

Thirty-First Annual Report of the California Horse Racing Board

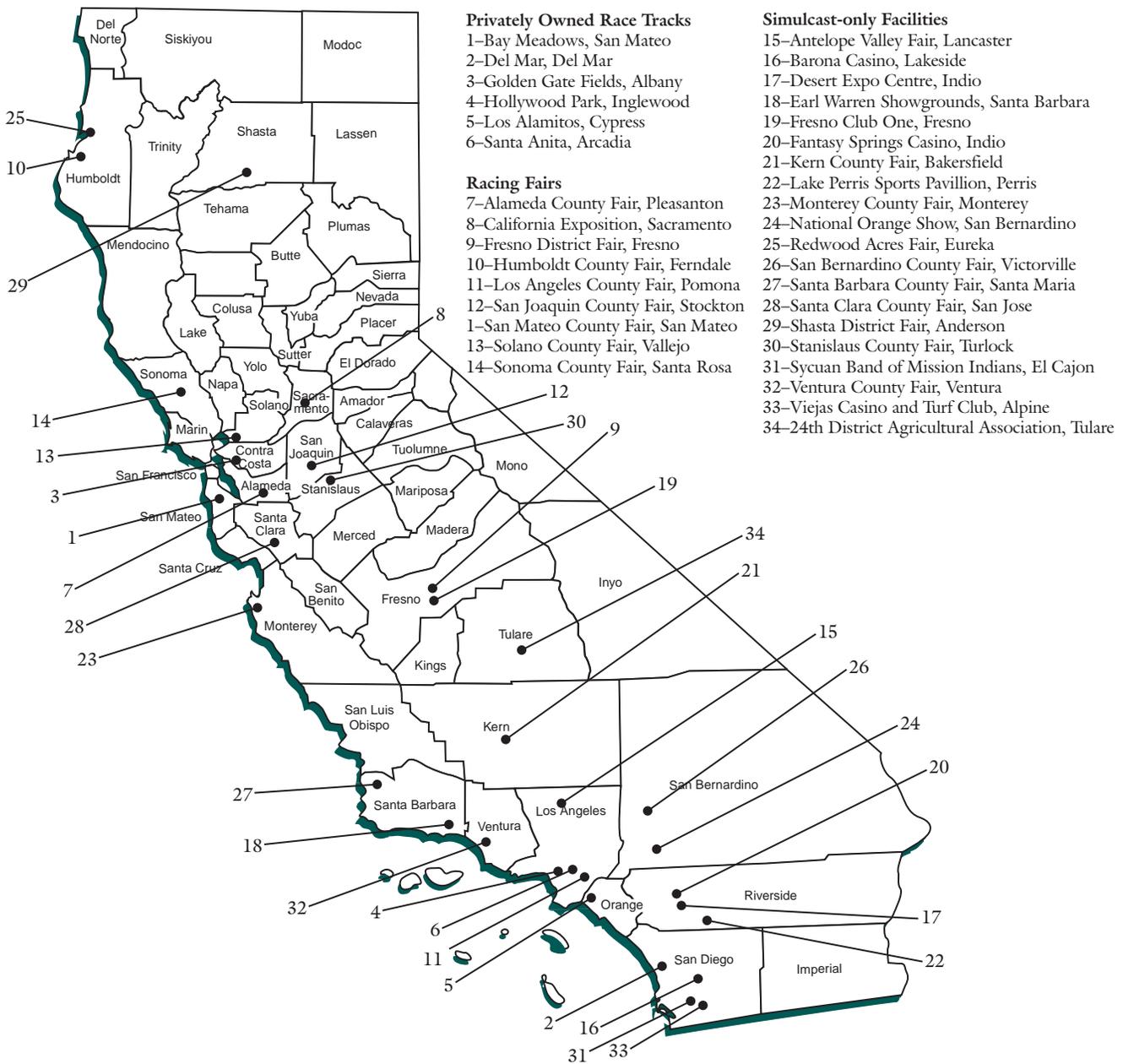
A Summary of
Fiscal Year 2000 – 2001
Racing in California

California Horse Racing Board

Alan W. Landsburg, Chairman
Roger H. Licht, Vice Chairman
William A. Bianco, Member
Sheryl L. Granzella, Member
John C. Harris, Member
Marie G. Moretti, Member
Robert H. Tourtelot, Former Member
Roy C. Wood, Jr., 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



REPORT OF THE CHAIRMAN

On behalf of the California Horse Racing Board (CHRB) and as the newly appointed chairman, I am pleased to submit our 31st Annual Report. This report summarizes the activities of the Board and the horse-racing industry during the 2000-2001 fiscal year and includes an overview of the Board's operations, statistical data, and activities of the industry. The report highlights the direct and indirect impact of horse racing on California's economy. Racing makes significant contributions to tax revenues, jobs, investments, and economic growth for local communities. California's agriculture also benefits greatly from the care, feeding and breeding of California's racing horses. One of the most important functions of the CHRB in 2002 will be to encourage expansion of racing's revenues in California.

California racing and wagering facilities reported a total pari-mutuel handle of \$4.06 billion, an increase of 2.8%, from the total reported for FY 1999-2000. The on-track handle was \$855 million, a reduction of approximately 1.5%. Pari-mutuel wagers placed at the intra-state simulcast wagering facilities were \$1.59 billion, up 2.5%.

More than 30,000 spectators attended the California Cup, sponsored by the California Thoroughbred Breeders Association and the Oak Tree Racing Association, at Santa Anita Park on November 3, 2001. California Cup XII featured 10 races with fields restricted to California-bred horses. Total purses for those races neared \$1.3 million, providing a showcase as well as additional economic stability for the California breeding industry.

As fiscal year 2001 drew to a close, horse racing's dynamic pressures caused the CHRB to increase its scrutiny of medication at racetracks, security, and simulcast operations. Among other activities, the Board empanelled an Ad Hoc Committee to review its own operations. The results garnered by the Committee will be a part of the 2001-2002 report. At the same time, the CHRB continues its expansion into the Internet. The CHRB Web site provides access for the public and other racing jurisdictions to information concerning the Board's activities. Visits to the Board's Web site have been steadily increasing during this past year. Additionally, the CHRB has developed and is testing on-line license renewal, allowing licensees to renew their licenses through the Internet utilizing an on-line credit card system to pay fees.

The CHRB is also in the process of testing a new video-imaging licensing system that will provide direct imaging for CHRB licenses, which will replace the old and costly photo identification system. This system is in place at the Sacramento headquarters as a pilot program, and it is anticipated to expand to other CHRB offices late in 2002.

During this past year the ownership of a Northern California racing association changed hands. The Bay Meadows Racing Association was purchased by MI Entertainment, a subsidiary of Magna International, a multinational auto-parts company headquartered in Toronto, Canada. The Bay Meadows Racing Association, located in San Mateo, and Golden Gate Fields, located in Albany, are the two racing associations other than the fairs that conduct thoroughbred racing in Northern California. Golden Gate was acquired by MI Entertainment in 1999.

For FY 2000-2001, the Board continued its commitment to the Post-mortem Program, which has gained national respect. In addition, several studies conducted by the University of California at Davis (UCD) School of Veterinary Medicine were commissioned, which resulted in amendments to regulations that facilitate the health and safety of racehorses. The Kenneth L. Maddy Equine Analytical Chemistry Laboratory at UCD has accepted about 12,000 equine test samples since July 1, 2000.

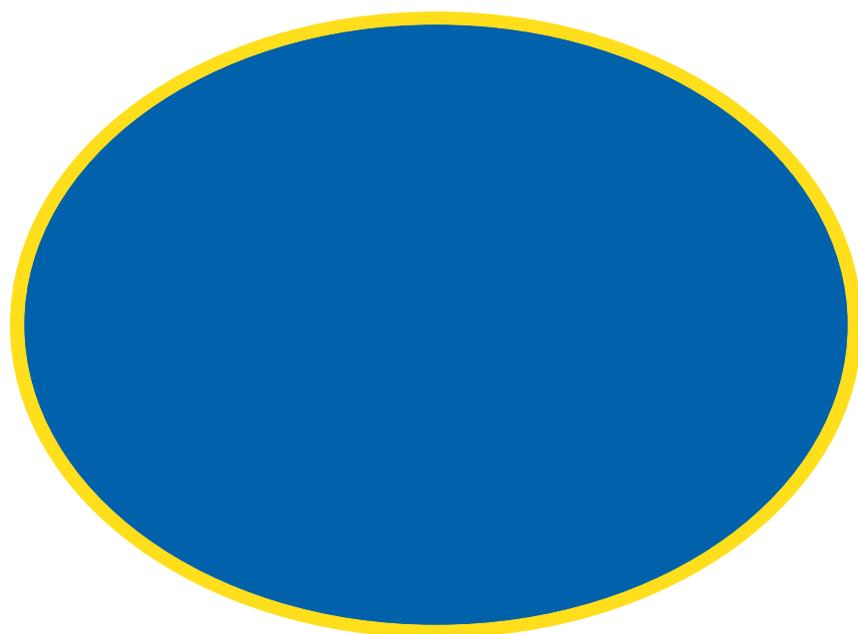
The Board is in the process of implementing AB 471, which was enacted to permit account wagering, labor organization, and housing standards. The Board, staff, and industry representatives are working together to draft regulations, which are expected to be in place in January 2002. Account wagering will permit patrons in California to establish accounts and place wagers by telephone and computer through a licensed intermediary associated with a licensed racing association.

I wish to thank all members of the Board for their valued contributions this past year, and specifically Robert Tourtelot for his hard work and dedication to horse racing in this state. Mr. Tourtelot served as the Chairman of the Board and was known for his fairness in promoting and regulating the horse-racing industry.

Respectfully submitted,



Alan W. Landsburg, Chairman
California Horse Racing Board



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.

Table Of Contents

California Thoroughbred Horsemen’s Foundation	2
Racing’s Top Ten	4
Charity Days	5
The California Horse Racing Board	6
CHRB Meetings	6
Members of the California Horse Racing Board	7
Commissioners	8
Committees	9
Operating Budget.	11
Organization Chart.	12
Executive Division	13
Administration and Other Departments	13
Enacted Legislation.	17
Newsletter Highlights.	19
Licensing	20
Enforcement	21
Summary Licensing and Enforcement	22
Racing Supervision	24
Appointed Racing Officials	26
Laboratory Services.	27
Equine Postmortem Program	28
Track Safety Program	29
CHRIMS	29
Racing Fatalities	30
Racing Injuries	31
Horse Racing in California	32
Schedule of Horse-Racing Meets in 2001	33
Racetracks and Meets	34
Simulcast Facilities	47
Horse Racing Revenues	51
Uncashed Tickets	52
Redistributable Money in Pari-mutuel Pools	52
Occupational Licenses and Fees.	53
Fines Imposed.	54
Distribution by Fund	55
Other Public Revenues	56
Racetrack Commissions	56
Horsemen’s Purses	56
Statistics for Horses Claimed	57
Authorized Horse Sales.	57
Horse Breeding Programs	58
Revenue Stream (charts).	59
California Horsemen’s Organizations and Welfare Funds	63
Audited Expenses of California Horsemen’s Organizations	63
Pacific Coast Quarter Horse Racing Association, Inc.	64
California Thoroughbred Trainers	65
Arabian Racing Association of California	66
Cal Western Appaloosa Racing, Inc.	67
Thoroughbred Owners of California	68
American Mule Racing Association.	69

California Again Leading the Way

The primary mission of the California Thoroughbred Horsemen's Foundation (CTHF) is to improve the quality of life in the community of stable workers who care for racehorses at California racetracks and recognized off-track training centers.

There is no other racing organization in the United States that offers as many services to eligible backstretch workers and their dependents as CTHF, which is regulated by the CHRB and administered through a volunteer Board of Directors.

In addition to offering a full range of healthcare to workers and their immediate families, the non-profit foundation provides assistance with eye glasses, financial aid, social programs, and free clothing. When necessary, CTHF also financially assists the Winners Foundation in efforts to wean workers away from chemical dependency.

CTHF has two clinics, one at Santa Anita Park and the other at Bay Meadows, that provide medical and dental professionals (along with a part-time optometrist at Santa Anita) to service currently licensed backstretch workers. In addition to these professionals, CTHF employs 12 people who provide services to nearly 10,000 patients annually. The clinics are open weekdays throughout the year, and doctors are on-call during non-office hours.

To be eligible for service at one of the clinics, the worker must produce a current CHRB license. Services are available for the backstretch employee and his/her family as long as the worker is currently employed, or has been employed within the past 12 months. A small co-payment is requested when services are rendered to help offset operating costs. Co-payments are far below competitive market rates.

Should a patient require an outside referral, a more difficult standard applies. This includes evidence of employment, recent tax returns, etc., in order to determine if the applicant qualifies as "needy." In an effort to promote more objective eligibility standards relating to outside referrals, CTHF is formulating a revised set of bylaws that clearly delineate the standards for being "needy."

CTHF's budget for the current fiscal year is approximately \$2.2 million. CTHF receives most of its funding from provisions in the Racing Law granting it a portion of winning, unclaimed pari-mutuel tickets. Approximately \$1.5 million has accrued to CTHF from this source annually. CTHF's portion is only from money wagered on live races, not simulcasting. CTHF also receives about \$150,000 from a 1% share of the purse money generated at California racing fairs. Historically, the balance of the revenues has come largely from

the generosity of racetrack foundations. Miscellaneous income is also received from interest-bearing accounts, outside trusts, individual donors, and co-payments from eligible workers.

Due to a significant decrease in money received from winning, unclaimed tickets over the past six years, CTHF expenses have exceeded its revenues. Faced with the prospect of reducing services, CTHF received welcome assistance from the Thoroughbred Owners of California (TOC), which volunteered that purse proceeds from one race per meeting at thoroughbred associations would be dedicated to the CTHF. This program is expected to generate more than \$110,000 this fiscal year, bringing CTHF closer to a break-even position.

The recent passage of legislation authorizing account wagering allots a small portion of each dollar wagered to CTHF. In addition, CTHF is designated to receive 50% of the interest accrued in all accounts up to a maximum of \$125,000. The loss in "outs" tickets due to electronic wagering will hopefully be offset, and perhaps exceeded, by these two new sources of revenue.

More than 75% of the money CTHF receives goes directly to assist the healthcare needs of backstretch workers. The largest expenditure is for the professional medical and dental staff at the clinics. CTHF employees are needed to assist these professionals on a full-time basis. This one area alone accounts for nearly 50% of CTHF's annual expenditures.

The second largest expenditure is for costs related to medical assistance. These include emergency room visits, hospital stays, surgeries, and x-rays. Approximately \$500,000 is expended in this area.

