. The role of previous undiagnosed stress fractures in catastrophic injuries continues to be expanded to more than just humeral, scapular, and pelvic fractures. One of the more common catastrophic injuries, lateral condylar fractures of the cannon bone, has evidence of chronic bone remodeling similar to stress fractures. Additional evidence is being gathered to verify what role the toe grab height may have with catastrophic limb injuries. Toe grabs are a traction device of varying heights attached to the toe of the horseshoe. Previous information from the Postmortem Program, indicating that toe-grab height is related to injury of the suspensory apparatus, led to trainers and racetrack practitioners participating with UCD in a clinical study at the racetracks on horses in race training.

Utilizing specimens and data from the program, researchers embarked on a three-year equine protozoal myeloencephalitis project, which is coming to an end. This project examined racehorses for a crippling parasite that can affect the brain and spinal cord of horses, leaving them unable to walk, much less run, properly. The problem faced by the animal owners is that diagnosis of this disease in the live horse is difficult using the present blood and spinal fluid tests. Many racetrack practitioners helped with this project by sampling spinal fluid and blood from more than 200 horses submitted for necropsy to CVDLS. This help plus

work done by CVDLS diagnosticians brought the total number of horses in the project to 372. The brains and spinal cords were removed from these horses and extensively examined microscopically for evidence of the parasite. The results of the microscopic examination are being compared with the results of testing on blood and spinal fluid to give racetrack practitioners the best possible information on interpreting future test results on racehorses will ill-defined incoordination. This will hopefully help practitioners diagnose this disease before it permanently cripples a racehorse.

Over the course of the Postmortem Program, information on more than 2,100 racehorses has been gathered, and the data has been extremely valuable in helping identify where the major problems are and if injury types are changing. During 1998 when a California race meet came under severe media scrutiny about increased catastrophic injuries, data from the postmortem program were instrumental in helping to determine if there was a common cause for the increase in injuries.

The information learned from the program continues to be distributed to veterinarians, trainers, and others involved in the care and training of racehorses, to make certain that those involved in the racing industry may benefit from the CHRB Postmortem Program.

Track Safety Program

California racetracks have invested more than \$1 million for new rails and other safety-related improvements required by the CHRB's Track Safety Program. These improvements and the Board's rigorous enforcement of track safety regulations and the related state law ensured that racing participants in California competed under the safest possible conditions.

As testimony to its goal to make California racetracks the safest environment possible for its racing participants, the Board in 1999 continued its aggressive enforcement of its track safety standards.

A comprehensive set of track safety standards designed to protect horses and riders was developed and added to the Board's rules in 1994 with the cooperation of the industry. These rules establish the general parameters for implementing the safety standard program at all of the state's racing and sanctioned training facilities; establish

standards for rails on the racetrack; outline the renovation requirements for dirt tracks; address maintenance of dirt racetracks; and outline the criteria that must be met by facilities operating golf courses in the infield.

In 1999, 25 safety inspections were conducted for compliance with the established safety standards program. The racing industry, in its commitment to safety and protecting the horse and rider, took prompt action to correct any deficiencies noted in the inspections.

Since the implementation of the track safety program, California's racetracks

have made safety improvements to their facilities ranging from the installation of new safety rails and removal of objects located within ten feet of the rail to the padding of other objects, such as electrical boxes, light standards, finish-line mirrors, and starter stands.

Dedicated effort, development of track safety standards, and continued education and support have been instrumental in ensuring that the CHRB and the racing industry continue to lead the way by providing a safer racing environment for all racing participants.

California Horse Racing Information Management System (CHRIMS)

A data base system is available to the CHRB, Division of Fairs and Expositions, all racing associations and tracks, specified legislators, and other subscribers within the horse-racing industry.

The initial goal of the CHRIMS project was to gather daily handle and attendance numbers from 1985 (when simulcasting began) to the present.

When this work was completed in the fall of 1990, the project was then expanded to include all pari-mutuel distributions. This required inputting the daily conventional and exotic pools by location, association, and type of race. The project was expanded to include specific pools by location, handle by race, and exact breakage.

The data base numbers are reconciled to the daily reports given to the CHRB by pari-mutuel auditors. Data is downloaded directly from totalizator systems. Unlike a spreadsheet, which was the prior industry standard, the data base is relational in nature, which allows the end user to access information by selecting the desired sort criteria. The structure of the data base includes 80 categories of information, such as license fees, purses, track commissions, and out-of-state commissions. Certain standard reports have been written, which pull the information most often requested by the industry,

and free form requests can be made through the query feature. The data base numbers reflect what has actually taken place in California racing and can be used to project the changes that might affect racing statistics. The system has been structured to provide the data needed by mutuel, racing, and accounting departments, and horsemen's associations. It is uniquely valuable to help determine the probable effects of proposed changes to current law.

Racehorse Fatalities

*A total of 90 fatalities was reported during the period 7/1/98 to 10/31/98.***

Associations	Breed of Horse						Occurred During		
	TB	QH	ST	APP	AR	P	RACE	TRAIN*	OTH*
Thoroughbred									
Los Angeles Turf Club/SA ***									
Hollywood Park Operating Co./HP	5						1	2	2
Del Mar Thoroughbred Club/DM	19						11	3	5
Oak Tree Racing Assn./SA	11						2	7	2
Hollywood Park Fall Operating Co./HP ***									
Bay Meadows Operating Co./BM	12						2	5	5
Pacific Racing Assn./GGF ***									
Harness									
Los Alamitos Harness Racing Assn./LA***									
Capitol Racing LLC/CE			1						1
Quarter Horse									
Los Alamitos Quarter Horse Racing Assn./LA	4	8					7	1	4
Fairs									
Stockton ***									
Pleasanton	3						1	1	1
Vallejo	2					1	2		1
Santa Rosa	2	1					2		1
San Mateo	4						1		3
Ferndale	2						2		
Cal Expo	4					1	2	2	1
Pomona	7						3	3	1
Fresno	2	1					3		
Totals	77	10	1			2	39	24	27
Total Fatalities	90						90		

TB = thoroughbreds QH = quarter horses ST = standardbreds APP = appaloosas AR = Arabians P= paints

* Training and other fatalities include fatalities that occurred at auxiliary training facilities.

** Fatalities prior to 7/1/98 were reported in the 1997-98 Annual Report.

*** Associations not running during reporting period 7/1/98 to 10/31/98.

Racehorse Fatalities

A total of 228 fatalities was reported during the period 11/1/98 to 11/14/99.

Associations	Breed of Horse						Occurred During		
	TB	QH	ST	APP	AR	P	RACE	TRAIN*	OTH*
Thoroughbred									
Los Angeles Turf Club/SA	34						13	16	5
Hollywood Park Operating Co./HP	26						7	16	3
Del Mar Thoroughbred Club/DM	20						7	9	4
Oak Tree Racing Assn./SA	12						4	5	3
Hollywood Park Fall Operating Co./HP	10						3	6	1
Churchill Downs Fall Operating Co./HP	1								1
Bay Meadows Operating Co./BM	13						6	3	4
Pacific Racing Assn./GGF	46	1					20	17	10
Harness									
Los Alamitos Harness Racing Assn./LA			9				1		8
Capitol Racing LLC/CE									
Quarter Horse									
Los Alamitos Quarter Horse Racing Assn./LA	9	21			1		20	3	8
Fairs									
Stockton	3						1	2	
Pleasanton	2						1	1	
Vallejo	2							1	1
Santa Rosa	1							1	
San Mateo	3							2	1
Ferndale	3						3		
Cal Expo	3						1	1	1
Pomona	7						5	1	1
Fresno	1						1		
Totals	196	22	9		1		93	84	51
Total Fatalities	228						228		

TB = thoroughbreds QH = quarter horses ST = standardbreds APP = appaloosas AR = Arabians P= paints

* Training and other fatalities include fatalities that occurred at auxiliary training facilities.

Racing Injuries

*A total of 254 racing injuries was reported during the period 7/1/98 to 10/31/98.***

Associations	Breed of Horse					
	TB	QH	APP	AR	ST	M
Thoroughbred						
Hollywood Park Operating Co./HP	17					
Del Mar Thoroughbred Club/DM	54					
Oak Tree Racing Assn./SA	36					
Bay Meadows Operating Co./BM	28					
Thoroughbred Total	135					
Harness						
Los Alamitos Harness Racing Assn./LA *						
Capitol Racing LLC/CE*						
Quarter Horse						
Los Alamitos Quarter Horse Racing Assn./LA	13	14		1		
Fairs						
Pleasanton	10	2	2			
Vallejo	8		2			
Santa Rosa	5	3	1	1		
San Mateo	13		1	1		
Ferndale	2					
Cal Expo	8		1	1		1
Pomona	16					
Fresno	12	1				
Fair Total	74	6	7	3		1
Total By Breed	222	20	7	4	*	1
Total Injuries 254						

TB = thoroughbreds QH = quarter horses ST = standardbreds APP = appaloosas
AR = Arabians M = mules

* Statistics not available

** Fatalities prior to 7/1/98 were reported in the 1997-98 Annual Report. Some associations did not run during reporting period 7/1/98 to 10/31/98.

Racing Injuries

A total of 639 racing injuries were reported during the period 11/1/98 to 11/14/99.

Associations	Breed of Horse					
	TB	QH	APP	AR	ST	M
Thoroughbred						
Los Angeles Turf Club/SA	58					
Hollywood Park Operating Co./HP	63					
Del Mar Thoroughbred Club/DM	55					
Oak Tree Racing Assn./SA	34					
Hollywood Park Fall Operating Co./HP	30					
Churchill Downs Fall Operating Co./HP	6					
Bay Meadows Operating Co./BM	101					
Pacific Racing Assn./GGF	103					
Thoroughbred Total	450					
Harness						
Los Alamitos Harness Racing Assn./LA					2	
Capitol Racing LLC/CE*						
Quarter Horse						
Los Alamitos Quarter Horse Racing Assn./LA	26	54	1	2		
Fairs						
Stockton	4	1				
Pleasanton	11		1			
Vallejo	15	5		1		1
Santa Rosa	7					
San Mateo	6	1				
Ferndale	9					
Cal Expo	8	1				
Pomona	17	1				
Fresno	13	1		1		
Fair Total	90	10	1	2		1
Total By Breed	566	64	2	4	2	1
Total Injuries 639						

TB = thoroughbreds QH = quarter horses ST = standardbreds APP = appaloosas
AR = Arabians M = mules *Statistics not available

Horse Racing in California

Feeling young again! Venerable Santa Anita is the latest racing facility in California to receive a major facelift. The racetrack's new owner invested \$20 million at the Arcadia facility. Previously, Del Mar, Los Alamitos, Hollywood Park, and Bay Meadows all saw major improvements to their grandstands and/or stable areas during the 1990s, and the new owner of Golden Gate Fields already has begun capital improvements at that oval alongside the beautiful San Francisco Bay.



The redesigned apron at Santa Anita Park provides more comfort and a better view of the races for fans. A new open-air restaurant (the dark area along the roof line, draped during construction) will be open for the winter meet. See page 43 for more details.

