

Thirty-Fourth Annual Report of the California Horse Racing Board

A Summary of
Fiscal Year 2003 – 2004
Racing in California

California Horse Racing Board

John C. Harris, Chairman
William A. Bianco, Member
Sheryl L. Granzella, Member
Marie G. Moretti, Member
Jerry Moss, Member
Richard B. Shapiro, Member
John C. Sperry, Member
Alan W. Landsburg, Former Member
Roger H. Licht, Former Member
Roy C. Wood, Jr., Executive Director*
(Retired December 30, 2004)
Roy Minami, Assistant Executive Director

The CHRB general office is located at 1010 Hurley Way, Suite 300, Sacramento, CA 95825.

Regional and field offices are located in the Los Alamitos-Stanton area and at all operating racetracks.

*A copy of this report may be obtained from the general office. Recent annual reports also can be viewed at our
World Wide Website 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, I am pleased to submit our 34th Annual Report, which summarizes the activities of the CHRB during the 2003-2004 fiscal year, including statistical data and an overview of the Board's operations. This report also offers highlights of horse racing for all breeds in California for the entire 2004 calendar year.

Wagering (handle), attendance, and revenue are the best indicators of the condition of the horse-racing industry in California. A static situation exists for a sport dependent on growth for survival and hope. Attendance at the state's 14 racetracks and 20 simulcast wagering facilities continued to decline (down 1.23 percent in 2003-2004 from the previous fiscal year). Increased wagering at more than 100 out-of-state locations on California horse races helped boost overall handle by 2.25 percent. Advance Deposit Wagering (ADW) has been a bright spot for growth, up more than 40 percent. There is some concern this growth in account wagering may be cannibalizing live racing, but no firm conclusions can be drawn. It is encouraging that the three ADW providers – TVG, HRTV, and Yobet – have made racing available to many new potential participants, and the television and Internet audiences continue to grow. Increases of more than 3 percent in racetrack commissions and horsemen's purses did occur in 2004 despite drops in on-track attendance. Del Mar was a particularly bright spot – up about 7 percent in purses and commissions.

The CHRB and the industry have been making progress in the area of security at racetracks and ensuring the integrity of races and pari-mutuel wagering. In addition to making rule changes related to medications and testing procedures, the CHRB created an Ad Hoc Security Committee comprised of Board and industry representatives, which helped develop security enhancements that are in place today. Racetracks are voluntarily committing to security upgrades, such as hiring additional security personnel and redirecting resources to areas considered critical by the CHRB, and horsemen are cooperating with the additional monitoring efforts. The CHRB is in the process of making these voluntary efforts mandatory in order to maintain a level playing field and assure the public that California horse races are fairly run. Improved security will remain a high priority in the coming year.

As usual, California Cup Day was a highlight on the racing calendar. Cal Cup XV, sponsored by the California Thoroughbred Breeders Association and the Oak Tree Racing Association at Santa Anita Park, featured 90 California-bred horses competing for \$1,325,000, providing another boost for the California breeding industry. Other big days featured the Los Alamitos Million Futurity, Pacific Classic at Del Mar, Hollywood Gold Cup, and Sunshine Millions, Santa Anita Handicap, and Santa Anita Derby in Arcadia.

With the retirement of Roy Wood as CHRB Executive Director effective December 30, 2004, I wish to thank him for his 11 years of leadership and his commitment to California horse racing and the citizens of the state. I also wish to acknowledge the many contributions of former CHRB Commissioners Alan Landsburg and Roger Licht, whose terms expired in 2004. They both served terms as Board Chairman, and their leadership, dedication, and overall knowledge of the industry brought much to the Board.