Outside referrals to dentists cost CTHF approximately \$150,000 annually, while the prescription drug program costs CTHF more than \$100,000 each year. Miscellaneous expenditures include eyeglasses, psychiatric treatments, and financial assistance for meals, rent, and funerals.

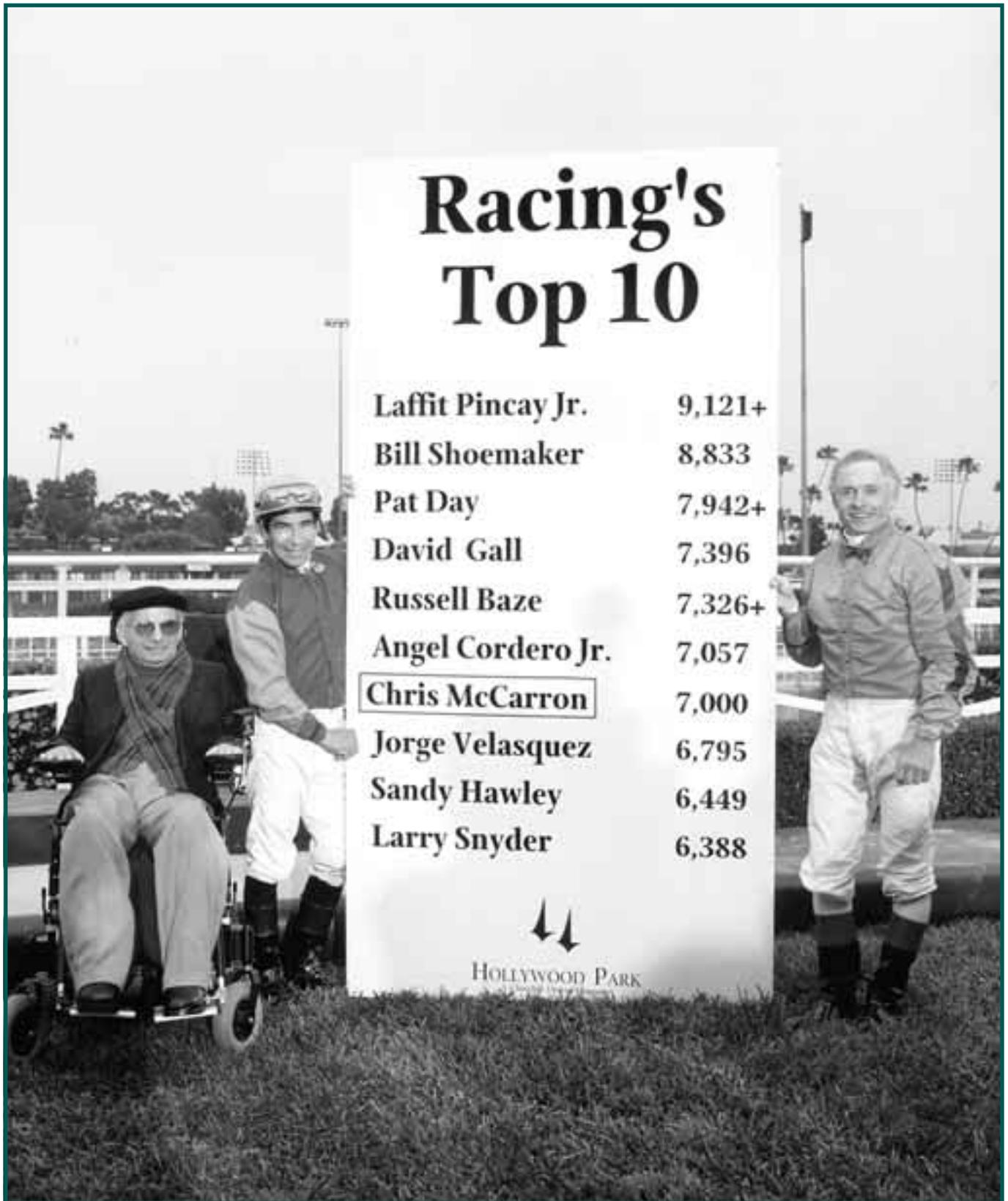
CTHF has worked diligently to minimize expenses while maintaining its services to the backstretch employees. General and administrative expenses run about \$200,000 per year, including fringe benefits, or about 10% of total expenditures.

Thanks to historical legislative and charitable support, CTHF provides quality healthcare and financial assistance to needy backstretch workers, virtually all of whom are uninsured. These backstretch workers are being asked to care for valuable racehorses. The thoroughbred industry will continue to show its appreciation to them in a variety of ways. CTHF is one of those ways.



Dr. Fausia Khan is pictured examining a patient at the Santa Anita Clinic. The CTHF contracts with an Independent physician group headed by Dr. Maxwell Ohikuare. In addition to Dr. Ohikuare, those treating CTHF patients on a rotating basis every weekday include Dr. Franck Juste, Dr. Hany Zaki, Dr. Nicholas Roulakis, Dr. Antonio Ong, and Dr. Khan. Also assisting these doctors is Debbie Scheuerell, a nurse practitioner. Dr. Linda Roselle is the dentist at the Santa Anita Clinic, having been in that position for more than 20 years.

Dr. Josefina Enriquez is available at the Bay Meadows Clinic on weekdays to care for patients. Dr. Kevin Low and Dr. Whitney Lorentz provide dental care in the north. These doctors and dentists are assisted by a capable CTHF staff consisting of Edgar Rosales, Sefarina Vega, Veronica Nolasco, Denise Gonzales, Monica Inda, Claudia Zendejas, Grace Vera, and Maria Silvestro.



Benoit Photo

Jockey Chris McCarron (right), standing here with Laffit Pincay, Jr. while Bill Shoemaker looks on, reached a career milestone at Hollywood Park. For details, see the Horse Racing in California section of this report.

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 \$1,098,849.

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.



Chaplains with the Race Track Chaplaincy of America, shown here with jockey Russell Baze at Bay Meadows, are frequent recipients of charity-day proceeds from California racetracks.

The California Horse Racing Board

A Brief History

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 CHRHB'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.

Board Meetings

The California Horse Racing Board met 9 times throughout the state during the 2000-2001 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 27, 2000
Del Mar Simulcast Facility,
Del Mar

August 25, 2000
Del Mar Simulcast Facility,
Del Mar

September 22, 2000
Los Angeles County Fair/Fairplex,
Pomona

November 14, 2000
CHRB Offices,
Sacramento

December 1, 2000
Cypress City Hall,
Cypress

January 25, 2001
Arcadia City Hall,
Arcadia

February 23, 2001
Golden Gate Fields Racetrack,
Albany

March 30, 2001
Arcadia City Hall,
Arcadia

June 1, 2001
Bay Meadows Racetrack,
San Mateo

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.

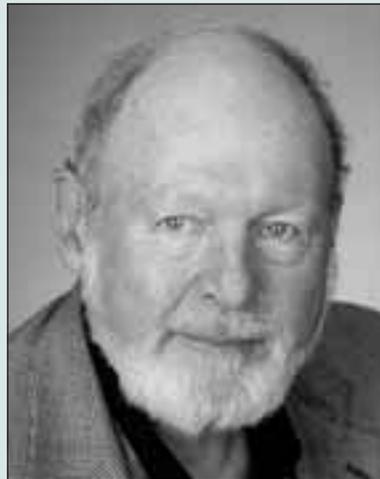
Commissioners receive a per diem of \$100 for each day spent in attendance at meetings and are reimbursed for traveling and other expenses necessarily incurred in the performance of their official duties.

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 executive 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
and their
terms of office:*



**Alan W. Landsburg,
Chairman**

Founder of the Landsburg Company (television/movie productions), in Los Angeles. Appointed to the CHRB by Governor Gray Davis on November 22, 2000, through January 1, 2004. Chairman since September 2001.



**Roger H. Licht,
Vice Chairman**

Partner in the Beverly Hills law firm of Licht and Licht. Appointed to the CHRB by Governor Gray Davis on February 23, 2001, through July 26, 2004.

Members of the California Horse Racing Board



**William A. Bianco,
Member**

Founded Kinetics Group in 1971. Appointed to the CHRБ by Governor Gray Davis on March 1, 2001, through January 1, 2003.



**Sheryl L. Granzella,
Member**

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



**John C. Harris,
Member**

Chairman and Chief Executive Officer of Harris Farms, Inc., in Coalinga. Appointed to the CHRБ by Governor Gray Davis on November 9, 2000, through July 26, 2003.



**Marie G. Moretti,
Member**

Public affairs consultant, most recently with the firm of Goddard Claussen Porter Novelli in Sacramento. Appointed to the CHRБ by Governor Gray Davis on October 22, 1999, through January 1, 2002.



**Robert H. Tourtelot,
Former Member,
Chairman**

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

Assignments for the standing committees of the Board during FY 2000-2001, as assigned by Former Chairman Robert Tourtelot, were as follows:

BENEVOLENT PROGRAMS COMMITTEE

Commissioner Sheryl Ganzella,
Chairwoman
Commissioner Marie Moretti
Commissioner Roger Licht

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

Commissioner Alan Landsburg,
Chairman
Commissioner Roger Licht

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

HORSEMEN'S REPRESENTATION AND ORGANIZATION BYLAWS COMMITTEE

Commissioner Robert Tourtelot,
Chairman
Commissioner Roger Licht

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

Commissioner Robert Tourtelot,
Chairman
Commissioner Marie Moretti

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

Commissioner John Harris,
Chairman
Commissioner William Bianco
Commissioner Marie Moretti

Establishes the Board's veterinary practices and procedures; selects qualified applicants for listing of official veterinarians for assignment to racing meetings; offers recommendations for laws or regulations deemed necessary to improve veterinary practices; 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

Commissioner Roger Licht,
Chairman
Commissioner William Bianco
Commissioner Alan Landsburg

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.

RACE DATES COMMITTEE

Commissioner Robert Tourtelot,
Chairman
Commissioner John Harris

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.

SECURITY AND LICENSING COMMITTEE

Commissioner Marie Moretti,
Chairwoman
Commissioner Roger Licht
Commissioner Alan Landsburg

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 Alan Landsburg,
Chairman
Commissioner Sheryl Ganzella
Commissioner John Harris

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.

STEWARDS' COMMITTEE

Commissioner William Bianco,
Chairman
Commissioner Sheryl Ganzella

Selects by examination qualified applicants for listing of stewards for assignment to racing meetings; advises the Board on matters relating to stewards and racing officials; 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 follows:

Board of Directors

Robert Tourtelot,
Member at Large

Off-Track Betting/ Simulcasting Committee

Robert Tourtelot

Stewards/Judges Accreditation Committee

Roy Wood
Vice-Chairman

Database Committee

Mory Atashkar, *Chairman*

Totalizator Standards Committee

Mory Atashkar

Drug Testing Standards/Practices

Robert Tourtelot
Roy Wood
Dr. Ronald Jensen

Scientific Review Committee

Dr. Ronald Jensen, advisor

Veterinary Pharmacology Com.

Dr. Ronald Jensen

Multi-Jurisdictional Licensing Program

Roy Wood,
Vice-Chairman

Safety and Security Committee

Roy Wood

Veterinary Advisory Committee

Dr. Ronald Jensen, chairman

Model Rules and Practices

Robert Tourtelot, chairman

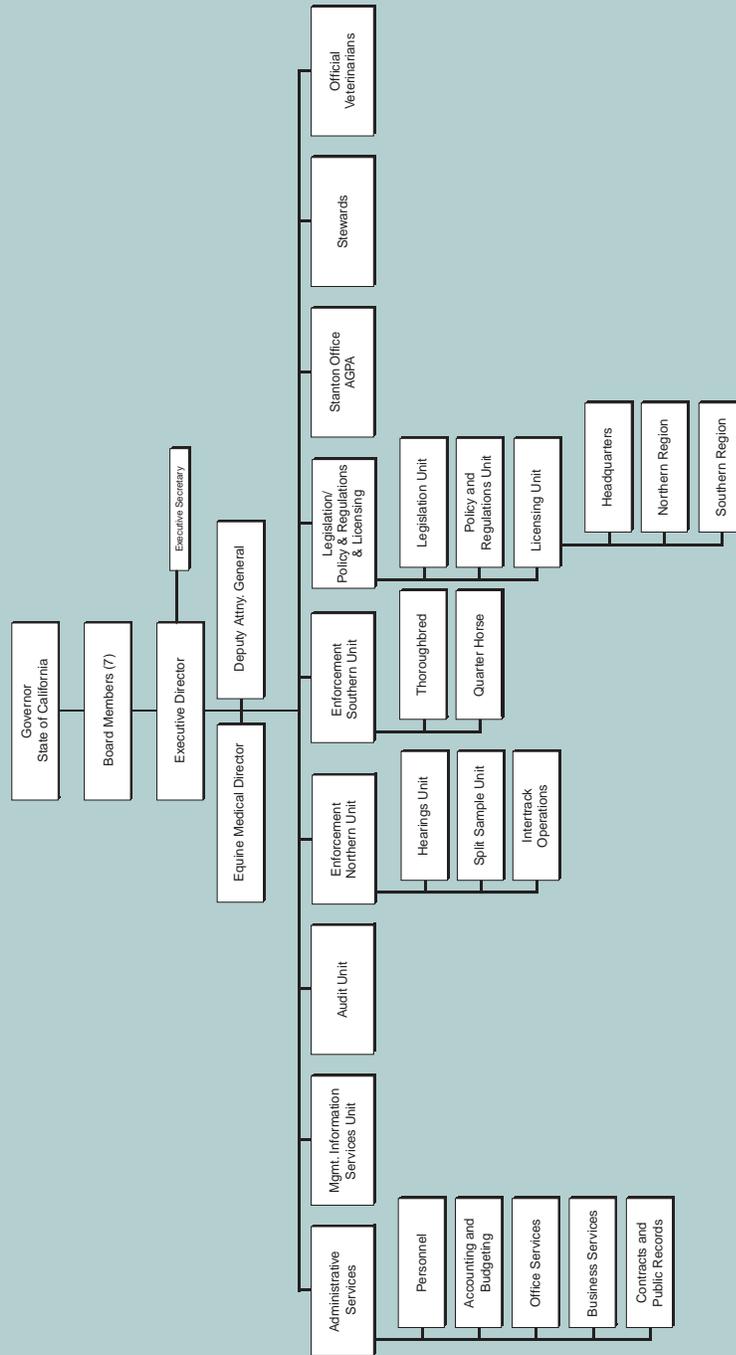
California Horse Racing Board – Operating Budget

July 1, 2000 – June 30, 2001

Appropriations	Item	Total
Personal Services	\$4,097,770	
Operating Expenses	4,046,000	
Total Appropriation		\$8,143,770
Expenditures — Personal Services		
Salaries and Wages	\$2,883,393	
Staff Benefits	405,354	
Total Personal Services		\$3,288,747
Operating Expenses and Equipment		
General Expense	191,881	
Printing	44,163	
Communications	64,784	
Postage	15,973	
Travel-in-State	227,146	
Travel-out-of-State	3,903	
Training	6,042	
Facilities Operation	172,837	
Contractual & Professional Services-Interdepartmental	638,305	
Contractual & Professional Services-External	3,149,491	
Consolidated data center: Stephen P. Teale Data Center	199,992	
Central Administration Services: Pro Rata	127,411	
Equipment	12,350	
Total Operating Expenses and Equipment		<u>\$4,854,278</u>
Total Expenditures		* <u>\$8,143,025</u>
Unexpended Balance FY 2000 -2001 to be reverted to General Fund 6/30/03		\$ 745
Total Expenditures & Unexpended Balance		\$8,143,770

* Includes year-end accruals

California Horse Racing Board Management Organization



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 to execute the duties as specified. The executive director is responsible for the department's operations, which includes overseeing on a daily basis all office and field operations conducted

by the staff, including CHRB investigators and licensing personnel, and contract personnel, including the stewards and official veterinarians. The executive director is assisted in this regard by supervisory personnel at CHRB offices and at racetracks.