(Benoit Photo)

California Horse-Racing Meetings During 1999

Thoroughbred Race Meetings — Central & Southern Zones	
Santa Anita Park	12/26/98 — 4/19/99
Hollywood Park	4/23/99 — 7/19/99
Del Mar	7/22/99 — 9/8/99
Santa Anita Park	9/29/99 — 11/8/99
Hollywood Park	11/10/99 — 12/20/99
Thoroughbred Race Meetings — Northern Zone	
Golden Gate Fields	12/26/98 — 1/18/99
Bay Meadows	1/21/99 — 3/28/99
Golden Gate Fields	3/31/99 — 6/20/99
Bay Meadows	9/3/99 — 11/14/99
Golden Gate Fields	11/17/99 — 12/20/99
Quarter Horse Race Meetings — Statewide	
Los Alamitos	4/16/99 — 12/19/99
Harness Race Meetings — Statewide	
Los Alamitos	12/26/98 — 4/4/99
Cal Expo	4/9/99 — 7/31/99
Cal Expo	10/15/99 — 12/18/99

Fair Meetings — Statewide		
Stockton	(San Joaquin County Fair)	6/16/99 – 6/27/99
Pleasanton	(Alameda County Fair)	6/30/99 – 7/11/99
Vallejo	(Solano County Fair)	7/14/99 – 7/26/99
Santa Rosa	(Sonoma County Fair)	7/28/99 – 8/9/99
San Mateo	(San Mateo County Fair)	8/11/99 – 8/23/99
Ferndale	(Humboldt County Fair)	8/12/99 – 8/22/99
Sacramento	(California State Fair)	8/25/99 – 9/6/99
Pomona	(Los Angeles County Fair)	9/9/99 – 9/26/99
Fresno	(Fresno District Fair)	10/6/99 – 10/17/99

California Racetracks

The vast horse-racing industry in California stretches from the racing fairs in the far north to the Indian wagering facilities near the southern border, from the racetracks along the coastline to the simulcast wagering facilities near the eastern border. California racing fans support 14 racetracks and 20 other wagering outlets, ensuring that everyone in the state has the opportunity to wager on horse racing throughout the year.

Fans Came in Droves to Watch Pincay Equal Then Break Shoemaker's Record For Races Won

Laffit Pincay Jr.'s dramatic pursuit of Bill Shoemaker's riding record of 8,833 career victories boosted business significantly during the 1999 autumn meeting, the first session at Hollywood Park under the management of Churchill Downs Inc. Pincay teamed with Hall of Fame trainer Jack Van Berg to equal Shoemaker's record aboard I Be Casual in the fourth race on December 9, then he broke the mark when he notched winner number 8,834 aboard the Richard Mandella-trained Irish Nip in the sixth race on December 10.

Lavish celebrations followed the tying and record-breaking rides. Shoemaker was prominent in both. The record-breaking celebration featured a testimonial video from several of Pincay's peers, presentation of a crystal horse head, a fireworks display, and balloons cascading down from the grandstand roof. Eddie Delahoussaye presented Pincay with a 3-liter bottle of champagne from the jockeys, while Chris McCarron piloted a new Porsche convertible into the winner's circle – compliments of Del Mar, Fairplex Park, Hollywood Park, Los Angeles Turf Club, and the Oak Tree Racing Association.



Pincay tied Shoemaker's record aboard (#8) I Be Casual.

The monumental moment came on Day 23 of the 31-day meeting, at which point handle and attendance figures were up substantially, particularly on-track figures. The on-track attendance average of 7,832 represented a 5.8% gain over 1998, while the on-track handle average of \$1,915,305 was up 13.3%. Total attendance (18,322) showed a 2.5% increase, while handle (\$9,564,471) was up 8.3%.

Churchill Downs, which acquired Hollywood Park on September 10, implemented ten impact programs during the autumn meeting, including the dedication of \$15 million to capital improvements over the next few years, the donation of \$30,000 for the purchase of uniforms for 1,375 children in Inglewood youth leagues, and facilitating the reintroduction of music training to students at all 13 Inglewood elementary schools.

HIGHLIGHT

R. D. Hubbard Departed On a High Note as Handle For the Spring-Summer Meet Set Records

Hollywood Park concluded its 60th spring/summer meeting with a record daily average (common pool) handle of \$10,384,707 in 1999 – a .6% increase from 1998. A meeting-high \$24.5 million was wagered on Kentucky Derby Day, the highest handle in track history with the exception of the Breeders' Cup Championship in Inglewood in November of 1997.

The conclusion of the meeting ended the stewardship of R.D. Hubbard, who announced in May the sale of Hollywood Park to Churchill Downs. Hubbard, the CEO and chairman, took over the reins in February of 1991.

A trendsetter in the industry during the Hubbard era, Hollywood Park again offered the popular guaranteed \$1-million Pick 6, on one occasion generating a Pick 6 pool of \$1.8 million and overall handle of \$17.5 million.

Highlight of the season was the dramatic victory by 1998 Kentucky Derby/Preakness champion Real Quiet in the \$1-million Semptra Energy Hollywood Gold Cup. Real Quiet, owned by Mike Pegram and trained by Bob Baffert, slipped through along the rail under Hall of Fame jockey Jerry Bailey to catch Budroyale and Malek in the final strides of the 1 1/4-mile classic. The victory was the fourth in the Gold Cup for Bailey – all in the 1990s.

Baffert came out on the wrong end of a photo on closing weekend in the Grade I Swaps, as eventual Breeders' Cup Classic champion Cat Thief won a thrilling stretch duel with favorite General Challenge in the 1 1/8-mile event for 3-year-olds. Pat Day flew in from the East Coast to ride Cat Thief for Overbrook Farm and trainer D. Wayne Lukas.



Hall of Fame trainer Ron McAnally saddled 25 winners to win his fourth spring/summer title and his sixth Hollywood Park title. He saddled five stakes winners, one behind leader Baffert.

Alex Solis rode 57 winners to clinch his fourth spring/summer title and seventh Hollywood Park title. Garrett Gomez was leading stakes-winning jockey with seven wins. Chris McCarron rode six stakes winners, followed by Solis, Eddie Delahoussaye, Kent Desormeaux, and David Flores with five apiece.

Once again, Jerry Bailey captured the \$1-million Hollywood Gold Cup, this time aboard 1998 Kentucky Derby winner Real Quiet.

HIGHLIGHT

Del Mar's Popularity Increased on All Fronts During 1999 Season

Del Mar's 60th year of racing was in many ways its finest ever as it extended to nine years its reign as North America's leader in average daily attendance by averaging 30,045 fans each day at the seaside oval and off-track wagering facilities during the 1999 summer meeting. Total attendance at Del Mar and its 17 off-track wagering satellites was 1,261,873 for the 42-day season. On-track attendance was 628,856 for a daily average of 14,973, up 3% from 1998. Off-track attendance totaled 633,017 for a daily average of 15,072, off 0.4% from the previous summer.

With the introduction of full-card simulcasting in 1999, Del Mar presented racing programs from Saratoga in New York and Monmouth Park in New Jersey on a regular basis while continuing to import selected stakes races from other tracks throughout North America. These increased wagering opportunities spearheaded increases in Del Mar's pari-mutuel handle for the season. Combined on-track handle, reflecting both live and imported races, totaled \$101,623,856 for a daily average of \$2,419,616, up 4.2% from 1998. Off-track handle reached \$205,659,017 for a daily average of \$4,896,643, an increase of 2.1%. Commingled out-of-state handle was \$159,457,266 for a daily average of \$3,796,602, down 1.1%. Total handle from all sources – on and off track, commingled and uncommingled – reached \$497,637,040 for a daily average of \$11,848,501, up 0.7% from 1998.

Del Mar Invested Heavily In Track Improvements

Del Mar spent \$600,000 over the winter to completely rebuild the one-mile dirt track, the first time the surface had been totally refurbished going all the way back to its inaugural season in 1937. Horses and horsemen alike found the change to be a positive one.



The estimated distribution to horsemen, including purses and breeders' distribution, was a record \$22,021,287 for a daily average of \$524,316, up 15% from the previous year.

David Flores won his first Del Mar riding title by winning 38 races – averaging almost one winner a day during the 42-day meet. Flores won eight stakes races at the session.

Bob Baffert, no stranger to the winner's circle himself, captured his third straight training title by saddling 27 winners, finishing well ahead of runner-up Mike Mitchell, a six-time training champ himself, who saddled 19 winners during the meet.

General Challenge captured the \$1-million Pacific Classic by three lengths over River Keen.

HIGHLIGHT

Bay Meadows just keeps on running, and running, and running...

Bay Meadows offered in 1999 its 65th year of consecutive thoroughbred racing, preserving its record as the longest continuously running meet in California, and it did so in fine fashion by setting records for handle at both of the meets conducted during the year. The average daily handle during the spring and fall meets increased 8.6% and 6%, respectively, over 1998.

“We were most pleased by the increase in our average field size,” said Bay Meadows president Jack Liebau. “As a result of the increased field size, racing was more competitive and exciting.”

The daily average handle, which does not include an average daily amount of \$1,121,570 wagered in Southern California on races conducted at Bay Meadows, reached \$3,719,971. Average daily on-track attendance and off-track attendance in Northern California were 4,123 and 4,944, respectively. Races at Bay Meadows were simulcast to more than 400 out-of-state outlets.

The El Camino Real Derby produced another Triple Crown contender when runner-up Charismatic went on to win the Kentucky Derby and Preakness, then finish third in the Belmont. Other El Camino Real Derby graduates who excelled in the Triple Crown were Cavonnier (2nd Kentucky Derby), Tabasco Cat (1st Preakness and Belmont), Snow Chief (1st Preakness), Tank's Prospect (1st Preakness), Gate Dancer (1st Preakness), and Casual Lies (2nd Kentucky Derby and 3rd Preakness).

The leading jockey at both of the meets in 1999 was again Russell Baze, who also was inducted into Thoroughbred Racing's Hall of Fame in 1999, and he received for the fourth consecutive time the Isaac Murphy Award, which honors the rider with the highest win percentage in the country.

Jerry Hollendorfer was the leading trainer at both meets, extending his streak of consecutive training championships at Bay Meadows to 19 meets.



Charismatic missed by a head to Cliquot in the El Camino Real Derby at odds of 10-1.

HIGHLIGHT

Thrill-a-Second Racing, Longshot Bonanzas, Spark Increases at Los Alamitos

LOS ALAMITOS

Upsets and tight finishes made the 1999 season at Los Alamitos one of the most competitive race meets in the brilliant history of the Orange County track. Races such as the Go Man Go Handicap and Mildred Vessels Memorial Handicap featured blanket finishes, while the 45-1 longshots Policy Tacs and Joanna Kate won the MBNA America Challenge Championship and Los Alamitos Championship, respectively.

On the business side, Los Alamitos enjoyed its best year since 1996. The average daily handle neared \$1.2 million while increasing 12% from 1998. The in-state handle had the biggest rise, with the \$671,205 average representing a 24% increase.

The biggest night of the year was the October 30 MBNA America Challenge Championship Night, a five-race series that has become quarter horse racing's version of the Breeders' Cup. The Challenge was a great success, with patrons wagering more than \$2 million.

The track remained popular on the East Coast, where \$70,000 was wagered nightly at the Meadowlands and New York satellites. The Illinois satellites wagered about \$94,000 per night.

Under the ownership of Edward C. Allred, Los Alamitos has enjoyed a great rejuvenation over the past five years. Its Vessels Club is considered by many to be one of the finest turf club facilities in horse racing, and the plush Player's Club Room opened in 1999.

Night After Night, Harness Racing Enjoyed Huge Handles

The third meeting of the Los Alamitos Harness Racing Association featured six of the ten highest single-night harness handles ever at Los Alamitos, and a tenth driving title for Rick Kuebler. The 62-night season produced six individual handles of more than \$1.8 million, including the second-highest figure ever of \$2,024,608, leading to total handle of \$75.1 million, an increase of 3.5%.



Honor Ease outran
Flare For Toby in the
second division of the
Z. Wayne Griffin
Director's Trials, with
both mares earning
their way to the
\$350,000 Champion
of Champions.

HIGHLIGHT

Purchase of Golden Gate Fields by Stronach Ensures Capital Improvements at Albany Racing Facility

Golden Gate Fields joined the powerful Frank Stronach racing empire in November of 1999 when Ladbroke Racing Corp., a subsidiary of the Hilton Group, sold the historic East Bay track to Stronach's M I Entertainment for \$77 million and stock. The acquisition of Golden Gate Fields followed the purchases of Santa Anita Park and Gulfstream Park (located in Hallandale, Florida) by Stronach, who also had signed a letter of intent to purchase Thistledown (Cleveland, Ohio) and Remington Park (Oklahoma City, Oklahoma).