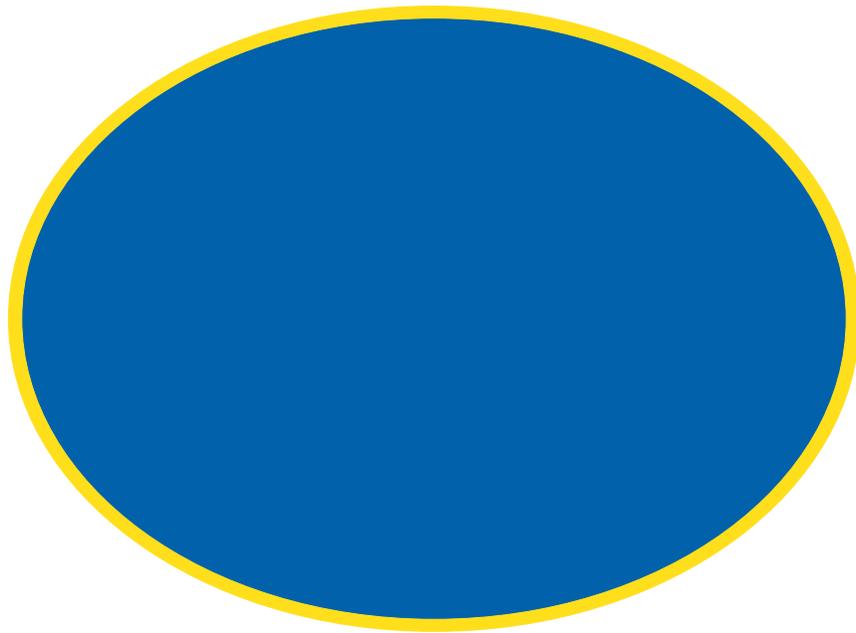
The Board welcomed Jerry Moss and Richard Shapiro, who were Governor Arnold Schwarzenegger's initial appointments to the Board in 2004. They already have proven to be effective and engaged commissioners who will help guide the industry in the years ahead. And the Board was pleased to hire Ingrid Fermin as the new executive director starting in early 2005. Ingrid brings great experience and knowledge, having been a racetrack steward since 1981, and the Board looks forward to working with her.

With increased competition from other forms of gaming and other types of entertainment, it is becoming increasingly important for the horse-racing industry to help itself by providing better service to its patrons and making the racing experience more enjoyable. The CHRB will do its part to foster the growth of racing business through cooperation with the industry and effective regulation.

Respectfully submitted,



John C. Harris, 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

Roy Wood	2
Charity Days	3
Advance Deposit Wagering	4
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
Enforcement Summary	23
Stewards' Rulings 2004	24
Appointed Racing Officials	29
Racing Supervision	30
Track Safety Program	31
CHRIMS	32
Laboratory Services	34
Equine Postmortem Program	35
Racing Fatalities	36
Racing Injuries	37
Horse Racing in California	38
Schedule of Horse-Racing Meets in 2004	39
Racetracks and Meets	40
Simulcast Facilities	54
Horse-Racing Revenues	57
Uncashed Tickets	58
Redistributable Money in Pari-mutuel Pools	58
Occupational Licenses and Fees	59
Fines Imposed	60
Distribution by Fund	61
Other Public Revenues	62
Racetrack Commissions	62
Horsemen's Purses	62
Statistics for Horses Claimed	63
Authorized Horse Sales	63
Horse Breeding Programs	64
Revenue Stream (charts)	65
California Horsemen's Organizations and Welfare Funds	68
Audited Expenses of California Horsemen's Organizations	68
Pacific Coast Quarter Horse Racing Association, Inc.	69
California Thoroughbred Trainers	70
Arabian Racing Association of California	71
Cal Western Appaloosa Racing, Inc	72
Thoroughbred Owners of California	73
American Mule Racing Association	74
California Harness Horsemen's Association	75

Roy Wood Retires After 11 Years

Roy Wood, who became executive director of the CHRB in January 1994, elected to retire at the end of 2004. What follows are some of his departing thoughts as he and his wife, Gennie, prepared to return to her native State of Louisiana:

“I arrived in California with a lot of anticipation and a great deal of respect for what I have always considered the best racing jurisdiction in the world. I had a very responsible job to try to help, protect, and improve racing. I am very appreciative and always will be grateful that I had an opportunity to be a part of California racing. I was fortunate to find an excellent staff of people already in place at the CHRB to help and support me. A person could not do this job without the backing and involvement of the racing commissioners. Again, I was fortunate to have their respect and support.

“When I arrived, I didn’t know what the major problems might be. I didn’t know what the major concerns were. I knew there was increased competition from Indian gaming, from the growth of other major sports, and from other forms of entertainment, but I didn’t know how that all impacted the horse-racing industry. I guess I was hoping that everything would be fairly stable – that it would be a smooth-running machine. Yes, I anticipated problems, but I hoped that all I needed to do was raise the hood and tinker with the engine a bit to make everything run right. But it wasn’t that way at all. I found many conflicts. (Horsemen’s groups) were in the middle of a fight. There were concerns about drug testing. There was conflict over race dates. This machine needed more than a quick tune-up.