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 situa-

tions 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 — because even when there is no actual racing in progress, the stable areas remain active. Board executives are available by pager and cellular telephone at any hour of the day.

MISSION

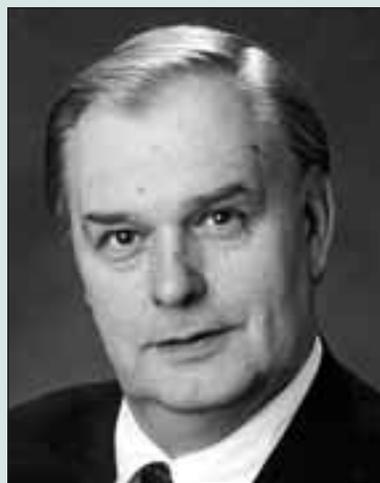
To Coordinate and Manage
All Administrative
Departments

ACHIEVEMENTS

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.



MISSION

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

MISSION

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

MISSION

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

ACHIEVEMENTS

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.

ACHIEVEMENTS

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, and acted as a resource for Board members and staff on the business operations of the department.

ACHIEVEMENTS

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. Since May 2000, the Unit has offered subscribers of the Board and Committee meeting notices the opportunity to receive those notices via electronic mail. To date, more than 90 individuals elected to receive their meeting notices in this way. 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.

MISSION

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

MISSION

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

ACHIEVEMENTS

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.

ACHIEVEMENTS

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 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 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.

ACHIEVEMENTS

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, statewide deployment of the remote dial-up CHRIS access connection to all fairgrounds and remote offices, and ensuring the reliability of the Board's information repositories in the event of a disaster. MIS also developed successful pilot programs for issuing digitized identification cards for occupational licenses and for a statewide, fully automated horse identification system. This horse ID system eventually will be connected with the national Jockey Club utilizing the CHRB's secure Internet connection.

MISSION

MIS Ensures the CHRB Web Site Offers Important, Accurate Information

ACHIEVEMENTS

Soon after the governor announced the launching of the state's new Web portal, MIS began redesigning its Web site to meet new look-and-feel technical standards. The Board's Web site delivers on-line services and information, such as a search engine to access public information pertaining to CHRB licenses and regulations, precedential decisions, 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.

Looking to the future, MIS will continue working with the Department of Justice and the FBI to replace the CHRB's manual fingerprint processing procedure with a digitized biometric system to help identify and review license applicants more quickly and accurately. MIS will convert the Board's Polaroid license ID system into an automated, digitized system integrated with biometric thumbprint that will allow license applications to be processed more efficiently while enhancing the integrity and security of racetracks. MIS will continue consulting with the University of California at Davis' Equine Laboratory in order to automate current manual lab procedures, continue automating the Board's ruling process and forms to maintain and improve the standardization effort, and continue improving the horse identification process through a collaborative effort with the national Jockey Club.

MISSION

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

ACHIEVEMENTS

The **POLICY AND REGULATION UNIT**, in response to enacted legislation and industry requests, amended five of the Board's regulations governing horse racing in California. In addition, the rulemaking process was initiated to amend four additional rules. And in response to AB 471, Chapter 198, the Board initiated the rulemaking process to add Article 26, which will include 14 rules governing advance deposit wagering in California. Additionally, the Board will add rules governing backstretch housing and the unionization of backstretch employees.

As adopted, **Rule 1433** revises application forms CHRB-17 (submitted by associations) and CHRB-18 (submitted by fairs). The revised forms capture additional information on simulcast wagering programs and backstretch employee housing. **Rule 1632** revises the jockey riding-fee structure by increasing fees in the lower purse categories and for losing mounts. **Rule 1689.1** requires jockeys, apprentice jockeys, and exercise riders to wear a safety vest while training or exercising any horse on the grounds of a racing association or racing fair. **Rule 1969** adds totalizer employees to the list of licensees prohibited from wagering on the result of a race while on duty at a race meeting or simulcast wagering facility. **Rule 1979** eliminates the provision requiring associations to cancel the trifecta and refund the pool if less than five wagering interests finish the race.

The Board initiated the rulemaking process to amend rules relating to the automatic disbursement of purse funds to trainers, permitting advertising on jockey clothing, owner silks, and saddlecloths, expanding the list of authorized medications to include clenbuterol, and revising testing requirements for claimed horses.

MISSION

To Monitor Legislation and Update the Horse Racing Law

Enacted Legislation:

AB 413 - (Assemblyman Tom Harman); Chapter 65

SB 95 – (Senator Edward Vincent); Chapter 935

SB 590 – (Senator Don Perata); Chapter 936

AB 471 - (Assembly Members Robert Hertzberg, Herb Wesson, Dion Aroner, and Mike Briggs; Senators Vincent and John Burton); Chapter 198

AB 672 – (Assemblywoman Virginia Strom-Martin); Chapter 27

AB 762 – (Assemblyman Lou Papan); Chapter 848

AB 856 – (Assemblyman Wesson); Chapter 783

AB 1093 – (Assemblyman Briggs); Chapter 933

ACHIEVEMENTS

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, eight of which were enacted by the Legislature and signed into law by the Governor. The Unit also represented the Board in legislative hearings.

The following horse racing bills were chaptered in 2001:

Establishes the annual California-bred Quarter Horse Championship races and provides funding to supplement the purses for these races using existing revenues generated from a percentage of wagers. *Effective date: July 16, 2001.*

Authorizes the CHRБ to enter into an interstate licensing compact to issue a “national license” to certain racing participants that would be recognized by all participating racing jurisdictions, provided that California’s participation does not diminish state enforcement and licensing standards relating to an applicant’s criminal history. *Effective date: January 1, 2002.*

Allows a thoroughbred racing association or fair in the northern zone to increase the number of imported racing simulcasts if the total number of racing days allocated by the CHRБ in that zone is less than the total allocated in 2000, subject to conditions. *Effective date: January 1, 2002.*

Authorizes the creation of a new pari-mutuel wagering system designed for the placement of wagers by telephone or other electronic media. Requires the CHRБ to develop and adopt rules to regulate and license such advance deposit wagering operations, security, and advertising.

Also establishes racetrack labor standards for backstretch employees as well as procedures for a union representation election. Directs the CHRБ to oversee the conduct of the union bargaining agents’ recognition procedures. Further directs the CHRБ to adopt emergency regulations to establish employee housing standards at licensed racetracks, and requires the CHRБ to develop permanent housing regulations within 18 months thereafter. *Effective date: January 1, 2002.*

Requires any fair or thoroughbred racing association that conducts a race meeting at the same time that the Humboldt County Fair is running to share the same shared satellite wagering revenue agreement currently in place with the San Mateo County Fair. *Effective date: January 1, 2002.*

Allows the San Mateo County Fair to run its fair race meeting at another location in the event the Bay Meadows facility closes. *Effective date: January 1, 2002.*

A technical cleanup bill that clarifies language in AB 471. *Effective date: January 1, 2002.*

Establishes an accelerated adjudication process for medication violations for the alleged use of prohibited substances as defined under Class I, II or III of the Board’s schedule of prohibited substances. These cases will be referred directly to the Office of Administrative Hearings for administrative adjudication and preparation of a proposed decision for action by the Board. Also authorizes increased monetary penalties *Effective date: January 1, 2002.*

MISSION

To Supervise All Audits and Authorized Pari-mutuel Wagering Operations

MISSION

To Continually Audit Pari-mutuel Operations

MISSION

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

ACHIEVEMENTS

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.

ACHIEVEMENTS

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.

ACHIEVEMENTS

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 26 news releases pertaining to those meetings and other actions of the Board. Those releases were routinely distributed to 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. 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. And the PIO wrote articles for various publications emphasizing positive aspects of the CHRB and horse-racing industry.

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 FY 2000-2001:

Executive Director Roy Wood outlined the CHRB Integrity of Racing Program by explaining in detail to the industry and the public the various elements of the program relating to security at racetracks, drug-testing procedures, and other regulations, policies, and procedures designed to ensure the integrity of horse racing. This program includes the services of an equine medical director to assist and advise the Board on matters relating to the health and safety of racehorses. The program coordinates security forces at racetracks, including CHRB investigators, racetrack security, TRPB agents, local police departments, and other state and federal law enforcement personnel. The Board operates an 800 number for reporting problems and rule violations. A pre-race testing program allows for owners to have their horses tested for the presence of residual levels of medications prior to a race. Because trainers are ultimately responsible for the condition of their horses, trainers are allowed to cite mitigating circumstances in their defense, such as contamination and other matters outside of their control. Stewards and investigators attend in-service training seminars.

Dr. Alan Edmondson retired after working more than 50 years in the California horse-racing industry, initially as a practicing veterinarian, then in recent decades as an official veterinarian at California racetracks and horse sales.

The Kenneth L. Maddy Laboratory opened for business July 1, 2000, and began accepting equine samples from the CHRB for testing. Legislation authored by the late Senator Maddy provided funding through the pari-mutuel tax for the development and operation of a state-of-the-art drug-testing and research lab on the Davis campus. One difference between the Maddy laboratory and the more traditional testing laboratories is its use of instrumental screening. Depending on the chemical composition of various drugs, they can be tested in either a gaseous form or as a liquid. Even the more traditional immunoassay method of testing has a modern spin at the Maddy laboratory utilizing the Tecan automated processor.



The CHRB launched a pilot program for a new horse identification system utilizing digital photography to help accurately identify horses racing in California. All horses have individual markings that can be identified through close examination. Digital technology allows identifiers to magnify even the smallest and faintest of these markings on photographs stored in the database for a conclusive comparison with the horse in question. Digital subscriber lines (DSLs) are being installed at all racetracks in California, so that all horse identifiers will have access to the Internet and ID system's database containing thousands of digital photographs and related information.

Pari-mutuel wagering is the largest contributor to equine research in the country, reported Dr. Ronald Jensen, the CHRB equine medical director. In 1999, horse-racing pari-mutuel wagering provided a record \$5.3 million for this purpose. Seventeen states actively fund equine research in this manner, and California is the leading contributing pari-mutuel state. In 1999, California contributed more than \$2.4 million, or 45% of all such funds, and California has donated nearly \$17 million since 1987.

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.*

MISSION

To License All Participants
In Horse Racing

ACHIEVEMENTS

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 12,299 licenses of all classes, a decrease of 1,522 over the previous year. The majority of these were renewal licenses for individuals who had been previously licensed, including 3,844 owners, 646 pari-mutuel, and 4,063 grooms' licenses.

MISSION

To Ensure Proper
Licensing

ACHIEVEMENTS

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 2001 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.

MISSION

To Enhance Customer
Service to the Public
and Licensees

ACHIEVEMENTS

In 2001 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.

Because racetracks are located in congested traffic areas, Division staff started a program of licensing at "dark" facilities one day per week, which allows personnel at these off-season facilities to conduct their licensing business without the need of driving to the in-season facility. This program became so popular that it was expanded to two days per week at some locations.

Division staff made a commitment to quality customer service, and their efforts were recognized by numerous positive 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.

MISSION

To Check on Fitness for Licensure

ACHIEVEMENTS

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 2,332 fingerprints to the Department of Justice for processing.

MISSION

To Obtain and Submit Information to the National Data Bank

ACHIEVEMENTS

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 1,146 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 65 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.

MISSION

To Enforce Rules and Regulations

ACHIEVEMENTS

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 1,146 rulings. Of those, 291 concerned riding or driving infractions during races, 95 involved the eligibility of horses entered in races, and 94 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 2000–2001	
Investigations:	
Fitness for continued licensing	28
Unlicensed participation	13
Conduct of financial affairs	281
Use of a prohibited drug on entered horse	22
Improper medication practice	232
Possession of contraband	34
General misconduct	117
Intoxication/alcohol or controlled substance	56
Other	459
Total Investigations	1,242
Total Complaints filed:	776
Steward's Rulings	
Racing infractions during a race	291
Misconduct concerning entry or procedure	95
Fitness for continued license	65
Conduct of financial affairs	94
Use of a prohibited drug on entered horse	108
Improper medication practice	28
Possession of contraband	19
Unlicensed participation/security control	37
Intoxication/alcohol or controlled substance	132
Failure to appear	32
Other	254
Total Official Rulings of the Board of Stewards	1,146

Licensing Summary

Applicant and License Processing — Fiscal Year 2000–2001	
Verification of license qualifications:	
Approval for license	12,299
Formal refusal of license	65
Verification of criminal offender records:	
Fingerprints taken and processed	2,332

MISSION

To Process Appeals in a Fair and Timely Manner

ACHIEVEMENTS

The **ADMINISTRATIVE HEARINGS UNIT** received 48 appeals, coordinated 31 administrative hearings, and processed 29 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.

MISSION

To Ensure Compliance with All Laws and Rules at Simulcast Facilities

ACHIEVEMENTS

The **SIMULCAST WAGERING OPERATIONS UNIT** conducts 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 33 simulcast wagering facilities located throughout the state. Three of the 33 are located on Indian reservations, pending the re-opening of the Barona Casino in Lakeside, which will bring the total back to four of 34.

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 several years ago as part of the Board’s Integrity of Racing program, continues to be very well received by simulcast facility operators.