Stronach immediately gave Peter W. Tunney, the longtime vice president and general manager of Golden Gate Fields, a vote of confidence, telling Dale Omenson of the *Daily Racing Form*, "I'm very happy with Pete, and I've known him a long time. Management is only as good as the owners." Stronach said a top priority would be improving the racetrack and the barn area, and he said that Tunney and Lonnie Powell, the vice president of operations for the Stronach tracks, "will get the monies to do it."

Handle Jumped 15% as Golden Gate Racing Proved Popular with Fans Throughout the Country

Handle figures were up across the board at Golden Gate Fields' 1999 spring meeting, and the cumulative result was a 15.53% increase in total daily average handle. In comparing the 60-day 1999 meeting with the 61-day spring stand held in 1998, average daily on-track handle was up 3.25% and wagering at Northern California satellite sites was up 6.19%, meaning Northern California betting totals increased 5.14 percent. The popularity of Golden Gate Fields' racing product throughout the country was the major contributor to the impressive increase in total handle, as out-of-state wagering was up a whopping 33.58%.

Some top stakes performers competed at Golden Gate Fields in 1999, including Silic and Tuzla, the first two finishers in the Breeders' Cup Mile at Gulfstream. Tuzla won the Grade II San Francisco Mile at Golden Gate Fields while Silic finished fourth in the race.



The 5-year-old mare Tuzla, ridden by Brice Blanc, defeated nine male rivals in the San Francisco Mile.

HIGHLIGHT

Influx of Quality Horses Contributed to Successful Harness Meets at Cal Expo and Los Alamitos

The California harness racing circuit continued to evidence significant improvement throughout the past year with increases in the number of racing days, total handle, and total purses. In large measure, these gains seemed attributable to a major increase in the number and quality of racehorses that joined the circuit. California and out-of-state owners responded well to the several increases in purses throughout the year and continued to upgrade their racing stables.

Overall, from the fall of 1998 through the summer of 1999, eight additional nights of racing were added to create an almost-year-around program totaling 149 nights. During this period, total handle on harness racing increased 14%, totaling almost \$14.5 million for the year. Purses increased 11.6%, totaling \$7.2 million for that period.

At Los Alamitos's harness meet, the total handle of more than \$75 million increased 8.22% over the previous two-year period. Purse increases of 2% were in evidence from 1998 to 1999, and 6.84% over the previous two years. Purses in 1999 totaled almost \$3.9 million.

At Cal Expo, the spring/summer and fall meets posted even more dramatic wagering and purse increases. Total handle for the combined race meets increased 26.13% from 1998 to 1999, and purses increased almost 25% during the same period. The largest gains in both handle and purses occurred at the spring/summer meet with total wagering up more than 36% and purses rising 46%. More than \$69 million was generated by 87 nights of racing, with purses totaling almost \$3.4 million.

Both the managements and horsemen on the California circuit expect continued growth over the coming year, and they have high expectations for harness racing in the new millennium.



Huron Warrior noses out One Bad Beast in a Cal-Bred feature at Cal Expo.

HIGHLIGHT

Canadian Stronach Investing Money and Talent to Preserve Greatness of Santa Anita

In the first year following Frank Stronach's purchase of Santa Anita Park, the track unveiled more than \$20 million in improvements and enhancements, the most dramatic and significant such project in Santa Anita's 65-year history. Stronach also invigorated Santa Anita by installing a new senior management team led by Lonny T. Powell, who was named the track's president and chief executive officer.

The improvements to Santa Anita include a spectacular new gourmet restaurant overlooking the track, an all-new trackside viewing area, and a state-of-the-art in-field video display board, the largest such video screen at any racetrack in North America.

"Frank Stronach's vision to transform Santa Anita into the world's premier showcase for thoroughbred racing is well on its way to fruition," said Powell. "In one short year, we have accomplished a great deal, and more is yet to come."

Stronach's MI Entertainment Corp., Santa Anita's parent company, also completed the purchase of four other racetracks in 1999. In addition to Santa Anita, MI Entertainment now owns and operates Golden Gate Fields in California, Gulfstream Park in Florida, Remington Park in Oklahoma, and Thistledown in Ohio. Stronach leads MIE as chairman, while Powell serves as vice president of racing operations, in addition to his role at Santa Anita.

Santa Anita's 1998-1999 meeting concluded with an increase in on-track and satellite attendance and increases in daily average on-track, satellite, and total handle. On Santa Anita Handicap Day (March 6), the track set an all-time California total handle record for a non-Breeders' Cup event with a handle of \$24,749,107.

Racing highlights included victories by California-bred horses in Santa Anita's two signature races, the Santa Anita Handicap and the Santa Anita Derby. Free House won the \$1-million Big 'Cap. General Challenge captured the Santa Anita Derby, the premier stepping stone to the Triple Crown. When Bob and Beverly Lewis' Charismatic won the Kentucky Derby, it marked the third consecutive year that a Santa Anita Derby runner had captured America's most famous race.



Gary Stevens and General
Challenge coast home in
the Santa Catalina Stakes.

HIGHLIGHT

Hot Weather Helped Things Sizzle During Oak Tree Meet at Santa Anita

The Oak Tree Racing Association's 1999 season of thoroughbred racing at Santa Anita Park, though plagued with record heat, ended with an increase in on-track handle despite a decline in on-track attendance from the previous season. The 31-day Oak Tree meeting's on-track average daily handle of \$2,380,685 was up 3% over 1998.

"We had a good meet despite the decrease in attendance," said Sherwood C. Chillingworth, executive vice president of Oak Tree. "The weather was certainly a factor, with temperatures over 90 degrees on 12 days of the meeting and over 95 degrees on five of those days."

According to the National Weather Service, October was the hottest on record for the San Gabriel and San Fernando Valleys.

Chillingworth added that the on-track handle increase indicated that revenue sources are healthy and reflected the popularity of full-card simulcasting.

Racing highlights included California-bred Budroyale's stirring neck victory over highly regarded and fellow Cal-bred General Challenge in the \$500,000 Goodwood Breeders' Cup Handicap, and Spanish Fern's 1¼-length triumph in the \$500,000 Yellow Ribbon Stakes.

Media voted Budroyale Horse of the Meet after his Goodwood win and second-place finish in the Breeders' Cup Classic. Bob Baffert, who tied his own record with 21 wins, was voted Trainer of the Meet, and David Flores, who won his first Oak Tree riding title, earned top jockey honors.

The tenth edition of the highly successful California Cup Day, featuring 10 stakes races exclusively for California-breds, generated an on-track attendance increase of 5% over the previous year and the second-best total handle in Cal Cup history, \$15,558,909. On Nov. 6, Breeders' Cup Day, Oak Tree patrons wagered a total of \$20,891,344, an all-time high at Oak Tree for a non-live Breeders' Cup event.

Jockey Chris McCarron rides low as Spanish Fern glides to victory in the Yellow Ribbon Stakes.



HIGHLIGHT

The Fair Circuit, Rich in Tradition, Continued Successful Programs, Spurred Field Increases

The California racing fair circuit contributes greatly to the state's agribusiness economy and to the recreational, racing, and breeding industries while showcasing racehorses in different communities throughout the state.

In 1999 the fairs continued to pay a performance purse (\$95) to the owner of each horse that started in a race at each fair (in addition to the customary purse). They also continued awarding purse moneys through the eighth-place finisher in each race. These two programs helped owners offset the additional costs associated with running at the fairs, which in turn helped increase field sizes. The live racing fairs feel their greatest accomplishment during the 1999 racing season was being able to attract larger fields. The average field size for thoroughbred races at the fairs was more than **8.2** per race.

Tragedy Marked Opening Day of Fairplex

The 1999 meeting at Fairplex Park in Pomona was marred by tragedy when jockey J.C. Gonzalez was killed in a racing accident on opening day. The final seven races on the card were canceled. It was the first racing-involved death in the 61-year history of racing at the Los Angeles County Fair. "It's a tragedy, and our sympathies go out to his family and friends," said Neil O'Dwyer, vice president of racing. When racing resumed the following day, Fairplex held a moment of silence for Gonzalez in the winner's circle. The track also established a trophy in his honor, which will be displayed in front of the jockeys' room and engraved with the name of the meet's leading rider each year.

The total handle of \$104,084,856 was down 4% for the meet from 1998, largely due to the canceled races. The 1998 total of \$108,454,254 was an all-time record handle.

Mel Stute and Paul Aguirre tied for the training title with nine victories apiece. The meet marked the 50th anniversary of Stute's first victory at Fairplex. The 72-year-old conditioner is the track's all-time leading trainer with 156 wins. Martin Pedroza's 29 wins at the meet gave him his first Fairplex jockey title.



Martin Pedroza, the leading jockey at the 1999 Fairplex meet, accepts the J.C. Gonzalez Memorial Award, which honors the rider who died tragically in a racing accident opening day.

HIGHLIGHT

Everything “Clicked” in Stockton

Boosted by an increase of 12% in on-track betting, the San Joaquin County Fair at Stockton ended with a record total handle of \$14,317,026 for a 3% gain over the record of \$13,610,659 set during the 1998 meet. The total on-track attendance of 39,982 reflected a 14% increase from 1998. The \$1,431,703 daily average handle was up 5%. All aspects of the meeting were positive, according to Forrest White, fair CEO and racing director, who said, “Everything just clicked.”

Mixed Numbers at 1999 Pleasanton Meet But Overall Result Was Good

The Alameda County Fair at Pleasanton, the second stop on the Northern California fair circuit, experienced significant gains in specific categories. The final figures showed the on-track handle down by 3% from 1998, but the overall handle improved by 13%. Handle at off-track facilities within Northern California increased by 11% while handle from locations outside the state grew by 54%. Holding to a familiar pattern, this fair, like other racetracks in California, increased business by offering wagering on more out-of-state races. This fair again featured quality racing and a packed grandstand each weekend.

Fuller Fields Contributed to Success in Vallejo

The 50th annual Solano County Fair was one of the more successful race meetings due in large part to full fields and competitive racing. The fair’s total handle was up more than 2%, to \$26,459,722, while on-track handle rose by 10%. Total on-track attendance for the 11 days increased by 7%, to 22,756. This fair was able to offset any decreases in live handle by importing more out-of-state races for wagering purposes. Horsemen’s purses for the meet increased by 9.6%. For thoroughbred races, the meet increased its average field size from 7.93 in 1998 to 8.62 in 1999.

Santa Rosa Meet Had All the Right Ingredients for Success

The Sonoma County Fair was again based around the appropriate theme “Wine Country Racing.” An increase in wagering on Santa Rosa races resulted in increases in every significant category during the 12-day meet. The all-source handle of \$35,729,167 broke the 1998 record of \$31,391,143. Off-track wagering at Northern California satellites increased by 9% while out-of-state locations wagered 62% more on races from the fair. Santa Rosa continued its tradition of introducing new fans to the sport when more than 68,000 spectators attended the races.

Simulcast Wagering Offset On-Track Decline In Handle to Hold Steady

The San Mateo County Fair race meet, which operates each year at Bay Meadows, closed its 12-day meet with the average daily handle holding steady at \$2,391,542, despite a 3% decline in on-track handle. The off-track handle increased by 4% and the handle from out-of-state locations increased by 34%. The live pari-mutuel handle from all sources and the on-track attendance figures declined, largely because the fair ran fewer races than in previous years.

HIGHLIGHT

Handle Soared at Ever-Popular Ferndale Meet on Far Northern Coast

The Humboldt County Fair meet ended with a 34% increase in all sources of live handle. This fair, in the timber and dairy country of California's far north coast, epitomizes what racing once was and does not pretend to be something it is not. Overall wagering on Ferndale races was up 41% at off-track facilities throughout Northern California while on-track handle increased by 16%. One big factor that helped this race meet was being allowed to offer trifecta wagers with a minimum field of six horses.