“We made progress. We dealt with track safety issues, medication concerns, and pari-mutuel wagering issues. I believe we were the first jurisdiction to establish administrative levels for therapeutic medications. We are a progressive organization. Sometimes this shows up in small ways – like when we initiated the program to allow fans to watch the same replays that the stewards are watching during an inquiry. And how we insisted that the colors of saddle cloths be consistent at each track. And developing the regulation to permit alternate selections. By themselves, each of these innovations is a small



Roy Wood, seated to the right of Chairman John Harris, during a monthly meeting of the Board.

thing, but when you group these and everything else together, the list is impressive.

“Advance Deposit Wagering, now there was an accomplishment. We created and adopted the account wagering regulations in less than five months! It goes to show you what can be done when the industry and the CHRB work together.

“I’m seeing the same kind of cooperation right now in the area of racetrack security and medication. For too long, this has been a frustrating issue for regulators, the public, and the industry. But now it has reached the point where the racing associations and horsemen are truly helping the regulators solve the problems. The racetracks are putting up more of their assets. The horsemen are on board. There is an unprecedented degree of cooperation with the CHRB. Some really good things are going to come from that cooperation.

“My biggest wish is that people involved in California horse racing would be more aware of how lucky they are and not dwell so much on the negatives. I think it is time for everyone to promote horse racing and be a more positive influence. I still think this is the best place in the world to race horses. No matter which people come and go through it, this industry will always survive.”

Charity Days

California horse-racing associations have distributed many millions of dollars to worthwhile charities over the last 67 years. Their donations in the last fiscal year totaled \$300,000. Significant additional distributions were made too late to be reported here but will be included in the next annual report.

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 50 percent 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: Santa Anita Foundation, Hollywood Park Racing Charities, Inc., Del Mar Thoroughbred Club, Oak Tree Charitable Foundation, Golden Gate Fields Foundation, Los Alamitos Quarter Horse Racing Association, and Bay Meadows Foundation.

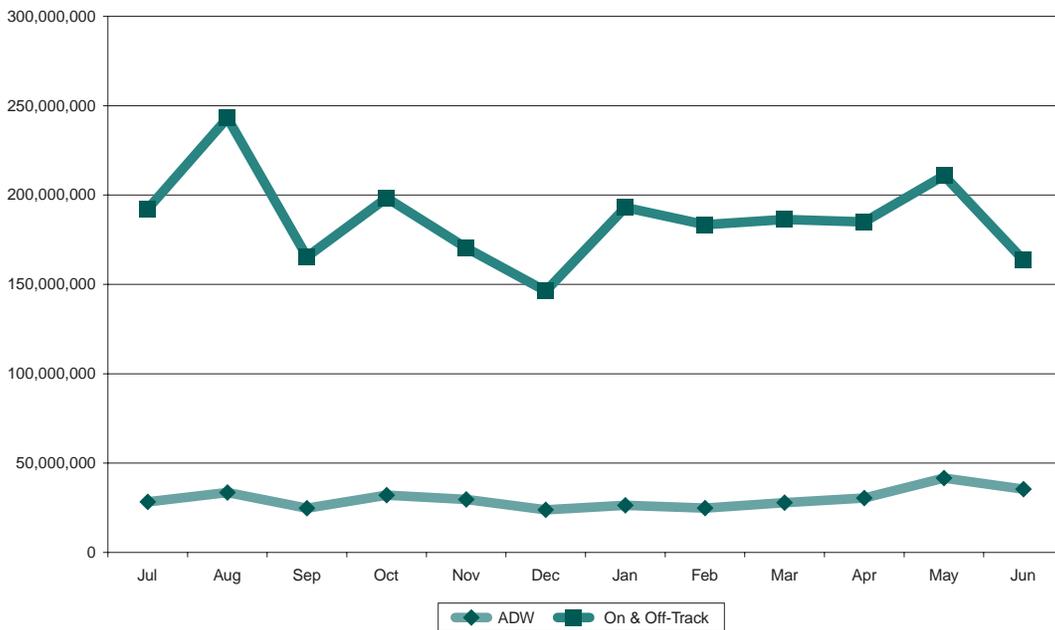


Grace Belcuore, founder of the California Equine Retirement Facility, is shown with one of the horses that her organization assists. CERF is one of the many charitable organizations that receive distributions each year from the Del Mar Thoroughbred Club's Charity Days proceeds.