During FY 2000-2001, 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 Legisla-

ture provides an annual appropriation to meet the costs of direct racing supervision. The allocation for FY 2000-2001 was \$1.8 million for stewards and official veterinarians. Other racing officials were paid by the associations in the manner prescribed by the Board.

MISSION

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

ACHIEVEMENTS

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

MISSION

To Properly Identify All Horses Competing at Race Meetings

ACHIEVEMENTS

The **OFFICIAL VETERINARIANS** enforced those CHRBR 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 CHRBR'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.

ACHIEVEMENTS

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 CHRB Officials — FY 2000–2001

STEWARDS

Grant Baker	John Herbuveaux	George Slender
Pamela Berg	Darrel McHargue	Peter Tommila
Albert Christiansen	William Meyers	Merlin Volzke
Michael Corley	Dennis Nevin	Thomas Ward
Ingrid Fermin	Peder Pedersen	John Williams
Martin Hamilton	David Samuel	

ASSOCIATE STEWARDS

Pamela Berg	Martin Hamilton	John Williams
Michael Corley	Peter Tommila	

OFFICIAL VETERINARIANS

Dr. B. William Bell, DVM	Dr. Robert Guillen, DVM	Dr. Robert Goodbary , DVM
Dr. Donald Dooley, DVM	Dr. Joan Hurley, DVM	Dr. Diane Isbell, DVM

Laboratory Services

California's equine drug-testing program continues to be 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 this 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 served as the Board's primary laboratory, while the Kenneth L. Maddy Equine Analytical Laboratory at UC Davis provided complementary laboratory testing services. These laboratories screened samples utilizing instrumental, immunoassay, and thin-layer chromatography techniques. Screening results that indicate the presence of a prohibited substance were confirmed by gas chromatography combined with mass spectroscopy (GC/MS). Both official equine laboratories participated in the Laboratory Quality Assurance Program of the Association of Racing Commissioners International.

The two equine testing laboratories analyzed 29,915 urine and blood specimens in FY 2000-2001 at a cost of \$1,140,807. Associated Pathologists Laboratories of Las Vegas performed human drug-test analyses.

Beginning July 1, 2000, the new Kenneth L. Maddy Equine Analytical Chemistry Laboratory at the University of California at Davis (UCD) began accepting equine test samples.

The Board utilized the services of an equine medical director (EMD), who advised on all aspects of the drug-testing program. Provided by the UCD School of Veterinary Medicine, 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; advised on regulations relating to veterinary practices within racing enclosures; and monitored policies and procedures relating to the health and welfare of horses in regulated areas.

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

1. The owner, trainer, or representative of the horse being tested witnessed the blood and urine sample collection.
2. The containers containing samples were identified and sealed against tampering, then frozen and delivered to the laboratory for analysis.
3. A portion of each sample was placed in a separate container for retention by the Board as a horseman's split sample.
4. The portion of the sample designated for analysis was sent directly to the appropriate laboratory. The horsemen's split-sample portion was sent to the split-sample storage site in Sacra-

mento, where an investigator of the Board, designated to be the custodial officer, received and secured the specimens.

5. 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.
6. Because urine and blood samples from racehorses may be evidence in administrative or criminal proceedings, a strict chain of custody was maintained for the nearly 30,000 samples tested.

Under Board procedures, when the laboratory detects and confirms the presence of a prohibited substance in a post-race sample, the laboratory reports the finding to the Board's Executive Director and EMD, who review the laboratory report. The Executive Director then notifies the CHRB investigators, who in turn confidentially notify the owner and trainer of the horse involved. The trainer/owner(s) have 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 confirms the presence of the prohibited substance reported by the official racing laboratory, the test is deemed positive, and the laboratory's test is deemed to be accurate and evidentiary proof of the presence of such prohibited drugs in the test sample. The matter is then submitted by the CHRB for administrative action.

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.

During February of 2001, the Postmortem Program, which was initiated to protect the health of horses in racing and training, celebrated its 11-year anniversary.

This program begun by the CHRB in partnership with California Animal Health and Food Safety (CAHFS), formally known as California Veterinary Diagnostic Laboratory System, has become a national role model for the racing industry. The actions of this partnership in advance of heightening public concern with the horse-racing industry in the United States are helping to improve the safety and welfare of racehorses.

The program was established to determine the nature of injuries occurring in racehorses, to determine the reasons for these injuries, and to develop prevention strategies. To accomplish these goals, a broad cooperative approach was organized.

CAHFS is contracted to perform necropsies on any horse that dies or is euthanized on any racetrack or training facility under the jurisdiction of the CHRB. Pathologists at the Davis, Tulare, and San Bernardino branches of CAHFS conduct the postmortems.

Detailed information on each horse is compiled and reported to the CHRB. Various specimens are collected and sent to veterinary scientists in the

School of Veterinary Medicine at the University of California at Davis for more in-depth analysis.

Funding for the entire program also is a cooperative effort. The CHRB funds the postmortems while the racing associations provide transportation of the horses to the nearest laboratory facility. Additional studies are funded by the Center for Equine Health and private sources.

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.

After much success demonstrating the role of previously undiagnosed stress fractures contributing to catastrophic complete fractures of the pelvis, femur, and humerus of thoroughbred racehorses, similar studies by the Equine Orthopedic Laboratory group within the School of Veterinary Medicine are focusing on fractures to the lateral condyle of the cannon bones.

Additional evidence is being gathered to verify what role the height of the horseshoe toe grab might have with catastrophic limb injuries. Previous in-

formation 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 Dr. Susan Stover of UC Davis in a two-year clinical study at the racetracks on horses in training. In the past year, a method of measuring and permanently recording horseshoe information on all CHRB horses was adopted. With time, this additional information will help trainers and officials make factual judgments concerning racing shoes.

In addition to limb injuries in horses, collaborative studies have been done on stomach ulcers, unrecognized heart conditions leading to sudden unexplained deaths, laminitis, and incoordination due to protozoa organisms in the central nervous system of racehorses.

The postmortem program has detailed information on more than 2,800 horses. This includes information on injuries and illnesses developed during racing, training, and even non-exercise-related activities. Most of the information concerns thoroughbred horses, but the quarter-horse, standardbred, and Arabian breeds also are included.

This is a respected program throughout the national racing community. It is the desire of the programs' partners to continually improve the welfare of racehorses and foster the public's trust in the sport of racing.

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.

In the CHRB's continuing efforts to make California racetracks the safest environment possible for its racing participants, the Board in 2001 continued its aggressive enforcement of its track safety standards, which are designed to protect horses and riders by establishing standards for rails on the racetrack, outlining the renovation requirements for dirt tracks, addressing maintenance of dirt racetracks, and outlining the criteria that must be met by facilities operating golf courses in the infield.

In 2001, each racing association and racing fair filing an application for license to conduct a race meeting was in-

spected and monitored 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, bringing California's racing facilities into compliance with the safety standards and conditions for their respective racing facilities.

Since the 1994 implementation of the track safety program, California racetracks have made safety improvements to their facilities ranging from the installation of new safety rails, removal of objects located within 10 feet of the

rail, and padding of other objects, such as electrical boxes, light standards, finish-line mirrors, and starter stands. The recognized importance by the CHRB for the safety of horses and jockeys has resulted in safer racing conditions and improved racing surface conditions, which have contributed to the reduction of injuries to both jockeys and horses.

Dedicated effort and continued 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 horse-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 236 fatalities was reported during the period 11/13/00 to 11/05/01.

Associations	Breed of Horse						Occurred During			
	TB	QH	ST	APP	AR	P	RACE	TRAIN*	OTH*	
Thoroughbred										
Los Angeles Turf Club/SA	26						9	12	5	
Churchill Downs Operating Co./HP	21						5	13	3	
Del Mar Thoroughbred Club/DM	17						4	8	5	
Oak Tree Racing Assn./SA	11	1					2	3	7	
Churchill Downs Fall Operating Co./HP	12						4	5	3	
Bay Meadows Operating Co./BM	36						15	8	13	
Pacific Racing Assn./GGF	33						13	10	10	
Harness										
Capitol Racing LLC/CE			2					1	1	
Quarter Horse										
Los Alamitos Quarter Horse Racing Assn./LA	9	31		1		2	28	5	10	
Fairs										
Stockton	5						2	3		
Pleasanton	4						2	1	1	
Vallejo	3						1	1	1	
Santa Rosa	1							1		
San Mateo	3						2	1		
Ferndale	2				1		3			
Cal Expo	5						1	2	2	
Pomona	9						4	4	1	
Fresno	1						1			
Totals	198	32	2	1	1	2	96	78	62	
Total Fatalities							236			

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 517 racing injuries were reported during the period 11/13/00 to 11/5/01.

Associations	Breed of Horse					
	TB	QH	APP	AR	ST	M
Thoroughbred						
Los Angeles Turf Club/SA	75					
Churchill Downs Operating Co./HP	50					
Del Mar Thoroughbred Club/DM	26					
Oak Tree Racing Assn./SA	26					
Churchill Downs Fall Operating Co./HP	21					
Bay Meadows Operating Co./BM	66					
Pacific Racing Assn./GGF	71					
Thoroughbred Total	335					
Harness						
Capitol Racing LLC/CE*						
Quarter Horse						
Los Alamitos Quarter Horse Racing Assn./LA	18	56		1		
Fairs						
Stockton	9		1			
Pleasanton	8	2		1		
Vallejo	8	1	1			1
Santa Rosa	8	2				
San Mateo	8					
Ferndale	5					
Cal Expo	8	3	1			1
Pomona	27	1	1			
Fresno	10					
Fair Total	91	9	4	1		2
Total By Breed	444	65	4	2		2
Total Injuries 517						

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

Horse Racing in California

Mindful of the age-old lament that horse racing needs new fans, prominent Southern California horse owner Trudy McCaffery founded the Kids to the Cup program in 1999. KTTC is a non-profit, charitable program that attracts, educates, and develops racing fans ages 8-16 through programs that provide direct access to the sport's major players and events, such as the Breeders' Cup.



The Kids To The Cup had its annual day at Santa Anita Park on Santa Anita Derby Day, April 7, 2001. The youngsters are shown here listening to prominent horse owner Robert Lewis.

California Horse-Racing Meetings During 2001

Thoroughbred Race Meetings — Central & Southern Zones		
Santa Anita Park		12/26/00 — 4/16/01
Hollywood Park		4/20/01 — 7/16/01
Del Mar		7/18/01 — 9/5/01
Santa Anita Park		9/26/01 — 11/5/01
Hollywood Park		11/7/01 — 12/17/01
Thoroughbred Race Meetings — Northern Zone		
Golden Gate Fields		12/26/00 — 4/1/01
Bay Meadows		4/4/01 — 6/17/01
Bay Meadows		8/31/01 — 11/5/01
Golden Gate Fields		11/7/01 — 12/17/01
Quarter Horse Race Meetings — Statewide		
Los Alamitos		1/5/01 — 12/16/01
Harness Race Meetings — Statewide		
Cal Expo		12/20/00 — 7/28/01
Cal Expo		9/28/01 — 12/23/01

Fair Meetings — Statewide		
Stockton	(San Joaquin County Fair)	6/13/01 — 6/24/01
Pleasanton	(Alameda County Fair)	6/27/01 — 7/8/01
Vallejo	(Solano County Fair)	7/11/01 — 7/23/01
Santa Rosa	(Sonoma County Fair)	7/25/01 — 8/6/01
San Mateo	(San Mateo County Fair)	8/8/01 — 8/20/01
Ferndale	(Humboldt County Fair)	8/9/01 — 8/19/01
Sacramento	(California State Fair)	8/22/01 — 9/3/01
Pomona	(Los Angeles County Fair)	9/7/01 — 9/24/01
Fresno	(Fresno District Fair)	10/3/01 — 10/14/01

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.

HIGHLIGHT

Dates Shift Worked in Favor of Golden Gate, Complemented by Larger Fields

GOLDEN GATE FIELDS

Sporting a new dates schedule that did not include the Triple Crown series, Golden Gate's average daily handle increased 3% over the 2000 racing season. Fueled in large part by the November and December average field size of 8.25, average daily wagers placed on Golden Gate races at out-of-state sites increased by 12.3%, which was more than enough to offset a 4.8% decrease in average daily handle generated in Northern California.

The Grade III \$200,000 El Camino Real Derby, run for the first time at Golden Gate Fields, attracted 12,734 Northern California fans who wagered \$4,045,664. Hoovergetthekeys won Northern California's premier steppingstone to the Triple Crown events by seven lengths, having earlier accounted for the Grade III \$150,000 Golden Gate Derby by five lengths. Hoovergetthekeys, the first horse ever owned by Carl J. Odegaard, was claimed out of his career debut by trainer Brian Koriner. Sharing the equine spotlight with Hoovergetthekeys was El Dorado Shooter. Bred and trained by Clifford Delima and owned by Delima's wife, Barbara, El Dorado Shooter won the 6-furlong Montclair Handicap in track-record time of 1:07.55, and the Ken Maddy Sprint in 1:08.



El Dorado Shooter wins the Montclair Handicap under jockey Kevin Radke.

HIGHLIGHT

Date Changes, National Crisis Impacted Business at Bay Meadows

BAY MEADOWS

Operating with a new schedule that included spring race dates, Bay Meadows ended its 2001 meets on an upbeat note, showing a 2.1% increase in daily average handle generated in Northern California. Especially encouraging was the 2.5% increase in daily average on-track handle.

Handle generated at out-of-state sites showed a 10.6% decrease from the 2000 dates. The decline in out-of-state handle was attributable to the change in the racing schedule and the effects of the terrorist attacks on September 11. This decline led to total handle for the 107-day combined race meets of \$407,103,790, a dip of 2.1% from the 2000 total figure. The total does not include handle generated on Bay Meadows races in Southern California, which totaled \$101,359,339.

Bay Meadows established a new Northern California record handle on Breeders' Cup Day (October 27), when fans in Northern California and out-of-state sites wagered \$9,705,403, eclipsing the previous best of \$9,503,652 by 2.1%.

The equine star of the 2001 meets was Redattore, who defeated millionaire Hawksley Hill to win the Grade II \$263,750 San Francisco Mile, run over the Longden Turf Course. Trained by Richard Mandella, Redattore took top honors in the voting for three 2001 Bay Meadows divisional championships.



Jason Lumpkins guides Redattore to victory in the San Francisco Mile.

HIGHLIGHT

Shift of Friday Night Racing to Twilight Programs Contributed to Business Decline at Spring-Summer Meet

McCarron Moved Up Among Racing's Elite With His 7000th Victory

HOLLYWOOD PARK

After canceling popular Friday night racing just prior to opening its spring-summer meet due to California's energy crisis, Hollywood Park ended the 66-day session with a decline in business. The loss of Friday nights, a staple at Hollywood Park during the past decade, clearly impacted overall business. On-track attendance at substitute twilight cards, which were concluded before dark, averaged 5,964, a 41% drop from the nighttime average of 10,134 in 2000.