Cal Expo Overcame Overlap to Post Gains

The California State Fair in Sacramento finished with increases in attendance and handle in 1999, despite an overlap situation the last four days of the meet. Both on-track and off-track handle increased 3%. Total reported attendance at the meet was 53,445 as the trend for increased attendance continued for a sixth year. The meet featured competitive racing, due in part to participation by leading trainers and jockeys.

Circuit Concluded with Gains in Fresno

For the second year in a row, handle at the Big Fresno Fair increased in the face of competition from additional signals imported into California. Total handle for the 11-day meet was \$7,426,627, which represented a 15% gain over 1998 figures. Overall handle was boosted by an increase of 7% from on-track betting. Wagering on the Fresno signal at other locations reached \$3,350,619, up 20%. The total on-track attendance of 78,855 reflected a 3% increase. "All aspects of the fair meeting were positive," said Director of Racing David Elliott. "Having an off-track live wagering handle increase of 20% is unheard of in these days of full-card simulcasting."

Simulcast Facilities by Location

Stockton, 2nd District Agricultural Association

The San Joaquin County Fair facility is located at the east side of Stockton at 1658 South Airport Way. The simulcast wagering facility opened October 24, 1985. The pari-mutuel handle and attendance in FY 1998-1999 was \$28,404,332 wagered by 139,578 patrons.

Monterey, 7th District Agricultural Association

The Monterey County Fair facility is located at 2004 Fairground Road in Monterey. The simulcast wagering facility opened on January 6, 1988. The pari-mutuel handle and attendance in FY 1998-1999 was \$13,786,299 wagered by 64,263 patrons.

Eureka, 9th District Agricultural Association

The Redwood Acres Fair facility is located approximately one mile east of downtown Eureka at 3750 Harris Street. The simulcast wagering facility opened November 11, 1987. The pari-mutuel handle and attendance in FY 1998-1999 was \$2,568,450 wagered by 8,416 patrons.

Bakersfield, 15th District Agricultural Association

The Kern County Fair facility is located in Bakersfield at 1142 South P Street. The simulcast wagering facility opened April 1, 1987. The pari-mutuel handle and attendance in FY 1998-1999 was \$12,868,432 wagered by 71,118 patrons.

Santa Barbara, 19th District Agricultural Association

The Earl Warren Showgrounds facility is located in Santa Barbara at 3400 Callareal Street. The simulcast wagering facility opened March 3, 1987. The pari-mutuel handle and attendance in FY 1998-1999 was \$9,898,535 wagered by 42,259 patrons.

Fresno, 21st District Agricultural Association

The Fresno District Fair facility is located in Fresno at 1121 Chance Avenue. The simulcast wagering facility opened December 18, 1985. The pari-mutuel handle and attendance in FY 1998-1999 was \$17,308,046 wagered by 96,963 patrons.

Fresno, Polo Lounge/Club One

The Polo Lounge in Club One is located in Fresno at 1035 Van Ness Avenue. The facility is housed within the Club One Poker Casino and opened on May 1, 1997. The pari-mutuel handle and attendance in FY 1998-1999 was \$2,813,746 wagered by 5,982 patrons.

Del Mar, 22nd District Agricultural Association

The Del Mar Fair facility is located in Del Mar at 2260 Jimmy Durante Boulevard. The simulcast wagering facility opened September 12, 1991. The pari-mutuel handle and attendance in FY 1998-1999 was \$102,815,681 wagered by 356,751 patrons.

Tulare, 24th District Agricultural Association

The Tulare County Fair is located 40 miles south of Fresno, a quarter-mile west of Highway 99 at 215 E. Alpine Avenue. The simulcast facility opened June 25, 1989. The pari-mutuel handle and attendance in FY 1998-1999 was \$5,344,509 wagered by 31,780 patrons.

Anderson, 27th District Agricultural Association

The Shasta District Fair facility is located 12 miles south of Redding on Highway 273. The simulcast wagering facility opened May 18, 1988. The pari-mutuel handle and attendance in FY 1998-1999 was \$3,028,564 wagered by 17,501 patrons.

Victorville, 28th District Agricultural Association

The San Bernardino County Fair facility is located approximately 40 miles north of San Bernardino, adjacent and east of Interstate 15, at 14800 Seventh Street. The simulcast wagering facility opened April 26, 1989. The pari-mutuel handle and attendance in FY 1998-1999 was \$13,326,494 wagered by 77,566 patrons.

**Ventura, 31st District
Agricultural Association**

The Ventura County Fair facility is located in Ventura at 10 West Harbor Boulevard. The simulcast wagering facility opened November 11, 1987. The pari-mutuel handle and attendance in FY 1998-1999 was \$43,443,813 wagered by 166,966 patrons.

**Santa Maria, 37th District
Agricultural Association**

The Santa Barbara County Fair is located in Santa Maria at 937 South Thornburg. The simulcast facility opened April 7, 1987. The pari-mutuel handle and attendance in FY 1998-1999 was \$10,959,334 wagered by 42,936 patrons.

**Lancaster, 50th District
Agricultural Association**

The Antelope Valley Fair facility is located in Lancaster on the northeast side of town at 155 West Avenue I, approximately two miles east of Interstate 14. The simulcast wagering facility opened April 27, 1988. The pari-mutuel handle and attendance in FY 1998-1999 was \$18,044,237 wagered by 88,853 patrons.

**San Bernardino, National
Orange Show**

The National Orange Show facility is located in San Bernardino at 689 South E Street. The simulcast facility opened November 18, 1987. The pari-mutuel handle and attendance in FY 1998-1999 was \$51,412,108 wagered by 271,064 patrons.

**Sacramento, California
Exposition and State Fair**

The Cal Expo facility is located approximately three miles east of downtown Sacramento at 1600 Exposition Boulevard. The simulcast wagering facility opened October 17, 1985. The pari-mutuel handle and attendance in FY 1998-1999 was \$50,356,525 wagered by 177,568 patrons.

**Santa Rosa, Sonoma County
Fair and Exposition, Inc.**

The Sonoma County Fair is located in Santa Rosa at 1350 Bennett Valley Road. The simulcast facility opened October 17, 1985. The pari-mutuel handle and attendance in FY 1998-1999 was \$22,737,089 wagered by 119,957 patrons.

Vallejo, Solano County Fair

The Solano County Fair is located on the north side of Vallejo at 900 Fairgrounds Drive. The simulcast wagering facility opened December 1, 1987. The pari-mutuel handle and attendance in FY 1998-1999 was \$22,696,274 wagered by 93,274 patrons.

**Pleasanton, Alameda County
Fair**

The Alameda County Fair is located in Pleasanton at 4501 Pleasanton Avenue. Following the start of simulcast wagering on April 27, 1987, the location of the simulcast wagering was changed to a newly constructed facility on October 9, 1992. The pari-mutuel handle and attendance in FY 1998-1999 was \$59,150,335 wagered by 205,823 patrons.

**San Mateo, Bay Meadows
Racetrack**

The Bay Meadows Racetrack is located in San Mateo at 2600 South Delaware Street. The Bay Meadows simulcast wagering facility opened February 4, 1986. The pari-mutuel handle and attendance in FY 1998-1999 was \$140,903,779 wagered by 327,126 patrons.

Indio, Shalimar Sports Center

The Desert Expo centre is located approximately 10 miles southeast of Palm Springs just off Highway 111 at 46-350 Arabia Street on the National Date Festival grounds. The simulcast wagering facility opened May 18, 1988. The pari-mutuel handle and attendance in FY 1998-1999 was \$12,105,981 wagered by 44,353 patrons.

Pomona, Fairplex Park

The Los Angeles County Fair facility is located in Pomona on the grounds of the Fairplex public events facility, two blocks north of Interstate 10. The simulcast wagering facility opened July 27, 1988. The pari-mutuel handle and attendance in FY 1998-1999 was \$65,857,738 wagered by 212,919 patrons.

Inglewood, Hollywood Park Racetrack

The Hollywood Park facility is located in Inglewood at 1050 Prairie Avenue. The simulcast wagering facility opened July 27, 1988. The pari-mutuel handle and attendance in FY 1998-1999 was \$282,620,544 wagered by 948,664 patrons.

San Jose, Santa Clara County Fair

The Santa Clara County Fair is located in San Jose approximately 40 miles south of San Mateo, just off Hwy. 101 at 344 Tully Road. The simulcast facility opened July 30, 1988. The pari-mutuel handle and attendance in FY 1998-1999 was \$54,426,495 wagered by 204,800 patrons.

Albany, Golden Gate Fields

Golden Gate Fields is located in Albany at 1100 Eastshore Highway, just north of Berkeley, off Interstate 80, eight miles from downtown Oakland and 11 miles from San Francisco. The simulcast wagering facility opened September 24, 1985. The pari-mutuel handle and attendance in FY 1998-1999 was \$119,713,699 wagered by 312,482 patrons.

Arcadia, Santa Anita Park

The Santa Anita facility is located in Arcadia at 285 W. Huntington Drive. The simulcast wagering facility opened July 27, 1988. The pari-mutuel handle and attendance in FY 1998-1999 was \$237,200,228 wagered by 590,750 patrons.

Los Alamitos, Los Alamitos Race Course

Los Alamitos Race Course is located in Los Alamitos at 4961 Katella Avenue. The simulcast facility opened July 25, 1990. The pari-mutuel handle and attendance in FY 1998-1999 was \$242,799,721 wagered by 790,725 patrons.

Indio, Fantasy Springs Casino

The Cabazon Band of Mission Indians facility is located approximately 18 miles east of Palm Springs in Indio at the intersection of Interstate 10 and Auto Center Drive. The simulcast wagering facility opened March 3, 1990. The pari-mutuel handle and attendance in FY 1998-1999 was \$13,062,976 wagered by 58,247 patrons.

El Cajon, Sycuan Gaming Center

The Sycuan Band of Mission Indians facility is located approximately six miles east of El Cajon at 5469 Dehesa Road. The simulcast wagering facility opened October 7, 1990. The pari-mutuel handle and attendance in FY 1998-1999 was \$22,592,951 wagered by 105,322 patrons.

El Cajon, Viejas Casino and Turf Club

The Viejas Band of Mission Indians facility is located approximately 13 miles east of Alpine at 5000 Willows Road. The simulcast facility opened September 13, 1991. The pari-mutuel handle and attendance in FY 1998-1999 was \$17,935,968 wagered by 75,165 patrons.

Lakeside, Barona Casino

The Barona Band of Mission Indians facility is located approximately five miles northeast of Lakeside at 1000 Wildcat Canyon Road. The simulcast wagering facility opened July 4, 1992. The pari-mutuel handle and attendance in FY 1998-1999 was \$10,742,621 wagered by 51,225 patrons.

Turlock, Stanislaus County Fair

The Stanislaus County Fair facility is located in Turlock approximately two miles east of Highway 99 at 900 No. Broadway at Canal. The simulcast facility opened on April 7, 1993. The pari-mutuel handle and attendance in FY 1998-1999 was \$9,331,250 wagered by 50,044 patrons.

Perris, 46th District Agricultural Association

The Farmer's Fair and Expo facility is located in Perris approximately three miles east of the 215 Freeway at 18700 Lake Perris Drive and Ramona Expressway. The simulcast facility opened on December 1, 1993. The pari-mutuel handle and attendance in FY 1998-1999 was \$27,835,062 wagered by 138,337 patrons.

Horse Racing Revenues

The State of California's revenue from horse racing is derived primarily from license fees, which are based on percentages of pari-mutuel wagers. The pari-mutuel handle totaled more than \$3.79 billion for the 1998-1999 fiscal year. This amount included wagers made within the State of California and wagers made in other racing jurisdictions, which were commingled (merged) into the wagering pools at live race meets in California. The CHRB was responsible for collecting \$62.7 million from all pari-mutuel sources for the 1998-1999 fiscal year.