This dragged down total on-track attendance in 2001, which fell 12.8% to a daily average of 8,345, while on-track handle dipped 7.3% to \$2,060,589. The overall figures, including inter-track and interstate numbers, declined 10.4% and 2.2%, respectively.

Hollywood Park President Rick Baedeker said, "We are increasingly concerned that our core business is taking a daily hit from people who are not coming to the track and are betting through other means. We are very hopeful that the recent legislation in Sacramento that legalizes account wagering in California will allow us to recoup those losses."

Hall of Fame jockey Chris McCarron became the seventh jockey to ride 7,000 winners when he guided Spinelessjellyfish to a narrow victory in the \$175,000 Khaled Stakes. Before the day was over, he displayed the skills which have made him racing's premier "money rider," registering a hat trick with victories 7,001 and 7,002. At 46, McCarron joined Laffit Pincay, Jr. (9,125 wins), Bill Shoemaker (8,833), Pat Day (7,952), David Gall (7,396), Russell Baze (7,328), and Angel Cordero Jr. (7,057) in reaching the 7,000 milestone. "This is an awesome feeling," he said. "I'm proud to ride here at Hollywood Park. We've got a great colony of riders."

McCarron, seeking his first Hollywood Gold Cup victory after finishing second eight times, was deprived of that distinction when his mount, Futural, was disqualified from first to third. The Juddmonte Farms entry of Aptitude and Skimming were upgraded to the one-two slots, giving Pincay a record-tying eighth victory in Hollywood Park's signature race. Pincay nudged Alex Solis by a single victory for the meet's riding title.



Chris McCarron wins his 7,000th race aboard Spinelessjellyfish.

Rain Was Not Enough to Dampen Overall Business at Hollywood's Fall Meet

Hollywood Park finished its fall season with increases in on-track and overall attendance, even though rain dampened the annual Turf Festival, resulting in several scratches and a sharp decline in attendance and handle over the Thanksgiving weekend. The loss was felt particularly hard on track as handle fell 10% and attendance fell 17% on a rainy Saturday, which was to feature Breeders' Cup Mile champion Val Royal in the \$500,000 Citation Handicap. Val Royal was one of five program scratches in the Citation and one of 10 on the day. While sunny skies returned Sunday, the damage had been done, with 22 more program scratches and another decline in business, on and off track. Total handle increased by 2.8% to \$9.38 million, up 3%. On-track average handle of \$1.67 million was off less than a percentage point from 2000.

"Perhaps this meet is an indicator of the future," said Rick Baedeker, president of Hollywood Park. "We hope Santa Anita has a good, strong (winter 2002) meet and we can continue the momentum right into the (Hollywood Park) spring."

Hall of Fame trainer Bobby Frankel swept the \$500,000 Matriarch and \$500,000 Hollywood Derby with Starine and Denon, respectively, on the final day of the Turf Festival, then won the \$250,000 Hollywood Turf Cup a week later with Super Quercus. Chris McCarron, who rode Denon to the Derby victory, surpassed fellow Hall of Fame jockey Bill Shoemaker atop Hollywood Park's all-time stakes list when he registered No. 281 aboard Bella Bella Bella in the Golden Ballet on Dec. 8. Typical of McCarron, he went on to ride five winners on the card, including a victory aboard Nepenthe in the Waya Handicap.

"I'm really proud because it's a lot of years of riding fast horses and being successful," McCarron said. "These are the kind of achievements that you really want to stick your chest out about. It's a combination of a lot of years of work as opposed to winning a single event like a Breeders' Cup race. That's always a big thrill. But an

accomplishment like this instills more pride in you. Anytime you link your name with Bill Shoemaker and something he's done, and then you've got Laffit Pincay right on your tail, what a thrill. It's simply unbelievable."



Eddie Delahoussaye pushes Swept Overboard (outside) to a hard-earned victory in the Hollywood Turf Express.

HIGHLIGHT

Del Mar Staged a Perfect Meet, Helped by Great Weather, Top Racing, Larger Fields

DEL MAR

San Diego-area weather ranged from just delightful to absolutely excellent during the 43-day Del Mar stand. Then the racing turned out simply first-rate with highly competitive cards, complemented by a boost in field size to an average of 8.5 horses per race from the previous season's 8.3. Adding to the success was an on-track attendance boost of 8.5% (to 15,456 on average per day), spearheading an overall rise of 4% (to 29,072) when Southern California satellites were included. All of this helped Del Mar mark record-breaking numbers for both total pari-mutuel handle (\$518,382,824) and daily average handle (\$12,055,415).

For the second year in a row, Skimming was named Horse of the Meet after he did a "déjà vu" double by again winning both the San Diego Handicap and the Grade I Pacific Classic. His triumph in the 10-furlong Classic marked the sixth time in the \$1-million race's 11-year history it had been captured by Hall of Fame trainer Robert Frankel, a feat that is unprecedented in racing history. Also of note during the session was a thrilling repeat triumph in the Bing Crosby Handicap by Eclipse champion Kona Gold, a triple stakes run (Graduation, Best Pal, Del Mar Futurity) by juvenile star Officer, and a dirt-turf stakes double (Clement L. Hirsch, Palomar) by the top mare Tranquility Lake.

Trainer Bob Baffert won his fifth straight shore conditioning title with 29 winners, while jockey Alex Solis captured his second Del Mar riding crown with 36 firsts. For the second year in a row – and fourth time overall – Prince Khalid Abdullah's Juddmonte Farms was the meet's leading owner with \$1,150,954 in purses. It was the first time an owner passed the \$1-million mark in track history.

Other happenings of note over the course of the summer included the Del Mar Thoroughbred Club taking on a new director (Las Vegas' J. Terrence Lanni); the track's 11th season of Wednesday nights' "Jazz at Del Mar;" its seventh full summer of "Four O'Clock Fridays" highlighted by a record Friday evening crowd of 27,341 on August 17; the unveiling of a renovated Jimmy Durante Turf Course; and the expansion of the popular "Daybreak at Del Mar" trackside breakfasts to both Saturdays and Sundays.



Another perfect start at Del Mar.

HIGHLIGHT

Year-Round Racing Proved Popular at Los Alamitos as Attendance Increased

LOS ALAMITOS

Year-round quarter-horse and mixed-breed racing was a hit at Los Alamitos in 2001 with a total of 181 racing nights conducted from January 5 through December 16. The new racing format produced solid handle figures, which compared positively with the all-time record numbers produced during the 2000 meet. While the on-track handle of \$302,164 was down 1.6% in 2001, the on-track attendance at the Orange County track increased by 2.5%.

Los Alamitos hosted several major racing events, such as California Breeders Champions Night and the MBNA America Challenge Championships. All of the big stars were out on Champions Night, headed by A Ransom, the world champion in 2000, and 1999 Los Alamitos Million hero Corona Kool. Los Alamitos hosted the MBNA Challenge for the fourth time in nine years with star sprinters such as 1999 World Champion and two-time distance champion Sign Of Lanty among the impressive winners on the night. The MBNA America Challenge Championships will be run at Los Alamitos through 2005 and beyond according to terms of an agreement reached with AQHA, Los Alamitos Race Course, and the Pacific Coast Quarter Horse Racing Association.

Los Alamitos also hosted the richest race of any breed contested in California in 2001 – the \$1.3 million Los Alamitos Million. Won by Your First Moon, the Million serves as the third leg of the \$1 million Los Alamitos Bonanza, a racing program that offers a \$1 million bonus to the connections of any horse that can sweep three major local stakes races – the Kindergarten, Ed Burke and Los Alamitos Million futurities. The Los Alamitos Bonanza has proved to be one of racing's most difficult achievements, as no horse has entered the third leg with a chance to win the bonus since its inception in 1998.

The \$500,000 Champion of Champions went to Tailor Fit for the second time in two years. Tailor Fit became the first horse in the 30-year history of the Champion of Champions to win two runnings in non-consecutive years.



Sign Of Lanty continued to be the world's best 870-yard horse thanks to another impressive campaign in 2001. The John Cooper trainee dominated the distance ranks at Los Alamitos, winning four stakes races, including a record third Marathon Handicap. Sign Of Lanty will now begin preparations for his richest and biggest task yet, as the gelding will be aiming for the 870-yard \$200,000 Marathon National in 2002.

A Ransom is all alone as he crosses the finish first in the First Down Dash Handicap.

HIGHLIGHT

Santa Anita Again Showcased Spectacular Racing During the Popular Winter Meet

SANTA ANITA PARK

Santa Anita Park's 64th season concluded with slight decreases in attendance and handle from 2000, as the Arcadia track experienced heavier than usual rainfall during the season. The winter-spring meet experienced a decrease of 2.3% in average on-track handle, from \$2,507,565 in 2000 to \$2,449,198 in 2001. Total daily handle from all sources was down 3.2%, from \$11,468,189 in 2000 to \$11,101,384 in 2001.

The Thoroughbred Corp.'s Point Given jump-started a stellar 3-year-old campaign with a pair of graded-stakes wins at the meeting. The Thunder Gulch colt made his 2001 debut by taking the Grade II San Felipe Stakes by over two lengths in March, then cruised to a 5 1/2-length win in the Grade I Santa Anita Derby. Trained by Bob Baffert and ridden by Gary Stevens, Point Given went on to capture two Triple Crown events, making him a leading candidate for national Horse of the Year honors. Point Given's victory in the local classic tied Baffert with D. Wayne Lukas for most Santa Anita Derby wins with four, while Stevens equaled the record of eight held by Bill Shoemaker. Baffert won his fifth straight Santa Anita (winter meet) title – the first trainer in nearly five decades to pull off the feat.

Reigning Horse of the Year Tiznow won two of three starts, including the \$1 million Santa Anita Handicap by five lengths, avenging a loss to the Baffert-trained Wooden Phone, who defeated Tiznow in the Strub Stakes. Golden Ballet dominated the 3-year-old filly division with three graded-stakes wins, two of which were Grade I stakes, culminated by a one-length win over eventual Kentucky Oaks heroine Flute in the Grade I Santa Anita Oaks. Kona Gold ran his win streak to six with sharp victories in the San Carlos and Potrero Grande Handicaps.

Racing's all-time leading jockey Laffit Pincay, Jr. showed no signs of aging as he earned his first winter/spring meet riding title since 1988-89. Pincay rode 73 winners at the meet, outpacing 18-year-old Tyler Baze by 10 wins. Pincay was also honored with best accomplishment for winning the riding title at age 54.



Point Given shows his brilliance winning the Santa Anita Derby under jockey Gary Stevens.

Point Given shows his brilliance winning the Santa Anita Derby under jockey Gary Stevens.

HIGHLIGHT

Once Again, the Best Road to the Breeders' Cup Went Through Oak Tree at Santa Anita

OAK TREE

The 2001 Oak Tree meeting at Santa Anita once again showcased top horses as Val Royal became the third horse in as many years to use an Oak Tree Mile victory as a springboard to a Breeders' Cup Mile win. The 5-year-old French-bred won the Oak Tree Mile by two lengths, then came back with an authoritative victory in the Breeders' Cup Mile at Belmont Park three weeks later. Trained by Julio Canani, Val Royal followed in the footsteps of War Chant (2000) and the Canani-conditioned Silic (1999) in completing the Oak Tree-Breeders' Cup Mile double.

One of the biggest upsets at Oak Tree 2001 came when 39-1 outsider Freedom Crest, trained by Richard Baltas, stunned reigning Horse of the Year Tiznow in the Goodwood Breeders' Cup Handicap. Tiznow bounced back from the Goodwood disappointment to win the Breeders' Cup Classic for the second consecutive year with a rousing stretch drive under Chris McCarron. Trained by Jay Robbins, the California-bred Tiznow battled back from a troublesome back injury earlier in the year to become the first horse to repeat as Classic champion.

Cal Cup XII was a rousing success as an on-track crowd of 37,184, the largest since 1992, contributed to a record all-sources handle of \$19,992,379.60. The combined average daily handle for the 32-day meeting, which was five days longer than the 2000 Oak Tree meet, increased by 3.6%, from \$9,760,973 to \$10,111,519.

All-time leading rider Laffit Pincay, Jr., at age 54, overtook fellow Panamanian Alex Solis in the final week to secure a second straight Oak Tree riding title. "The Pirate," with 33 wins, was named top jockey for the second consecutive year. Bill Spawr won the Oak Tree training title with 13 victories and got the nod as top trainer for the second straight season.



Jose Valdivia, Jr. only sees the Breeders' Cup in front of him as Val Royal wins the Oak Tree Breeders' Cup Mile.

HIGHLIGHT

Harness Industry Settled Into The Capital City With 10 Months of Racing at Cal Expo

HARNESS RACING

As the harness racing season began, the major issue was whether the industry could weather the shift of winter racing dates from the Southern California oval at Los Alamitos to the less-winterized racing facility at Cal-Expo in Sacramento. While the industry had conducted racing at Cal-Expo in the spring, summer, and fall months, people questioned whether racing in Sacramento during the winter months of December through March would be productive for the industry. The answer was yes.

Wagering during the new 15 weeks of winter racing exceeded \$1 million per night, while the average handle during the entire 10 months of racing also surpassed the \$1 million mark (\$1,017,162). Handle comparisons with the prior year's fall meet (29 race nights in 1999 vs. 28 nights in 2000) showed a 6.2% increase; the average handle jumped from \$873,673 to \$927,890. The gain was evidenced in on-track handle (up 5.4%) and in-state off-track handle (up 10.3%), but out-of-state off-track handle declined (down 3.9%). Nightly attendance overall increased throughout California (up 3.34%), but declined ontrack (down 2.6%). Finally, the average number of horses starting in races was up slightly from 7.6 to 7.7 per race.

Similar trends were evidenced in comparisons of the spring/summer 2000 meet with the winter-through-summer 2001 meet (56 race nights in 2000 vs. 115 nights in 2001). The average handle increased from \$1,019,399 to \$1,038,898, even with the additional 59 nights of winter racing. The average handle on-track declined 7.1%. The in-state off-track handle increased (4.1%), while out-of-state handle nudged up .5%. Total handle during the ten months was in excess of \$145 million, and purses generated for horsemen surpassed \$7 million.

During the race year several harness drivers reached career milestones for races won: Rick Plano (win 3,000), Jim "Chip" Lackey and Ed Hensley (each 2,000), and Lemoyne Svendsen (1,500). Lackey won the driving championship for most wins during the 10-month meet with 220 victories. Plano was the leading trainer after his horses visited the winner's circle 170 times.



Insolent with driver-trainer Robley Johnson crosses the finish line at Cal-Expo in a track-record time for aged mares.

HIGHLIGHT

The Fair Circuit Magically Combines History, Tradition, and Innovation Year after Year

THE CALIFORNIA FAIRS

With a century of history behind horse racing at county fairs in California, the fair-racing industry continues to look to the future. While showcasing the race-horse in communities throughout the state, the fair circuit contributes greatly to California's agribusiness economy and to equine recreational, racing, and breeding activities. Mindful of its roots of encouraging agriculture and the breeding of horses, the racing-fair circuit exposes the sport to the young customers of tomorrow and provides for the maximum expansion of horse-racing opportunities.

In 2001, the fairs continued to build on the success of the popular and innovative idea designed to pay a purse to all horses that enter and start in a race at each fair. Every thoroughbred horse owner was paid a "Performance Purse" of \$100 (besides the customary purse) through the paymaster account. The program is a success because field sizes increased and the "Performance Purse" was able to assist owners with the additional costs associated with running at the fairs.

The fairs also continued the practice of rewarding horse owners by paying a purse through the eight-place finisher in each race.

HIGHLIGHT

Events of September 11 Had Anticipated Effect on Fairplex Meet

FAIRPLEX PARK

The terrorist attacks on New York and Washington, D.C. on September 11, the fifth day of the scheduled 18-day race meet at Fairplex Park, caused the cancellation of the entire Los Angeles County Fair on that day. The fair and racing reopened September 12, but the mood remained somber. Management dropped the admission prices on one day, September 14, and asked each entrant to give at least \$1 toward the disaster-relief fund. That day's program and activities generated \$250,000 to the relief effort.

Jockey Martin Pedroza and trainer Jeff Mullins receive recognition from Fairplex Racing Manager George Bradvica for winning their respective titles at the meet.



When the Fairplex meet finally closed September 24, on-track attendance and overall handle figures were down as expected. On-track attendance totaled 121,497, a decline of 2% from the 2000 season. This decline was offset by a 1% increase in attendance at off sites. On-track handle totaled \$12,444,542, a decrease of 3%, while inter-track wagering dropped 5% to \$53,260,173. Out-of-state handle jumped 4% to \$38,498,899, but the total of \$104,203,615 still dropped 2% from 2000.

In action on the racetrack, all-time riding champion Martin Pedroza won three races on the final day to register his fourth title with 29 winners. In the trainers' race, Jeff Mullins notched his second title with 11 victories.

The equine athletes that stirred the most enthusiasm were Mimi's Cafe, Sigfreto and Just Ruler, winners of the Las Madrinas, Pomona Derby, and the Ralph M. Hinds Pomona Invitational Handicap, respectively, each a \$100,000 event on the meeting's final weekend.

HIGHLIGHT

On-track Gains Boost Overall Numbers

STOCKTON

Each year, the San Joaquin County Fair at Stockton – first stop of the Northern California fair circuit – is challenged to overcome its overlap with the Bay Meadows meet. In 2001 they were up to challenge, finishing with handle numbers virtually identical to 2000 totals and increased attendance. Though wagering from in-state locations was down 5%, wagering from out-of-state locations increased by 21%, and on-track handle increased 8%, so everything came out about even with the previous year's totals. The meet's highest handle occurred on Saturday, June 23, when more than \$3.6 million was wagered. The meet experienced a solid on-track attendance gain of 15%, bucking a national trend of declining on-track attendance.

HIGHLIGHT

Alameda Turned to Increased Simulcasts to Help Bottom Line

PLEASANTON

On-track handle dropped 5% from 2000, but overall handle held steady during the Alameda County Fair meet at Pleasanton, the second stop on the circuit. Holding to a familiar pattern, this fair, like other racetracks in California, increased business by offering wagering on more out-of-state races. Total combined average daily handle was \$3,1254,361, boosted by wagering on out-of-state imports. The highlight of the meet occurred on Saturday, July 1, when almost \$4.5 million was wagered on the day's card. This fair again featured quality and competitive racing and enjoyed a packed grandstand each weekend. Jason Lumpkins unseated perennial winner Russell Baze as the leading rider for the meet, while Brian Koriner and Art Sherman shared leading trainer honors.

HIGHLIGHT

Full Fields Helped Make for Successful Meet

VALLEJO

The Solano County Fair was one of the more successful race meetings due in a large part to full fields and competitive racing. The fair's total in-state handle was up 2% (to \$24,047,251 from \$23,565,240), while in-state, off-track handle increased by 3%. While on-site handle on live racing was down, the fair was able to offset those decreases in live handle by importing more out-of-state races, which translated into a 13% increase in handle for that category. The average daily handle for the 12-day meet was \$2,739,931. The fair was able to card full fields for all categories of horses and paid out more than \$1.7 million in purse money. Perennial Northern California leaders Russell Baze and Jerry Hollendorfer were the meets leading jockey and trainer, respectively.

HIGHLIGHT

Santa Rosa Festival Held Even with 2000

SANTA ROSA

The Sonoma County Fair was again based around the appropriate theme "Wine Country Racing." Wagering on Santa Rosa's races was on par with 2000 figures for every significant category during the 12-day meet. The all-source handle of \$37,412,511 translated into an average daily handle of \$3,117,709. The fair offered horsemen quality purses and the fans competitive racing. This year more than 68,000 fairgoers attended the races.

"We were very pleased with the results of our race meeting," said CEO Jim Moore. "This fair is committed to live racing, and we believe that the live racing experience is key to creating new fans for the future."

HIGHLIGHT

Despite Fewer Live Races, Figures Held Steady in San Mateo

SAN MATEO

The San Mateo County Fair, which runs its races each year at Bay Meadows, closed its 12-day meet with the average daily handle holding steady at \$2,759,169 despite an 8% decline in on-track handle. The off-track handle within California increased by 6%, while the overall handle from within Northern California increased by 1%. The live handle from all sources was down from \$8,839,232 in 2000 to \$8,269,537, but the fair ran four fewer live races. The on-track attendance declined by 5% to 2,846. Off-track patrons in Southern California continued to enjoy wagering on fair racing, which was evident by the 3% increase in handle.

HIGHLIGHT

Great Racing and Big Gains as Fresno Bid Farewell to Retiring Charlie Palmer

FRESNO

The great weather and an ample supply of horses produced across-the-board gains for the Big Fresno Fair. This was accomplished despite being overlapping with Bay Meadows. Total handle for the 11-day meet was up 11% from 2000. Overall handle was boosted by an increase of 11% from on-track wagering. Handle at satellite locations throughout California increased by 11%. On-track attendance of 70,708 reflected a 6% increase.

"All aspects of our race meet were positive, said CEO Scott Anderson. "Everything just clicked."

This was the final Fresno meet for veteran racing official and Racing Secretary Charlie Palmer, who worked for the Big Fresno Fair for 36 consecutive years. The fair honored him for his achievement and dedication.

HIGHLIGHT

Popularity of Fair Racing at Cal Expo Is Evident in Numbers

SACRAMENTO

Handle and attendance figures increased across the board for the California State Fair race meet at Cal Expo in Sacramento. The total handle of \$22,977,408 was up more than 4% from 2000. The popularity of racing at the fair was evident by the 6% increase in handle from off-track locations throughout the northern network. On-track attendance was 69,322 for a daily average of 5,777, up 26% from 2000. On-track handle increased by 14%, which is remarkable and nearly unheard of today in horse racing.

The closing Sunday on-track crowd of 10,041 was especially pleasing to fair officials, who have strived to get fairgoers attracted to live horse racing. Crowds of that size are notable, especially when declining on-track attendance continues to be a problem plaguing California racetracks. Overall fair attendance was 1,045,091, which was an all-time record.

HIGHLIGHT

Quaint Ferndale Meet Keeps Delivering, Year after Year after Year

FERNDALE

The Humboldt County Fair, located in the timber and dairy country of California's far north coast, epitomizes what racing once was. The Ferndale race meet is a step back in time and a piece of Americana that everyone should experience at least once. The 105th race meet ended with a 7% increase in on-source live handle. Wagering on Ferndale races was up 2% at off-track facilities throughout Northern California, while on-track handle was even with the previous year's figures. Average field size for thoroughbred races increased by 7.8% per race compared with 2000 numbers. Several horsemen who came from Oregon to race on the half-mile track helped the meet greatly.



After 60 years in California horse racing, Charlie Palmer announces his retirement as racing secretary at the Big Fresno Fair. The 74-year-old racing official wants to spend more time with his wife, Patricia.

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 2000-2001 was \$35,244,147 wagered by 184,486 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 2000-2001 was \$15,763,315 wagered by 60,517 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 2000-2001 was \$2,166,464 wagered by 6,067 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 2000-2001 was \$12,216,988 wagered by 64,755 patrons.

Santa Barbara, 19th District Agricultural Association

The Earl Warren Showgrounds facility is located in Santa Barbara at 3400 Callareal St. The simulcast wagering facility opened March 3, 1987. The pari-mutuel handle and attendance in FY 2000-2001 was \$11,012,226 wagered by 39,101 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 2000-2001 was \$18,645,435 wagered by 140,671 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 2000-2001 was \$4,352,426 wagered by 7,971 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 2000-2001 was \$200,747,267 wagered by 961,858 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 2000-2001 was \$5,170,949 wagered by 30,208 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 2000-2001 was \$3,416,664 wagered by 14,717 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 2000-2001 was \$14,691,363 wagered by 80,360 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 2000-2001 was \$47,906,177 wagered by 161,689 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 2000-2001 was \$10,366,575 wagered by 37,385 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 2000-2001 was \$17,313,649 wagered by 87,579 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 2000-2001 was \$51,724,823 wagered by 248,077 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 2000-2001 was \$68,739,964 wagered by 310,463 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 2000-2001 was \$30,064,175 wagered by 182,716 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 2000-2001 was \$32,778,652 wagered by 137,402 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 2000-2001 was \$73,589,676 wagered by 268,916 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 2000-2001 was \$202,215,188 wagered by 752,629 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 2000-2001 was \$11,980,362 wagered by 42,297 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 2000-2001 was \$85,951,434 wagered by 350,383 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 2000-2001 was \$429,519,378 wagered by 1,743,996 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 2000-2001 was \$63,364,206 wagered by 240,587 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 2000-2001 was \$158,687,728 wagered by 569,986 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 2000-2001 was \$441,889,772 wagered by 1,757,777 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 2000-2001 was \$295,250,104 wagered by 1,037,181 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 2000-2001 was \$12,761,958 wagered by 51,876 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 2000-2001 was \$27,528,181 wagered by 119,626 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 2000-2001 was \$16,576,900 wagered by 63,479 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 2000-2001 was \$10,828,224 wagered by 48,929 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 2000-2001 was \$27,586,324 wagered by 129,069 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 \$4.1 billion for the 2000-2001 fiscal year. This amount included wagers made within the State of California and wagers made in other racing jurisdictions, which were co-mingled (merged) into the wagering pools at live race meets in California. The CHRB was responsible for collecting \$44.2 million from all pari-mutuel sources for the 2000-2001 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 2000-2001, the state received \$1.3 million in breakage, with the tracks receiving \$4.4 million and purses \$6.8 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 amount to the State from unclaimed pari-mutuel tickets during the FY 2000-2001 racing year totaled \$2,260,099.

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 pursuant 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.

3. Notwithstanding the distributions in paragraphs 1 and 2, unclaimed ticket monies generated by wagering on intrastate (north/south) thoroughbred and fair races, and interstate imports are split equally between purses and commissions.

Redistributable Money in Pari-mutuel Pools (Unclaimed Tickets)

2000-2001	TB	QH	HH	Fairs
Los Angeles Turf Club	\$430,350			
Churchill Downs California Spring Oper. Co.	305,504			
Del Mar Thoroughbred Club	310,297			
Oak Tree Racing Assn.	143,118			
Bay Meadows Racing Assn.	135,347			
Pacific Racing Assn.	137,771			
Churchill Downs California Fall Oper. Co.	<u>109,834</u>			
Thoroughbred Total	\$1,572,221			
Los Alamitos Quarter Horse Racing Assn.		\$130,294		
Quarter Horse Total		\$130,294		
Los Alamitos Harness Racing Assn.			99,005	
Capitol Harness Racing Association			<u>106,450</u>	
Harness Total			\$205,455	
Los Angeles County Fair				125,719
CARF				<u>226,410</u>
Fairs Total				\$352,129
Total to State from unclaimed pari-mutuel tickets				\$2,260,099

Occupational Licenses and Fees

July 1, 2000 through June 30, 2001

Type of License	Fee	Issued	Total
Multiple Ownership	300	9	2,700
Horse Owner-Open Claim	250	15	3,750
Officer/Director/Partner	200	17	3,400
Horse Owner	150	3,844	576,600
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Trainer, Assistant Trainer	150	428	64,200
Harness Horse Driver	150	40	6,000
Jockey/Apprentice Jockey	150	114	17,100
Jockey Agent	150	25	3,750
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Racing Official/Manager of Association	150	63	9,450
Bloodstock Agent	150	16	2,400
Veterinarian	150	41	6,150
Association Employee	75	214	16,050
Valet/Custodian/Attendant	75	18	1,350
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Pari-mutuel Employee/Tote	75	646	48,450
Horseshoer	75	47	3,525
Exercise Rider/Pony Rider	75	375	28,125
Misc. Employee/Stable Agent Vendor	75	339	25,425
Security Guard	75	225	16,875
Stable Foreman	75	87	6,525
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Authorized Agent	25	790	19,750
Replacement License	15	645	9,675
Annual Groom/Stable Employee (Original)	35	935	32,725
Annual Groom/Stable Employee (Renewal)	20	<u>3,128</u>	<u>62,560</u>
Gross Fees		12,299	1,037,935
Less allowance for Franchise Tax Board			-87
Total fees generated to General Fund			<u>\$1,037,848</u>

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

Fines Imposed in 2000 –2001

Thoroughbred Meetings — Central & Southern Zones

Location	Rulings	Imposed	Inclusive Dates
Del Mar	46	\$8,915	7/26/00 — 9/13/00
Santa Anita	21	2,825	10/4/00 — 11/6/00
Hollywood Park	21	1,275	11/8/00 — 12/24/00
Santa Anita	61	10,645	12/26/00 — 4/16/01
Hollywood Park	79	11,185	4/20/01 — 7/16/01

Thoroughbred Meetings — Northern Zone

Bay Meadows	17	\$3,250	9/1/00 — 11/12/00
Golden Gate	13	3,300	11/15/00 — 1/15/01
Bay Meadows	23	6,025	1/18/01 — 4/1/01
Golden Gate	19	5,625	4/4/01 — 6/17/01

Quarter-Horse Meetings — Statewide

Los Alamitos	90	\$10,100	4/14/00 — 12/17/00
Los Alamitos	76	17,900	1/5/01 — 6/30/01*

Harness Meetings — Statewide

Cal Expo	31	\$2,600	10/20/00 — 12/16/00
Cal Expo	105	15,850	12/20/00 — 6/30/01*

Fair Meetings — Statewide

Pleasanton	11	\$2,250	6/28/00 — 7/9/00
Vallejo	6	800	7/12/00 — 7/24/00
Santa Rosa	5	600	7/26/00 — 8/7/00
San Mateo	4	600	8/9/00 — 8/21/00
Ferndale	0	0	8/10/00 — 8/20/00
Sacramento	2	800	8/23/00 — 9/4/00
Pomona	20	3,050	9/14/00 — 10/1/00
Fresno	5	1,200	10/4/00 — 10/15/00
Stockton	0	0	6/13/01 — 6/24/01

* The Los Alamitos meet ran through 12/16/01 and the Cal Expo meet ran through 7/28/01, but this chart only contains data through 6/30/01.