License fees for the state, purses, track commissions, and other distributions are generated from a portion of the wagering handle referred to as the "takeout."

The takeout is set by law and is a percent taken from each dollar wagered. The takeout on conventional wagering (win, place, and show pools) is 15.43% for thoroughbred race meets, 15.63% for quarter-horse meets, 16.43% for harness meets, and 16.77% for fair meets.

The takeout on exotic wagering pools (all pools that are not win, place, or show) is 20.18% for thoroughbred meets, 20.38% for quarter-horse meets, 21.52% for fair meets, and 24.18% for harness meets.

In general, once the state license fee, breeders and owners awards, equine research, and other mandated amounts have been deducted from the takeout, the remaining funds are divided in a

prescribed manner between purses and track commissions.

The amount of the state license fee and the split between purses and commissions depend on the breed of racing and whether the wagering was on track or off track.

A pari-mutuel auditor located at each live meet in California prepares a daily audited report of the precise distribution of the wagering handle. The report is submitted to the Horse Racing Board, the racing association, and other interested parties.

Breakage is a term used to describe the monies generated by mathematical rounding during the calculation of winning wagers. After a race is run and the results are made official, the totalizator system calculates the payout for winning wagers.

The payout for each pool is first calculated on a \$1 amount, which is then

used as the basis for paying all winning wagers for that pool.

During the calculation of the \$1 payout, amounts for each pool are rounded down ("broken," thus the term breakage) to the nearest dime. For example, in calculating a win pool, a \$1 payout of \$2.67 would be "broken" to \$2.60. A \$2 wager on that pool would then return \$5.20.

The 7 cents that is broken for each dollar in the calculation then becomes part of the total breakage for that pool, that race, and that day of racing, etc.

By law, breakage is divided between the state, the track, and purses, with the majority of breakage going to purses. In FY 98-99, the state received \$1.45 million in breakage, with the tracks receiving \$4.3 million and purses \$6.9 million.

Uncashed Pari-mutuel Tickets

Winning pari-mutuel tickets can be cashed by the racing association until May 15 of the year following the year in which the race meet ends. After May 15, the uncashed tickets (unclaimed monies) are distributed as indicated below. The unclaimed money in the pool is the amount remaining when individuals fail to present winning pari-mutuel tickets for cashing. Racing patrons may mistakenly tear up, lose, or forget about winning tickets. In some cases, racing patrons have, many months after the meeting, presented valid pari-mutuel tickets entitling them to a pari-mutuel payoff.

The amounts derived from unclaimed pari-mutuel tickets during the FY 1998-99 racing year totaled \$2,291,606.

All such unclaimed money resulting from the thoroughbred, harness, or quarter-horse meetings, but excluding the meetings of the California Exposition and State Fair, county, district agricultural association, or citrus fruit fair meetings shall be distributed as follows:

1. Fifty percent shall be used by the Board to support research on matters pertaining to horse racing and racetrack security. The redistributable money provided to the Board pur-

suant to this paragraph shall be subject to annual budgetary review by the Legislature.

2. Fifty percent shall be paid to a welfare fund established by the horsemen's organization contracting with the association with respect to the conduct of racing meetings for the benefit of the horsemen, and said organization shall make an accounting to the Board within one calendar year of the receipt of such payment.

All unclaimed money from other meetings shall be paid immediately into the State Treasury to the credit of the General Fund.

1998/99	TB	QH	HH	Fairs
Los Angeles Turf Club	\$471,495.45			
Hollywood Park Operating Co.	483,490.28			
Del Mar Thoroughbred Club	266,448.60			
Oak Tree Racing Assn.	140,526.28			
Bay Meadows Racing Assn.	153,977.43			
Pacific Racing Assn.	136,278.20			
Thoroughbred Total	\$1,652,216.24			
Los Alamitos Quarter Horse Racing Assn.		\$142,741.00		
Quarter Horse Total		\$142,741.00		
Capitol Harness Racing Association			52,377.45	
Los Alamitos Harness Racing Association			<u>52,562.40</u>	
Harness Total			\$104,939.85	
Los Angeles County Fair				170,877.10
CARF				<u>220,831.95</u>
Fairs Total				\$391,709.05

Occupational Licenses and Fees

July 1, 1998 through June 30, 1999

Type of License	Fee	Issued	Total
Stable	\$300	240	\$72,000
Multiple Ownership	300	18	5,400
Horse Owner-Open Claim	250	34	8,500
Officer/Director/Partner	200	32	6,400
Horse Owner	150	4,224	633,600
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Trainer, Assistant Trainer	150	467	70,050
Harness Horse Driver	150	54	8,100
Jockey/Apprentice Jockey	150	128	19,200
Jockey Agent	150	41	6,150
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Racing Official/Manager of Association	150	147	22,050
Bloodstock Agent	150	12	1,800
Veterinarian	150	34	5,100
Association Employee	75	168	12,600
Valet/Custodian/Attendant	75	10	750
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Pari-mutuel Employee/Tote	75	760	57,000
Horseshoer	75	52	3,900
Exercise Rider/Pony Rider	75	432	32,400
Misc. Employee/Stable Agent Vendor	75	333	24,975
Security Guard	75	197	14,775
Stable Foreman	75	75	5,625
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Authorized Agent	25	896	22,400
Replacement License	15	686	10,290
Annual Groom/Stable Employee (Original)	35	895	31,325
Annual Groom/Stable Employee (Renewal)	20	<u>3,216</u>	<u>64,320</u>
Gross Fees		13,151	1,138,710
Less allowance for Franchise Tax Board			-155
Total fees generated to General Fund			\$1,138,555

All licenses are issued for three years except those for groom and stable employee licenses, which are annual licenses.

Fines Imposed in 1998 — 1999

Thoroughbred Meetings — Central & Southern Zones

Location	Rulings	Imposed	Inclusive Dates
Del Mar	50	\$7,040	7/22/98 — 9/9/98
Santa Anita	27	2,615	9/30/98 — 11/9/98
Hollywood Park	27	2,500	11/11/98 — 12/21/98
Santa Anita	73	13,195	12/26/98 — 4/19/99
Hollywood Park	80	10,545	4/23/99 — 7/19/99

Thoroughbred Meetings — Northern Zone

Bay Meadows	11	\$1,950	9/4/98 — 11/15/98
Golden Gate	15	3,750	11/18/98 — 1/18/99
Bay Meadows	18	2,550	1/21/99 — 3/28/99
Golden Gate	21	5,250	3/31/99 — 6/20/99

Quarter-Horse Meetings — Statewide

Los Alamitos	120	\$22,500	4/17/98 — 12/20/98
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Harness Meetings — Statewide

Cal Expo	10	\$850	10/24/98 — 12/19/98
Los Alamitos	52	4,800	12/26/98 — 4/4/99
Cal Expo	62	7,600	4/9/99 — 7/31/99

Fair Meetings — Statewide

Pleasanton	4	\$500	7/1/98 — 7/12/98
Vallejo	14	3,000	7/15/98 — 7/27/98
Santa Rosa	12	1,550	7/29/98 — 8/10/98
San Mateo	4	950	8/12/98 — 8/24/98
Ferndale	3	250	8/13/98 — 8/23/98
Sacramento	3	1,100	8/26/98 — 9/7/98
Pomona	16	2,445	9/10/98 — 9/27/98
Fresno	7	950	10/7/98 — 10/18/98
Stockton	2	150	6/16/99 — 6/27/99

Statement of Distribution by Fund of Horse Racing Revenues

Horse racing revenue comes primarily from license fees imposed on the amounts wagered by the public. The license fee revenue schedule is based on such factors as the amount wagered, track location, type of horse racing, type of wager, and whether the wager is made on track or at a simulcast facility.

Other revenue sources include breakage (the odd cents not paid to winning ticket holders), unclaimed pari-mutuel tickets, occupational license fees, fines, and penalties.

The state's share of horse racing revenue is either deposited to the state "General" Fund or to a "special" fund, e.g., the

Fair & Exposition fund. The General Fund is used to account for all revenues and activities that are not required by law to be accounted by any other fund. Most state expenditures are financed from the General Fund. Special funds consist of governmental cost funds used to account for taxes and revenues, which are restricted by law for particular functions/activities.

Typically, the only difference between the General Fund and other governmental cost funds is the restriction placed on the use of the other governmental cost funds.

July 1, 1998 through June 30, 1999

	Detail	Total
Revenue To Fair & Expo		
Pari-mutuel License Fees, Fund 191:		
0.63% — total handle	\$13,826,181	
1.00% — fair handle	1,952,431	
Escheat of unclaimed warrant	316	
Section 19620-A	265,000	
Section 19620-B	10,189,509	
Total 191 Fund		<u>\$26,233,437</u>
Simulcast Wagering Fees, Fund 192:		
Simulcast Wagering	\$11,576,694	
Other regulatory, licenses, and permits — purses	1,381,833	
Total 192 Fund		<u>12,958,527</u>
Revenue To General Fund		
Horse racing licenses	\$20,792,716	
Breakage	1,173,150	
Fines & Penalties	106,530	
Unclaimed Pari-mutuel Tickets	391,709	
Unclaimed Pari-mutuel Tickets (Racetrack Security Fund)	1,636,897	
Occupational Licenses	1,141,555	
Miscellaneous Income	13,204	
Total General Fund		25,255,761
Wildlife Restoration		
Horse racing licenses		<u>750,000</u>
Racetrack Security		<u>263,000</u>
CA Veterinary Diagnostic Laboratory		2,310,364
Tribal Compact Escrow		<u>3,184,017</u>
Total Revenue		\$70,955,106

Other Public Revenues

In addition to revenues collected from horse-racing meetings by the Board, other public revenues are derived from horse race meetings in California.

During the FY 1998-1999 racing year, there were 2,488 horses “claimed” at authorized race meetings.

The “claiming” of a racehorse is in effect a sale of the horse at a designated price (as established by the conditions of the race) to a qualified person who submits a “claim” for the horse at least 15 minutes prior to the race in which the owner of the racehorse established the competitive value of the horse.

For example, in a claiming race where the claiming price is established by the racing secretary as \$10,000, an owner of a horse may enter the horse in the race if willing to lose the horse to another owner (or qualified person) for the price of \$10,000.

An owner who over-values the horse will find competition in the race too severe and will not win a purse — but probably retain the horse; the owner who under-values the horse may well win a purse but in all probability lose title to the horse to

a successful claimant. Thus, it is the owner who establishes the true competitive value of a horse in a claiming race.

Inasmuch as the claim of a horse is in fact a purchase, state sales tax is collected on the amount of the claim. During the 1998-1999 racing year, the total amount paid for claiming of horses was \$37,794,100, resulting in sales tax revenues of \$2,991,161.

Chapter 1202, Statutes of 1982, changed the existing provisions for local license fees and admission taxes. This statute authorizes every racing association or fair to elect permanently to deduct up to 0.33 of 1% from all pari-mutuel pools and to distribute the amounts to the city or county where the racing meeting is held if the city or county passes an ordinance to accept such fees in lieu of admission taxes and license fees.

During the FY 1998–1999 racing year, \$7,641,907 was distributed to local governments under this provision.

Under the system known as pari-mutuel wagering, the racing association acts as the stakeholder for all wagers, deducting from each pari-mutuel wagering pool the statutory “takeout,” which includes the state license fee, the percentage deduction for purses, and the track’s commission.

Commissions retained by California racing associations during FY 1998-99 totaled \$157,002,439.

A detailed summary of track commissions by race meet can be found in the CHRB’s Annual Report of Operations, also known as the Annual Statistical.

As with track operators’ commissions, the purses for race meetings are determined by the rate schedules, or in some cases by agreement with the racing association.

Purses for California race meetings during FY 1998–1999 totaled \$152,597,695. In addition, \$14,351,085 was paid out in Breeders’ and Owners’ premiums.

In order for the individual racing associations to establish their daily purse structure for their race meetings, the asso-

ciations must first make a projection of the amount of pari-mutuel wagers they expect to handle.

The actual purses to be paid for any one race, or for the day’s races, initially are determined by the racing secretary’s projections of handle, then must be revised during the course of the race meeting based on actual handle. The racing association must also conclude an agreement with the respective horsemen’s organization representing the horsemen at each meeting in order to establish the percentage of the total purses that may be used for stakes races.

Statistics For Horses Claimed

July 1, 1998 to June 30, 1999

Track Location	Horses Claimed	Amount Paid	Sales Tax
Thoroughbred Meetings — Northern			
Golden Gate	374	\$5,184,500	\$401,798
Bay Meadows	289	3,567,750	276,500
Thoroughbred Meetings-Central-Southern			
Del Mar	377	6,383,500	494,721
Oak Tree	79	1,850,000	153,285
Hollywood Park	262	6,468,000	501,270
Santa Anita	349	9,230,000	761,475
Sub-total Thoroughbreds	1,730	\$32,683,750	\$2,589,049
Harness Meetings-Statewide			
Los Alamitos	113	691,000	55,280
Cal Expo	57	269,350	20,875
Sub-total Harness	170	\$960,350	\$76,155
Quarter-Horse Meetings-Statewide			
Los Alamitos	429	\$2,042,300	\$158,278
Sub-total QH	429	\$2,042,300	\$158,278
Fair and Mixed Meetings-Statewide			
Pleasanton (98)	27	\$222,850	\$18,385
Vallejo(98)	24	232,500	16,856
Santa Rosa(98)	26	253,850	19,039
San Mateo(98)	27	239,100	19,726
Sacramento(98)	24	195,200	15,128
Pomona(98)	75	764,000	63,030
Fresno(98)	13	65,550	5,080
Stockton(99)	18	134,650	10,435
Sub-total Fairs	159	\$1,343,700	\$104,649
Grand Total	2,563	\$37,794,100	\$2,991,161

The CHRB each year authorizes sales for racehorses or breeding stock used in the production of racehorses when such sales are conducted on the premises of a racing association. During FY 1998 – 1999, there were 1,184 horses sold for a total of \$34,911,750. These sales generated a total of \$1,443,774 in sales tax. Prospective purchasers may review the reported medication record of any horse offered for sale, and purchasers of a horse may request a verifying blood test for horses bought.

The following sales were authorized in FY 1998 – 1999:

Barretts Equine Ltd. Thoroughbred Sales at Fairplex Park

1. Fall Sale — All ages October 28
2. January Mixed Sale January 25,26
3. March Selected Two-Year-Olds March 16
4. Spring Two-Year Olds May 10,11

A total of 909 horses was sold for \$30,335,900, which generated \$1,146,835 in sales tax.

California Thoroughbred Breeders Association Sales

1. Hollywood Park Two-Year-Olds in Training Sale April 6
2. Del Mar Select and Preferred Yearling Sale August 3

A total of 147 horses was sold during the two CTBA sales for a total of \$3,513,700, which generated \$251,667 in sales tax.

Quarter-Horse Sales At Los Alamitos

1. PCQHRA Yearling and Mixed Stock Sale October 4

A total of 128 horses was sold for \$1,062,150, which generated \$45,272 in sales tax.

California Horse Breeding Programs

The Horse Racing Law provides incentives for the breeding and owning of California-bred horses. A principal and explicitly stated intent of the law is to encourage agriculture and the breeding of horses.

Every association licensed to conduct a horse-racing meeting in California must provide, each racing day, for the running of at least one race limited to California-bred horses, provided those races can attract a sufficient number of qualified entrants.

An award equal to 10% of the first-place money of any purse won in any race is paid to the breeder of the winning California-bred horse. A further incentive to own a California-bred horse is provided by owners premiums, which are funds generated from 13.33% (25% in the case of quarter horses) of the amount specified for purse payments from the optional additional takeout, not to exceed 3%, which is deducted from exotic wagering pari-mutuel pools. Owners premiums are distributed on a pro-rata percentage basis to persons owning California-bred horses that are in races having a total purse value of certain qualifying amounts.

Additionally, stallion awards are issued to owners of qualified California thoroughbred stallions standing in California whose progeny win races in California having a certain qualifying gross purse. A breeders award is also paid for a California-bred thoroughbred when the horse wins a graded stakes race outside the state or when the horse finishes second or third in a race run in California.

These California breeders programs and distribution of awards and premiums are administered by the recognized California breeders organizations of the various breeds.

Thoroughbred Breeding Programs

The California Thoroughbred Breeders Association administers the California-bred awards, owners premiums, and stallion awards for thoroughbreds. In addition, the CTBA supervises the California-bred race fund, which has supplemented the very successful California Cup program each year since 1990.

At California thoroughbred race meetings, the amount of .34% on track and .4% off track of all pari-mutuel pools is deducted as takeout and transferred to CTBA for distribu-

tion. A further amount equal to 13.33% of that portion of the optional takeout from exotic wagering specified for purses is likewise transferred to the CTBA for distribution.

During FY 1998–99, \$13,191,274 was generated from the wagering handle. The CTBA is authorized to deduct up to 5% for administrative overhead and expenses.

Standardbred Breeding Programs

The California Standardbred Sires Stakes Committee, Inc., a California non-profit public benefit corporation, administers the Standardbred Breeders Program. The Sires Stakes Committee is authorized to deduct expenses (not to exceed 4% of funds generated) for administering the Standardbred Breeders Program. The program is funded from the breakage at harness meetings and an additional 1% takeout on all exotic wagering at harness meetings. In fiscal year 1998–99, the program generated \$599,481.

Quarter-Horse Breeders Program

Pacific Coast Quarter Horse Racing Association, as the recognized breeders organization, received \$415,391 to fund its program in FY1998–99. The source of these funds was .34% of the on-track and .4% of the off-track handle on quarter-horse racing at the fair race meetings, .2% of the handle at quarter-horse race meetings, and a proportional payment of the monies required by the state, the association, and the horsemen.

Appaloosa Breeders Program

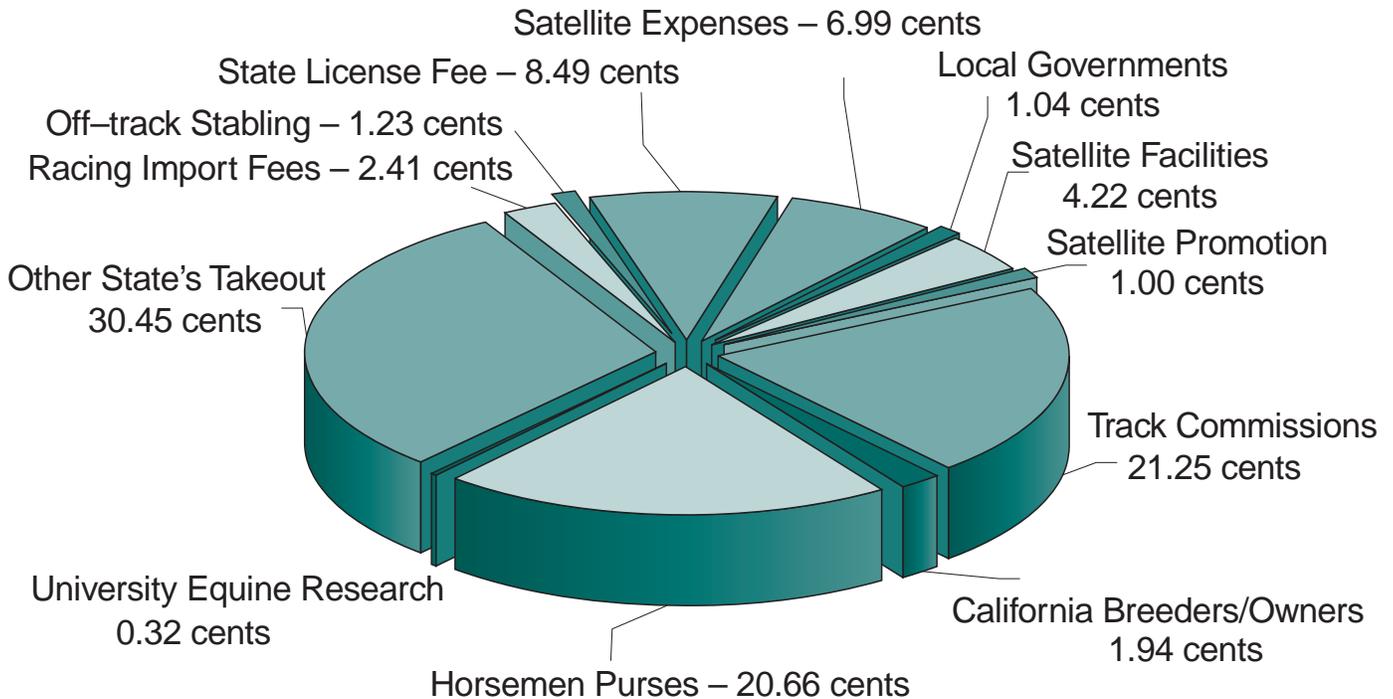
Cal-Western Appaloosa Racing, Inc., as the recognized breeders organization, received \$49,177 for the breeders program in fiscal year 1998–99. This money was received as breeders awards (.34% of the on-track and .40% of the off-track handle on Appaloosa racing).

Arabian Breeders Program

The California Arabian horse breeders awards received \$72,868 for the program during fiscal year 1998-99.

The Revenue Stream

The Takeout Dollar in California: Where It Goes and How It's Used



California horse racing is the envy of the nation. Only New York is on a par with California in the national picture of horse racing. A total of \$3,793,263,023 was wagered by fans of California racing during the 1998-99 fiscal year, and of that money 80.5% (\$3,054,484,292) was returned to winning ticket holders.

Prior to simulcast wagering in 1985, virtually 100% of the wagering on California's races was at the track, but today "on-track" bets make up less than 23% of wagers placed (\$872 million). Off-track betting within the state provides more than 39% of the handle (\$1.49 billion). The balance comes from out-of-state wagers (\$1.43 billion).

Patrons failed to cash \$4.2 million worth of winning tickets. By law, money from uncashed tickets, except for fairs, is split evenly between a welfare fund for the benefit of backstretch employees and the CHRB for racetrack security and research. Money from uncashed tickets at fairs is turned over to the state's General Fund.

Similarly, money from unredeemed vouchers issued by tracks for use by racing patrons at track self-serve betting machines is used to finance the newly created horse racing revenue data base called the California Horse Racing Information Management System (CHRIMS).

Breakage, a byproduct of the pari-mutuel calculation, is distributed to the state, to purses, and to the racing associations.

Of the \$3.8 billion wagered, \$738 million, or 19%, was withheld as the "takeout" for such purposes as horsemen's purses, racetrack operations, and government taxation, as follows on the adjoining page:

HORSEMEN'S PURSES

A total of \$152.6 million was distributed last year in the form of purses. This money went to the owners of the horses, the jockeys, the trainers, and through them to the backstretch employees.

Portions of the purse money also went to the organizations that represent owners and other horsemen. (For details, see the horsemen's summaries of revenues and expenses at the end of this report.)

TRACK COMMISSIONS

The racetracks and fairs that host the racing programs collected a total of \$157 million in commissions. Much of that money went toward the cost of operations, such as rent or mortgages and labor costs, of which pari-mutuel clerks represent a large part. The racetracks also are responsible for marketing the sport — for advertising, promotions, and other forms of publicity.

STATE LICENSE FEES

Pari-mutuel wagering was authorized by the voters in 1933, principally as a way of generating income to the State of California. During the last fiscal year, the state received \$62.7 million from pari-mutuel wagering. Much of this money, \$25.2 million, went to the General Fund for budgeted operating revenues for state programs.

The allocation of the California Horse Racing Board budget (\$7.9 million) comes from the Fairs and Exposition fund through the yearly budget process conducted by the state legislature. This allocation is used to fund the Horse Racing Board's mission of overseeing the horse-racing industry on behalf of the state and the California public.