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 for 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, 2000 through June 30, 2001

	Detail	Total
Revenue To Fair & Expo		
Pari-mutuel License Fees, Fund 0191:		
0.63% — total handle	\$13,853,305	
1.00% — fair handle	1,740,333	
Escheat of unclaimed warrant	97	
Section 19620-A	265,000	
Section 19620-B	10,886,000	
Total 0191 Fund		\$26,744,735
Simulcast Wagering Fees, Fund 0192:		
Simulcast Wagering	\$11,233,645	
Other regulatory, licenses, and permits — purses	1,430,927	
Total 0192 Fund		12,664,572
Revenue To General Fund		
Horse racing licenses	\$2,874,215	
Breakage	27,803	
Fines & Penalties	77,055	
Unclaimed Pari-mutuel Tickets	352,129	
Unclaimed Pari-mutuel Tickets (Racetrack Security Fund)	1,644,970	
Occupational Licenses	1,037,848	
Miscellaneous Income	12,842	
Escheat of unclaimed checks, warrants	75	
Total General Fund		6,026,937
Wildlife Restoration		
Horse racing licenses		750,000
Racetrack Security		263,000
CA Veterinary Diagnostic Laboratory		2,416,841
Total Revenue		\$48,866,085

Other Public Revenues

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

During the FY 2000-2001 racing year, there were 2,863 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 FY 2000-2001 racing year, the total amount paid for claiming of horses was \$45,413,575, resulting in sales tax revenues of \$3,660,269.

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 2000-2001 racing year, \$8,014,479 was distributed to local governments under this provision.

Track Commissions

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 2000-2001 totaled \$170,815,970.

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 Report.

Purses

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 2000-2001 totaled \$167,276,363. In addition, \$15,655,292 was paid out as California-Bred incentives.

In order for the individual racing associations to establish their daily purse structure for their race meetings, the associations 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, 2000 to June 30, 2001

Track Location	Horses Claimed	Amount Paid	Sales Tax
Thoroughbred Meetings — Northern			
Golden Gate	329	\$4,451,000	\$359,112
Bay Meadows	347	4,512,250	365,843
Thoroughbred Meetings-Central-Southern			
Del Mar	290	8,195,500	636,168
Oak Tree	84	2,443,000	195,440
Hollywood Park	310	8,322,000	672,854
Santa Anita	378	10,754,000	860,320
Sub-total Thoroughbreds	1,738	\$38,677,750	\$3,089,737
Harness Meetings-Statewide			
Cal Expo	229	1,398,500	106,304
Sub-total Harness	229	\$1,398,500	\$106,304
Quarter-Horse Meetings-Statewide			
Los Alamitos	633	\$2,973,025	\$276,807
Sub-total QH	633	\$2,973,025	\$276,807
Fair and Mixed Meetings-Statewide			
Pleasanton	34	\$394,700	\$32,562
Vallejo	39	380,900	27,615
Santa Rosa	35	249,350	18,701
San Mateo	39	325,950	26,891
Ferndale	0	0	0
Sacramento	15	149,950	11,821
Pomona	63	660,650	54,504
Fresno	11	47,100	3,650
Stockton	27	155,700	11,678
Sub-total Fairs	263	\$2,364,300	\$187,421
Grand Total	2,863	\$45,413,575	\$3,660,269

Authorized Horse Sales

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 2000-2001, there were 1,673 horses sold for a total of \$49,484,700. These sales generated a total of \$2,578,695 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 2000-2000:

Barretts Equine Ltd. Thoroughbred Sales at Fairplex Park

- 505 Estate Sale July 22
- October Yearling Sale October 9, 10
- October Mixed Sale October 30, 31
- January Mixed Sale January 22, 23
- March Two-Year-Olds March 13
- Spring Two-Year Olds May 15

A total of 1,410 horses was sold for \$43,566,900, which generated \$2,360,633 in sales tax.

California Thoroughbred Breeders Association Sales

- Del Mar Select and Yearling Sale August 14, 15

A total of 112 horses was sold for a total of \$4,076,000, which generated \$162,634 in sales tax.

Quarter-Horse Sales At Los Alamitos

- PCQHRA Yearling and Mixed Stock Sale October 1

A total of 151 horses was sold for \$1,841,800, which generated \$55,428 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 based on the first, second, and third-place money of any purse won in any race run in California is paid to the breeder of the winning or placing California-bred horse. This amounted to about a 15% premium of the purse amount to breeders in 1999. A further incentive to own a California-bred horse is provided by owners premiums. Owners premiums are distributed to persons owning California-bred horses that are in allowance races with a purse over \$15,000 and claiming races having a total purse value of certain qualifying amounts. These premiums for allowance races in 2000 were at the 25% level, and funded both by the incentive program and the purse accounts.

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 Breeders 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 .54% on track and .54% off track of all pari-mutuel pools is deducted as takeout and transferred to CTBA for distribu-

tion. A further amount equal to .07% of the handle is specified for owners' premiums and transferred to the CTBA for distribution.

During FY 2000-2001, \$14,312,464 was generated from the wagering handle. The CTBA is authorized to deduct 5% for administrative overhead and expenses, including education, promotion, and research.

Standardbred Breeders 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 FY 2000-2001, the program generated \$540,164.

Quarter-Horse Breeders Program

Pacific Coast Quarter Horse Racing Association, as the recognized breeders organization, paid out \$950,000 to fund its program in FY 2000-2001. The source of these funds was .48% of the on-track and .48% of the off-track handle on quarter-horse racing at the fair race meetings, .4% 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

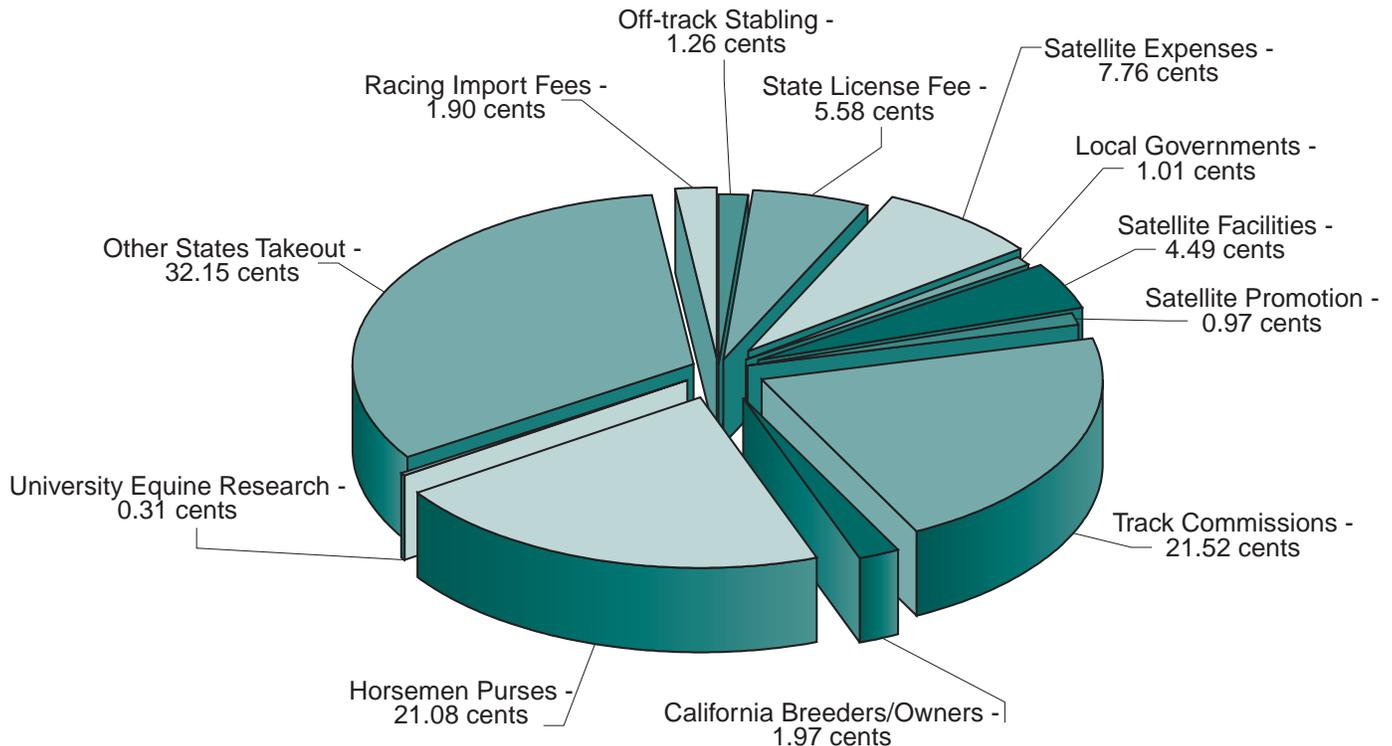
Cal-Western Appaloosa Racing, Inc., as the recognized breeders organization, received \$42,984 for the breeders program in FY 2000-2001.

Arabian Breeders Program

The California Arabian horse breeders awards received \$80,622 for the program during FY 2000-2001.

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 \$4,059,618,275 was wagered by fans of California racing during the 2000-2001 fiscal year, and of that money 80.45% (\$3,266,085,609) 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 21% of wagers placed (\$855 million). Off-track betting within the state provides more than 39% of the handle (\$1.59 billion). The balance comes from out-of-state wagers (\$1.62 billion).

Patrons failed to cash \$7.1 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 race-track 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 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 \$4.1 billion wagered, \$794 million, or 20%, was withheld as the "takeout" for such purposes as horsemen's purses, racetrack operations, and government taxation, as follows on the next page:

HORSEMEN'S PURSES

A total of \$167.3 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 \$170.8 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. During the last fiscal year, the state received \$44.2 million from pari-mutuel wagering. Of this money, \$6 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 (\$14,312,464), standardbreds (\$540,164), quarter horses (\$950,000), Appaloosas (\$42,984), and Arabians (\$80,622).

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 \$8 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 \$15.1 million to out-of-state hosts.

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 \$255.1 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.

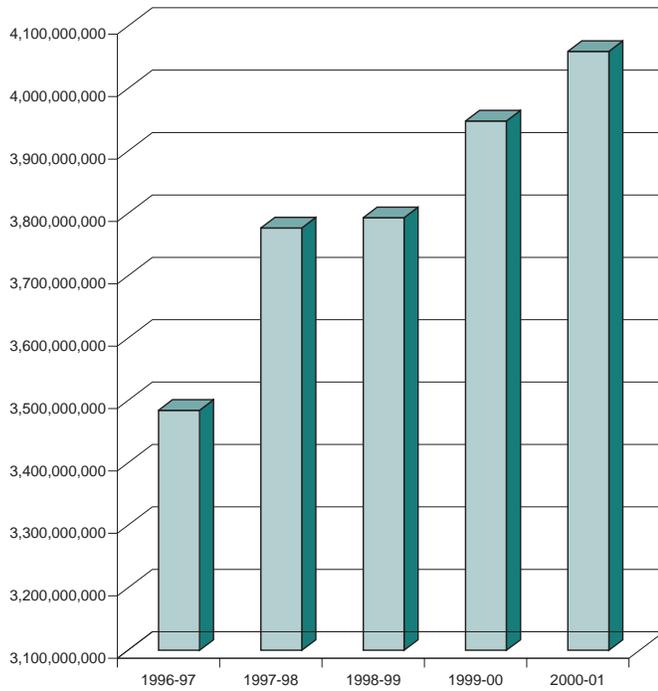
SIMULCAST FEES

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.