INCENTIVE AWARDS

One of the most important uses of horse-racing revenue is for incentive awards, which promote the agricultural program in California by encouraging horse breeding. Last year those awards were divided between programs for thoroughbreds (\$13,191,274), standardbreds (\$599,481), quarter horses (\$415,391), Appaloosas (\$49,177), and Arabians (\$72,868).

LOCAL GOVERNMENT

For those local municipalities who elect to participate, an additional 0.33 of 1% is withheld from the handle to reimburse communities for costs incurred due to traffic control, security, and other expenditures resulting from horse racing events. Last year \$7.6 million was withheld for this purpose.

HOST FEES

Host fees are negotiated or mandated payments to producers of live horse racing imported by tracks via satellite and offered to the betting public in conjunction with a California track's live racing program. Last year, California tracks paid \$11.8 million to out-of-state hosts and \$5.97 million to California host tracks.

INTERSTATE WAGERING FEES

Interstate wagering fees are "takeout" deductions from wagers made on California racing by racing fans at off-track betting systems outside of the California borders. These deductions in other states amounted to \$224.98 million.

EQUINE RESEARCH

A mandated deduction goes to the University of California for equine research. Last year the total for equine research was \$2.4 million.

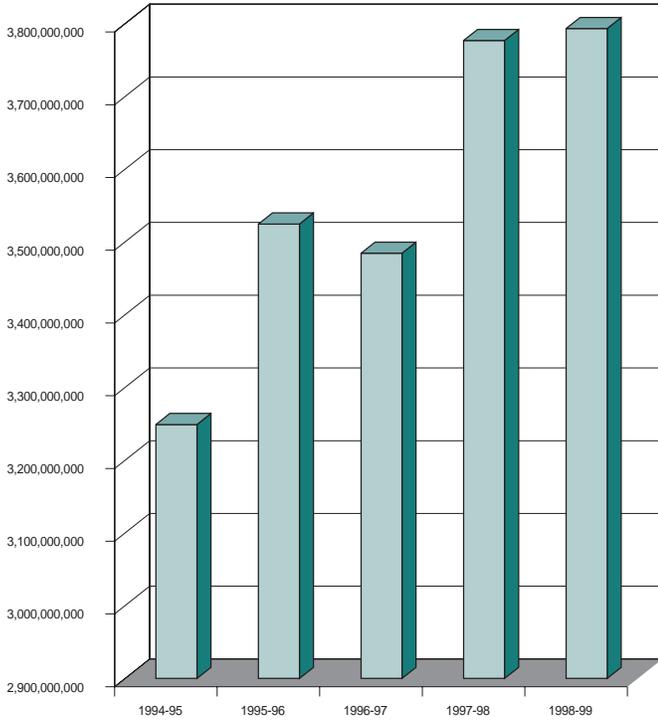
SIMULCAST FEES

Simulcast fees are deducted from the off-track handle at California simulcast facilities and are distributed in proportion to each facility's handle. This revenue goes to the Stabling and Vanning Fund to offset the cost of off-site stabling and transporting horses to the track, to the Promotion Fund to be used exclusively for the promotion of horse racing at simulcast facilities, to the Expense Fund for the purpose of offsetting the costs of simulcast broadcasting, and to guest commissions. A guest site is the term used for an authorized off-track betting system, or simulcast facility, that is an authorized recipient of a live horse race.

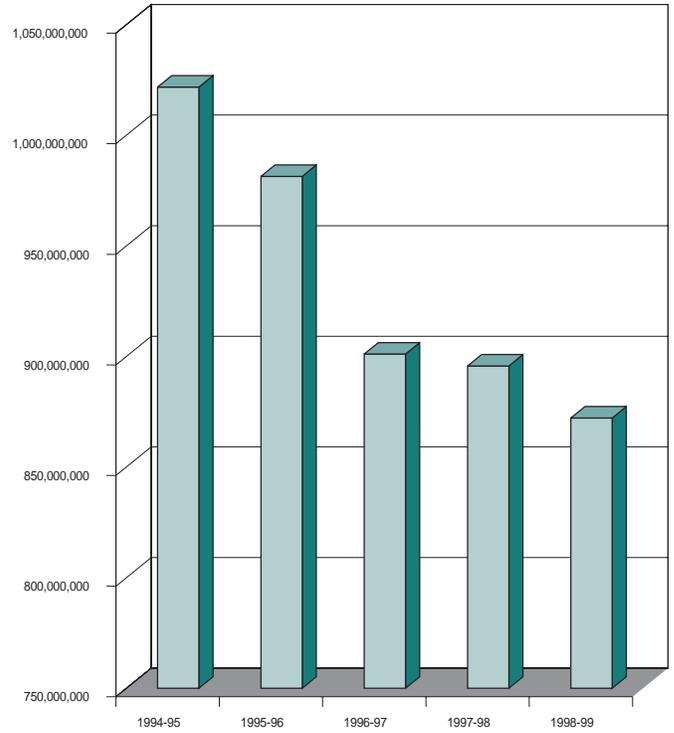
These funds received a total of \$99.4 million last year:

Stable and Vanning Fund:	\$9.1 million
Promotion Fund:	\$7.4 million
Expense Fund:	\$51.7 million
Guest Fund:	\$31.2 million