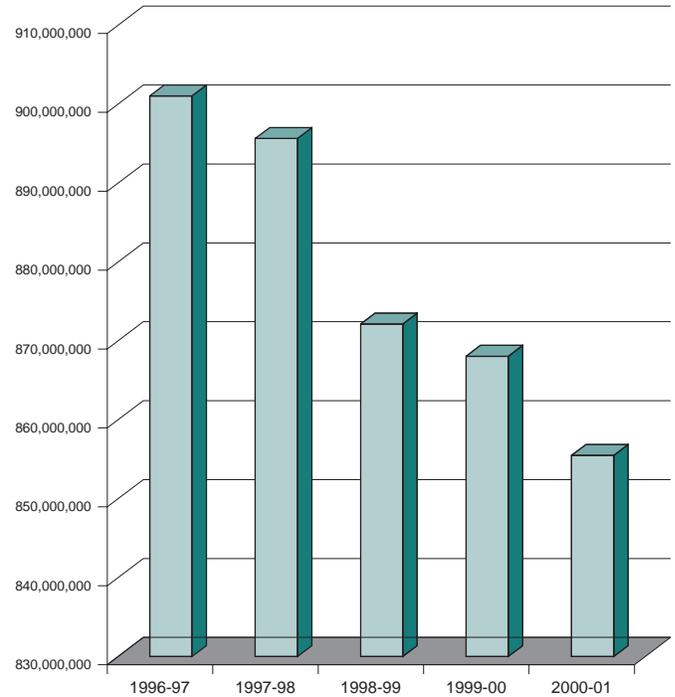
These funds received a total of \$114.9 million last year:

Stable and Vanning Fund:	\$10 million
Promotion Fund:	\$7.7 million
Expense Fund:	\$61.6 million
Guest Fund:	\$35.6 million

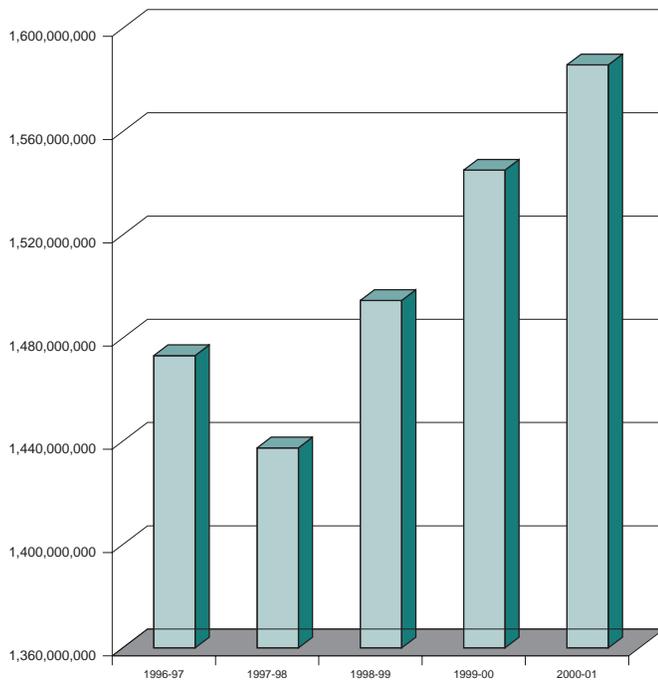
Total Handle



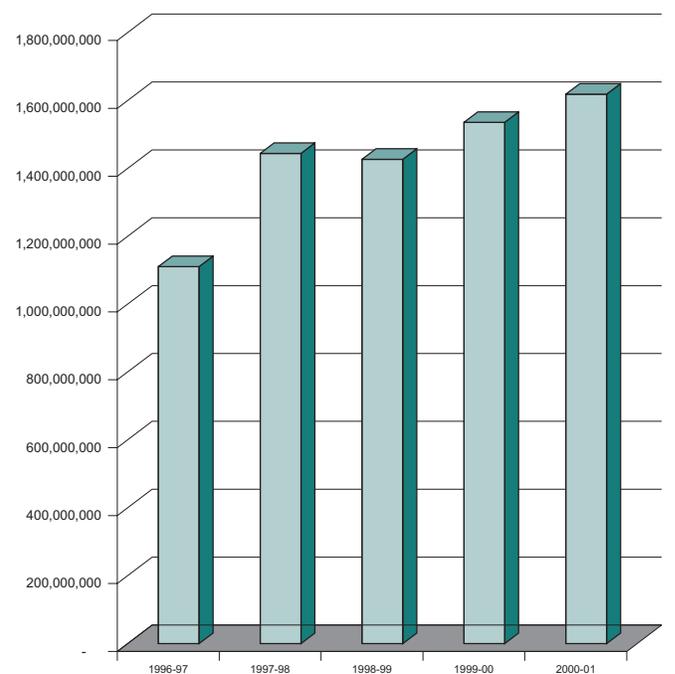
Total Handle On Track



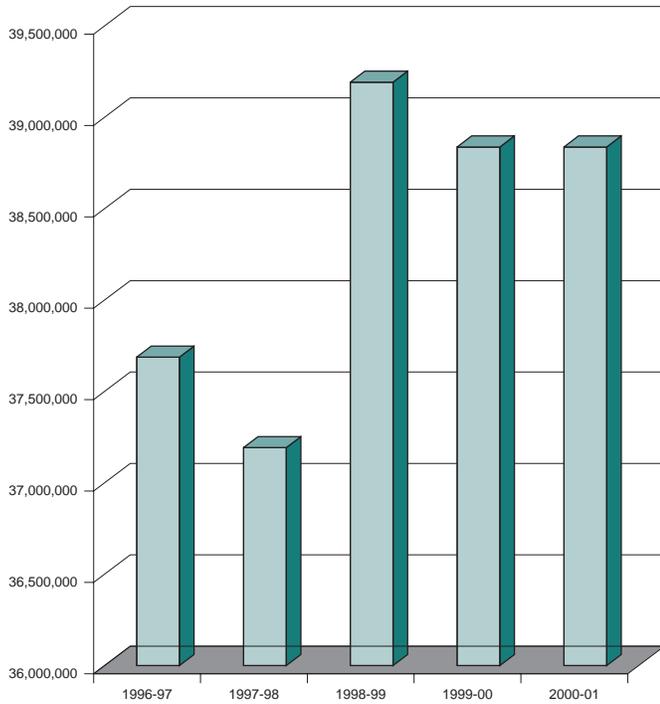
Total Handle Off Track



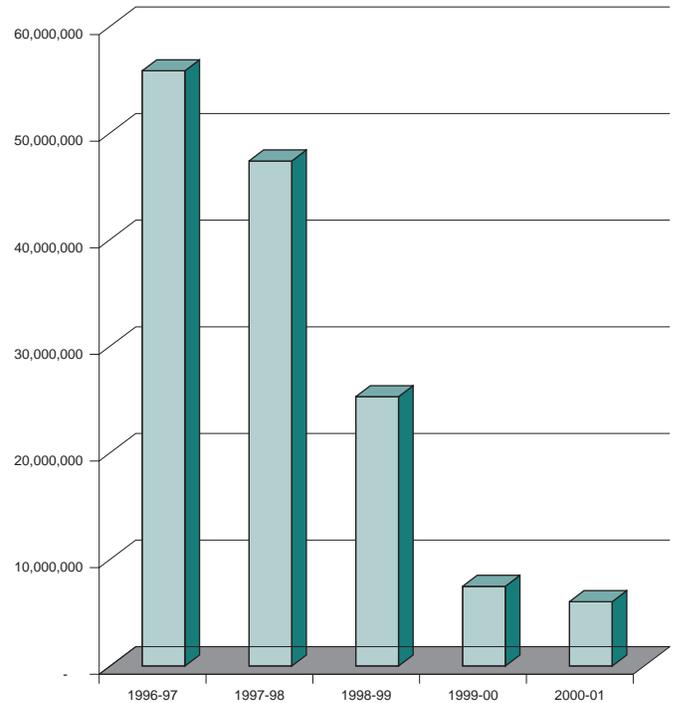
Total Handle Out of State



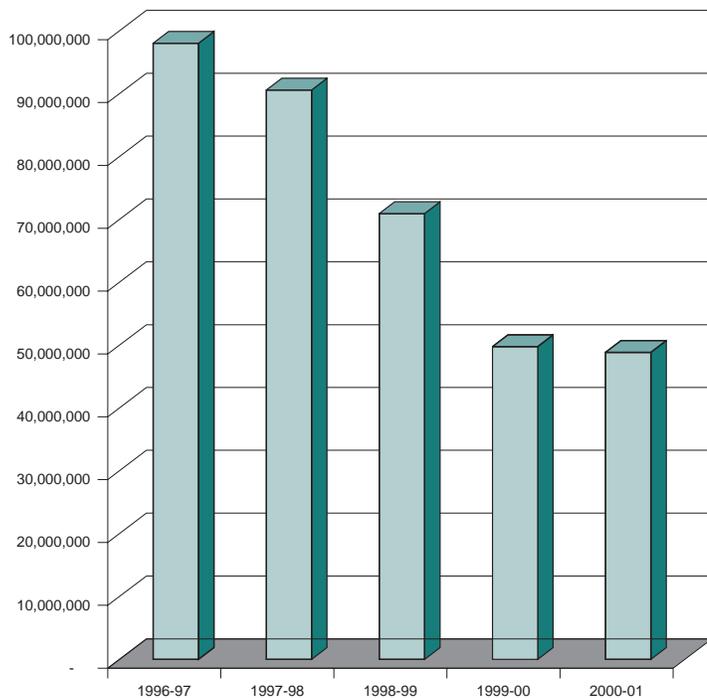
Fairs & Expositions



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 California Horsemen's Organizations

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.

Audited Expenses of California Horsemen's Organizations

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, 2000*

REVENUES COLLECTED	2000	1999
Membership dues	\$ 14,590	\$ 14,615
Mutuel fees- HQHRA	315,997	207,994
Mutuel fees- Fairs	19,089	24,559
Mutuel fees- Thoroughbreds	33,447	24,717
Race administration fees	150,570	137,052
Berth transfers	5,118	1,965
Cal-Bred Registry fees	20,403	21,151
Advertising income	9,665	10,216
Interest income	44,371	32,315
	613,250	474,584
EXPENSES PAID		
Advertising	15,683	15,717
Annual awards	12,425	21,617
AQHA sponsorship	2,100	6,726
Computer costs	2,753	630
Contract services	83,803	81,953
Depreciation	11,420	13,707
Dues & subscriptions	3,885	3,455
Fair representative expense	9,628	9,579
Insurance	17,610	17,253
Legal & accounting	8,981	5,904
Miscellaneous	203	2,630
Newsletter & directory	13,134	14,929
Office expense	20,438	22,800
PAC contribution	25,000	25,000
Postage	14,576	16,399
Purse Supplement	134,761	4,468
Race Awards	17,522	16,405
Salaries	142,516	131,426
Stationery & printing	8,038	8,356
Taxes-payroll and property	11,232	10,365
Telephone & utilities	7,946	7,085
Travel & meetings	18,707	21,816
	582,361	458,220
Increase To Fund Balance Before Horse Sale	30,889	16,364
Horse Sale, excess of expenses over income	32,406	18,227
Increase To Fund Balance	63,295	34,591
Beginning Fund Balance	677,622	643,031
Ending Fund Balance	\$740,917	\$677,622

California Thoroughbred Trainers

Statements of Activities for the years ended December 31, 1999 and 2000

	2000	1999
Revenues		
Track revenues	\$759,845	\$773,265
Recreation hall income	508,162	523,332
Interest income	55,417	38,292
Other	1,762	
Total revenues	1,325,186	1,335,583
Expenses		
Program services:		
Recreation hall and programs	400,239	578,658
Membership services	96,804	45,472
Contributions	54,010	23,393
Total program services	551,053	647,523
Supporting services:		
Administrative salaries and related expenses	491,859	268,146
Professional and outside services	82,683	207,745
General office expenses	188,563	41,233
Insurance	33,954	44,912
Travel (mileage reimbursement)	4,516	405
Meetings and conventions	9,192	12,344
Rent and utilities	433	1,440
Repairs and maintenance	15,143	2,850
Depreciation	19,042	16,451
Total supporting services	845,385	595,526
Total expenses	1,396,438	1,243,049
Change in net assets	(71,252)	92,534
Net assets at beginning of year	1,167,228	1,074,694
Net assets at end of year	\$1,095,976	\$1,167,228

Arabian Racing Association of California

*Statement of Activities and Changes in net assets
for the year ended December 31, 2000*

	Administration (unrestricted)	Temporarily Restricted	Total
Revenue and Support:			
Owners' and breeders' awards		\$ 69,474	\$ 69,474
Track administration fees	86,387		86,387
Membership	3,870		3,870
Other	9,075		9,075
Net assets released from restriction: Satisfaction of program restrictions:	69,301	(69,301)	
Total	168,633	173	168,806
Expenses:			
Owners', breeders', and stallions' awards	56,274		56,274
Breed representative	45,830		45,830
Race sponsorship	6,056		6,056
Legal and accounting	8,441		8,441
Convention, awards, and trophies	4,716		4,716
Other	22,660		22,660
Total	143,977		143,977
Increase in net assets	24,656	173	24,829
Net Assets:			
Beginning of year: As previously reported	100,450	24,353	124,803
Reclassification	18,273	(18,273)	
As reclassified	118,723	6,080	124,803
End of year	\$ 143,379	\$ 6,253	\$ 149,632

Cal Western Appaloosa Racing, Inc.

Statement of Revenue and Expenses for the year ended May 31, 2001

Revenue		
Racing Income	\$63,472	
Magazine Subscriptions and Racing Dues	2,998	
Interest Income	2,847	
Miscellaneous Income	2,318	
Total Revenue		71,635
Expenses		
Salaries	18,637	
Racing Consultant	2,687	
Track Representative	11,935	
Insurance	222	
Race Add-ons	687	
Trophies and Awards	7,666	
Supplies	2,066	
Postage	1,331	
Accounting	2,807	
Rent	3,600	
Utilities, Telephone	4,057	
Taxes and Licenses	2,375	
Depreciation	599	
Maintenance and Repair	3,082	
Convention	1,061	
Board Meetings	40	
Miscellaneous	3,157	
Total Expenses		66,009
Net Income		\$5,626

Thoroughbred Owners of California

Statements of Activity for the years ended June 30, 2001 and 2000

	2000	2001
Unrestricted Revenues and Gains:		
Proceeds from racetracks	\$1,522,000	\$1,524,000
Contributed office space	45,000	45,000
Interest	64,000	84,000
Other	34,000	3,000
Total unrestricted revenues and gains	1,665,000	1,656,000
Unrestricted Expenses:		
Salaries and employee benefits	732,000	784,000
Consulting	179,000	186,000
Donations	188,000	205,000
Professional fees	23,000	21,000
General and administrative	48,000	75,000
Rent and utilities	52,000	51,000
Office supplies	7,000	6,000
Meals and entertainment	13,000	8,000
Travel	44,000	46,000
Newsletter	88,000	87,000
Telephone	20,000	15,000
Insurance	25,000	36,000
Depreciation	25,000	8,000
Seminars	85,000	59,000
Awards	4,000	10,000
Election	19,000	14,000
Total unrestricted expenses	1,552,000	1,625,000
Increase in unrestricted net assets	113,000	31,000
Unrestricted net assets, beginning of year		
	1,464,000	1,577,000
Unrestricted net assets, end of year	\$1,577,000	\$1,608,000

American Mule Racing Association

*Statement of Revenues, Expenses and Other Changes in Net Assets—Cash Basis
for the year ended December 31, 2000*

	2000	1999
Revenue and other support:		
California Authority of Racing Fairs	\$67,710	\$52,474
Futurities	8,700	9,610
Other income	4,630	2,763
Membership	1,590	1,580
Cal Bred fees	59	–
Donations	–	25
Total revenue and other support	82,705	66,452
Expenses:		
Program expenses		
Owner promotion	20,500	17,300
Futurities	8,075	8,455
Racing statistics	5,650	11,400
Award fees	4,241	2,321
Race meet assistance	4,000	–
Total program expenses	42,466	39,476
Supporting expenses		
General and administrative	4,754	16,778
Total supporting expenses	4,754	16,778
Total expenses	47,220	56,254
Change in net assets	35,485	10,198
Unrestricted net assets, beginning of year	51,903	41,705
Unrestricted net assets, end of year	\$87,388	\$51,903