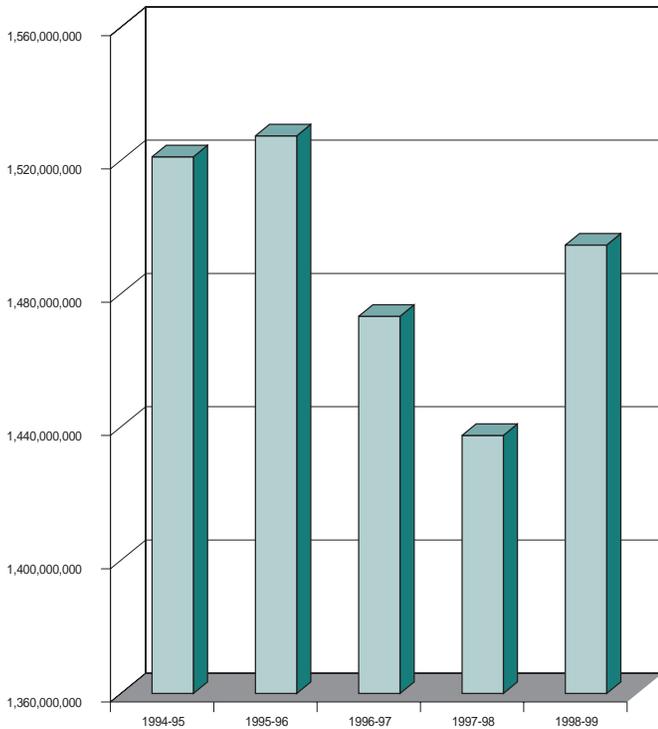
Total Handle



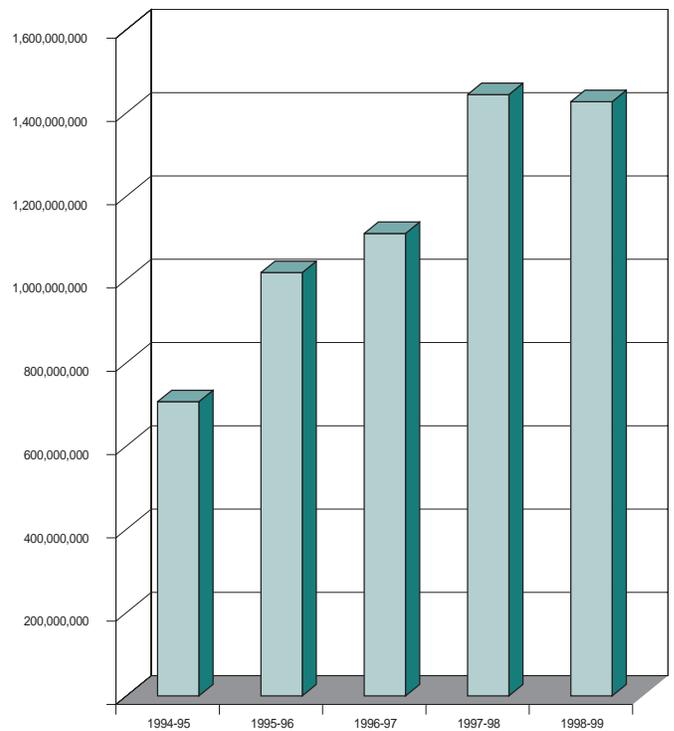
Total Handle On Track



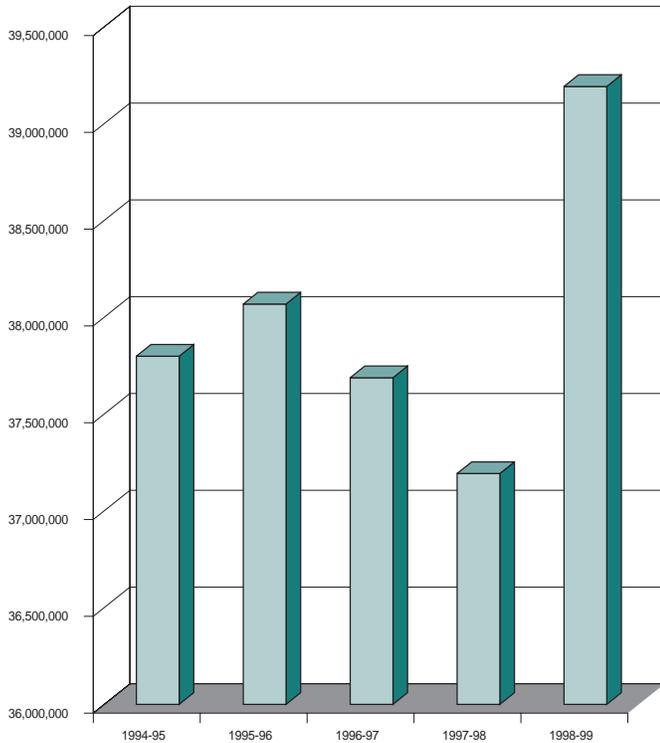
Total Handle Off Track



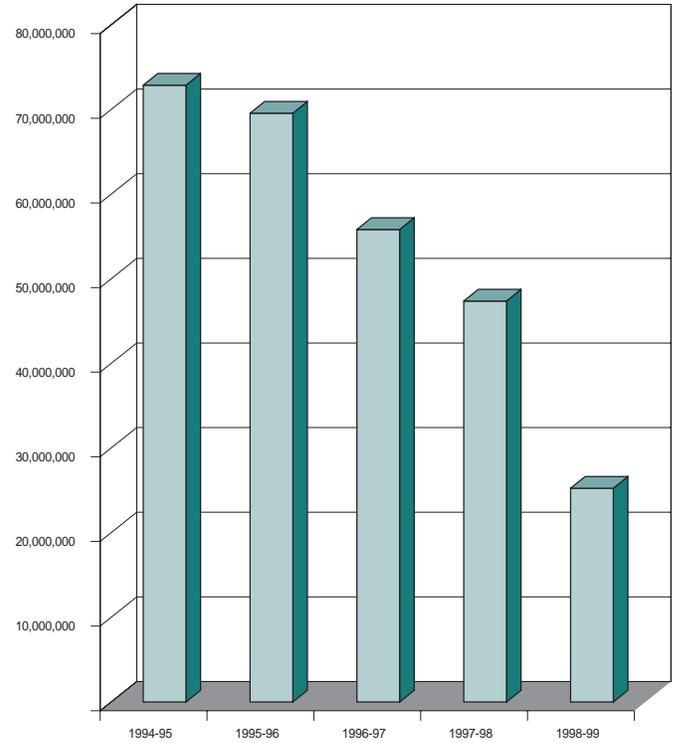
Total Handle Out of State



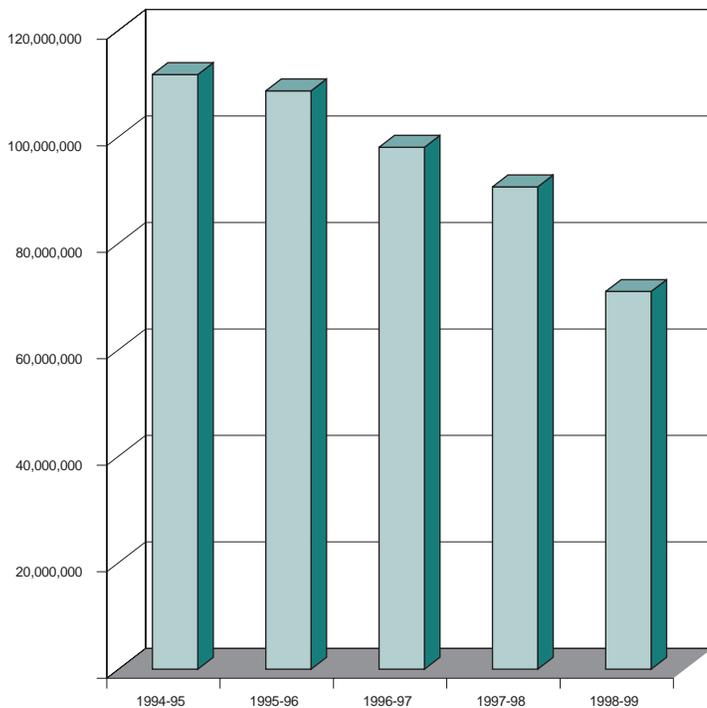
Fairs & Expositions



General Fund



Cash Receipts



Includes all revenue received in the fiscal year and distributed to the Fairs and Expositions Fund, General Fund, Wildlife Restoration Fund, and revenue from occupational licensing collected by the Board, moneys held in the Tribal Compact Escrow fund, and other miscellaneous income.

The Horsemen's Organizations Welfare Funds

The Horse Racing Law provides that 50% of the unclaimed redistributable money in pari-mutuel pools (uncashed pari-mutuel ticket amounts) resulting from thoroughbred, harness, or quarter-horse race meetings be paid to the welfare fund established by the horsemen's organization contracting with the association for the conduct of the race meeting for the benefit of horsemen, which are registered with the Registry of Charitable Trusts of the Office of the Attorney General. The three horsemen's organizations have established and maintain the following welfare funds:

The California Thoroughbred Horsemen's Foundation, Inc.

285 W. Huntington Drive
P. O. Box 660129
Arcadia CA 91006
(Registry of Charitable Trusts
No. 4833)

California Harness Horseman's Association Welfare Fund

P.O. Box 254767
Sacramento, CA 95865
(Registry of Charitable Trusts No. CT 21800)

Quarter Horse Benevolent Charity Foundation

5024 Katella Avenue, Suite 247
Los Alamitos, CA 90720
(Registry of Charitable Trusts No. CT 18221)

Each of the foregoing welfare funds have a state tax-exempt status under the provisions of Section 23701 of the Revenue and Taxation Code.

The CHRB determines the organizations to represent California horsemen with respect to each breed. The Board requires annual audits of their financial reports, and a summary of the revenues and expenses for each organization are contained in this report each year.

The following horsemen's organizations were recognized by the Board during the last fiscal year: Thoroughbred Owners of California for thoroughbred owners; California Thoroughbred Trainers for thoroughbred trainers; California Harness Horsemen's Association for harness horsemen; Pa-

cific Coast Quarter Horse Racing Association for quarter horsemen; Cal-Western Appaloosa Racing, Inc., for Appaloosa horsemen; and the Arabian Racing Association of California for Arabian horsemen.

Pursuant to AB 3106 (Chapter 594/96), the audited expenditures of all organizations representing horsemen and horsewomen are hereby included in this Annual Report. The information regarding the expenditures of these organizations is only one portion of the total audited financial state-

ments submitted to the California Horse Racing Board. Persons wishing to obtain a copy of the complete audited financial statements of a horsemen's organization can do so by contacting the CHRB's headquarters offices in Sacramento.

Pacific Coast Quarter Horse Racing Association, Inc.

*Statement of Revenues collected, expenses paid, and changes in fund balance - modified cash basis;
for the year ended December 31, 1998*

REVENUES COLLECTED	
Membership dues	\$ 13,970
Mutuel fees- HQHRA	241,920
Mutuel fees- Fairs	28,457
Mutuel fees- Thoroughbreds	39,573
Race administration fees	100,827
Berth transfers	1,200
Cal-Bred Registry fees	17,600
Advertising income	9,493
Interest income	29,472
Miscellaneous income	269
	482,781
EXPENSES PAID	
Advertising	17,436
Annual awards	5,707
AQHA sponsorship	6,666
Computer costs	2,388
Contract services	84,164
Depreciation	13,742
Dues & subscriptions	2,978
Fair representative expense	9,349
Insurance	16,840
Legal & accounting	6,622
Miscellaneous	2,476
Newsletter & directory	16,804
Office expense	16,923
PAC contribution	25,000
Postage	11,394
Race Awards	19,960
Salaries	129,052
Stationery & printing	5,592
Taxes-payroll and property	10,619
Telephone & utilities	10,299
Travel & meetings	26,391
	440,402
Increase To Fund Balance Before Horse Sale	42,379
Horse Sale, excess of expenses over income	(23,202)
Increase To Fund Balance	19,177
Beginning Fund Balance - January 1, 1998	623,855
Ending Fund Balance - December 31, 1998	\$643,032

California Harness Horsemen's Association

Statement of Functional Expenses for the year ended June 30, 1999

	Program Services	General and Administrative	Total
Accounting Services	\$13,002	\$1,445	\$14,447
Chaplaincy Services and Social Welfare	3,000		3,000
Depreciation	902	100	1,002
Dues and Membership	7,940		7,940
Equipment Leases	4,170	463	4,633
Insurance Assessments, net	51,037		51,037
Interest Expense		372	372
Legal Costs		11,724	11,724
Meetings	9,734	1,082	10,816
Newsletter, Printing, and Postage	695	77	772
Office and Computer Supplies	9,824	1,091	10,915
Office Liability Insurance		2,880	2,880
Officers' and Directors' Insurance		2,720	2,720
Outside Services	650		650
Payroll Taxes	10,717	1,191	11,908
Promotion and Advertising		2,098	2,098
Salaries, Office Staff	101,564	11,285	112,849
Storage	612	68	680
Sulky and Third Party Insurance		2,941	2,941
Telephone	146	16	162
Track Representative	8,400		8,400
Worker's Comp Insurance	905	100	1,005
TOTAL EXPENSES	223,298	39,653	262,951

Statement of Activities for the year ended June 30, 1999

	Unrestricted	Welfare Temp. Restricted	Total
REVENUES AND OTHER SUPPORT			
Administration Fees	305,774		305,774
Interest Income	448	7,779	8,227
Membership Dues and Registration	10,290		10,290
Net Assets Released/Satisfied from Restrictions	53,546	(53,546)	
TOTAL REVENUES & OTHER SUPPORT	370,058	(45,767)	324,291
EXPENSES			
Program Services	223,298		223,298
General and Administrative	39,653		39,653
TOTAL EXPENSES	262,951		262,951
CHANGE IN NET ASSETS	107,107	(45,767)	61,340
NET ASSETS, JUNE 30, 1998	(164,408)	214,210	49,802
NET ASSETS AT END OF YEAR	(\$57,301)	\$168,443	\$111,142

California Thoroughbred Trainers

Statements of Activities for the years ended December 31, 1998 and 1997

	1998	1997
Revenues		
Track revenues	\$653,265	\$690,928
Recreation hall income	491,739	401,122
Interest income	35,363	18,742
Other	10,649	28,905
Total revenues	1,191,016	1,139,697
Expenses		
Program services:		
Recreation hall and programs	549,759	472,022
Membership services	48,998	27,235
Contributions	17,158	16,350
Total program services	615,915	515,607
Supporting services:		
Administrative salaries and related expenses	199,842	150,548
Professional and outside services	66,913	48,478
General office expenses	42,333	36,246
Insurance	47,050	48,428
Travel (mileage reimbursement)	794	951
Meetings and conventions	5,377	5,872
Rent and utilities	5,560	5,640
Repairs and maintenance	9,071	9,429
Depreciation	16,941	18,935
Total supporting services	393,881	324,527
Total expenses	1,009,796	840,134
Change in net assets	181,220	299,563
Net assets at beginning of year	893,474	593,911
Net assets at end of year	\$1,074,694	\$893,474

Thoroughbred Owners of California

Statements of Activity for the years ended June 30, 1999 and 1998

	1999	1998
UNRESTRICTED REVENUES AND GAINS:		
Proceeds from racetracks	\$1,434,000	\$1,391,000
Contributed office space	38,000	37,000
Interest	59,000	56,008
Other	2,000	4,000
Total unrestricted revenues and gains	1,533,000	1,488,000
UNRESTRICTED EXPENSES:		
Salaries and employee benefits	703,000	443,000
Consulting	188,000	265,000
Donations	222,000	100,000
Professional fees	38,000	48,000
General and administrative	75,000	105,000
Rent and utilities	45,000	44,000
Office supplies	7,000	9,000
Meals and entertainment	13,000	9,000
Travel	34,000	43,000
Newsletter	85,000	78,000
Telephone	17,000	22,000
Insurance	15,000	19,000
Depreciation	51,000	20,000
Total unrestricted expenses	1,522,000	1,223,000
Increase in unrestricted net assets	11,000	265,000
Unrestricted net assets, beginning of year	1,453,000	1,188,000
Unrestricted net assets, end of year	\$1,464,000	\$1,453,000

Arabian Racing Association of California

*Statement of Activities and Changes in net assets
for the year ended December 31, 1998*

	Administration (unrestricted)	Cal-Bred (restricted)	Eliminations	Total
Revenue and Support:				
Owners' and breeders' awards		\$ 74,226		\$ 74,226
Track administration fees	\$ 86,025		\$ (7,427)	78,598
Membership	3,285			3,285
Other	6,121	5,400		11,521
Total	95,431	79,666	(7,427)	167,670
Expenses:				
Owners', breeders', and stallions' awards		60,155		60,155
Breed representative	41,933			41,933
Race sponsorship	10,964			10,964
Legal and accounting	9,333			9,333
Convention, awards, and trophies	5,551			5,551
Other	15,639	13,497	(7,427)	21,709
Total	83,420	73,652	(7,427)	149,645
Increase in net assets	12,011	6,014	0	18,025
Net Assets:				
Beginning of year	85,834	14,795	0	100,629
End of year	\$ 97,845	\$ 20,809	0	\$ 118,654

Cal Western Appaloosa Racing, Inc.

Statement of Revenue and Expenses for the year ended May 31, 1999

REVENUE		
Racing Income	\$80,115	
Magazine Subscriptions and Racing Dues	3,413	
Advertisements	1,149	
Interest Income	3,233	
Miscellaneous Income	5,849	
Total Revenue		93,759
EXPENSES		
Salaries	18,033	
Racing Consultant	13,445	
Track Representative	4,611	
Insurance	2,745	
Advertising and Promotion	1,979	
Race Add-ons	2,853	
Trophies and Awards	6,474	
Printing	6,048	
Articles	725	
Supplies	3,818	
Postage	2,009	
Accounting	4,870	
Travel	4,977	
Rent	3,600	
Utilities, Telephone	4,283	
Taxes and Licenses	1,866	
Depreciation	680	
Maintenance and Repair	2,277	
Convention	4,278	
Board Meetings	387	
CPO Clinic	1,796	
Barbecue	1,619	
Miscellaneous	2,277	
Total Expenses		95,093
NET LOSS		\$(1,334)