All Advance Deposit Wagering Monthly Activity—Fiscal 2003–2004



On & Off Track Handle vs. ADW Monthly Handle



ADVANCE DEPOSIT WAGERING

The California horse-racing industry entered a new era in 2002 with the advent of Advance Deposit Wagering (ADW), which allows customers to deposit funds into accounts in order to wager online and over the telephone. These wagers are funneled into pools at host tracks where the races are being run, and are within the pari-mutuel wagering system regulated by the California Horse Racing Board.

The CHRB has approved three companies to provide this service: TVG, XpressBet, and Yobet.com. During the last fiscal year, the three ADW providers collectively handled \$360,316,199 in wagers made by account holders in California and those in other jurisdictions who placed wagers on races in California.

As the top-left chart shows, ADW handle is not constant. ADW is subject to the same variables that affect overall handle, including economic conditions, the quality and amount of racing during any particular period, and special events, such as the Kentucky Derby. Understandably, ADW handle during the fiscal year peaked in May when bettors wagered heavily on the Derby.

Despite the three providers handling more than \$360 million between them during the fiscal year, the bottom-left chart shows that ADW still represents just a fraction of the total money wagered through the California pari-mutuel wagering system. During that same 12 months, the total money wagered through the entire system reached \$4,317,394,613. ADW handle represented just 8.3 percent of the \$4.3 billion in total wagers.

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 10 times throughout the state during the 2003-2004 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 24, 2003
Del Mar Simulcast Facility,
Del Mar

August 21, 2003
Del Mar Simulcast Facility,
Del Mar

September 18, 2003
Los Angeles County Fair/Fairplex,
Pomona

October 23, 2003
Holiday Inn,
Monrovia

December 4, 2003
Los Alamitos Race Course,
Los Alamitos

January 22, 2004
Arcadia City Hall,
Arcadia

February 19, 2004
Arcadia City Hall,
Arcadia

March 25, 2004
Golden Gate Fields Racetrack,
Albany

April 22, 2004
Hollywood Park Racetrack,
Inglewood

June 3, 2004
State Capitol,
Sacramento

Members of the California Horse Racing Board

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

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

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

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

Committees Of The Board

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

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

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



**John C. Harris,
Chairman**
Chairman and CEO of Harris Farms, Inc., in Coalinga. Appointed to the CHRB by Governor Gray Davis on November 9, 2000, through July 26, 2003. Reappointed by Governor Davis through July 26, 2007. Chairman since January 1, 2004.

Members of the California Horse Racing Board



**William A. Bianco,
Member**

Founded Kinetics Group in 1971. Appointed to the CHRB by Governor Gray Davis on March 1, 2001, through January 1, 2003. Reappointed by Governor Davis through January 1, 2007



**Sheryl L. Granzella,
Member**

Business Development Manager with Republic Services Inc. Appointed to the CHRB by Governor Gray Davis on October 22, 1999, through January 1, 2002. Reappointed by Governor Davis through January 1, 2006



**Marie G. Moretti,
Member**

Executive Director of the California Service Corps, appointed by Governor Arnold Schwarzenegger. Appointed to the CHRB by Gov. Gray Davis on October 22, 1999, through January 1, 2002. Reappointed by Gov. Davis through January 1, 2006.



**Jerry Moss,
Member**

Co-founder of A&M Records and Rondor Music. Appointed to the CHRB by Governor Arnold Schwarzenegger on February 24, 2004, through January 1, 2008.



**Richard B. Shapiro,
Member**

Founder of Winco Asset Management. Appointed to the CHRB by Governor Arnold Schwarzenegger on October 14, 2004, through July 26, 2008.



**John C. Sperry,
Member**

Retired, former President of the United Food and Commercial Workers Union, Local 324. Appointed to the CHRB by Governor Gray Davis on February 2, 2002, through July 26, 2005.



**Alan W. Landsburg,
Former Member**
Founder of the Landsburg Company in Los Angeles. Appointed to the CHRB by Governor Gray Davis on November 22, 2000, through January 1, 2004.



**Roger H. Licht,
Former Member**
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.

Assignments for the standing committees of the Board during FY 2003-2004 were as follows:

BENEVOLENT PROGRAMS COMMITTEE

Commissioner Marie Moretti,
Chairwoman
Commissioner John Sperry

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.

HORSEMEN'S REPRESENTATION AND ORGANIZATION BYLAWS COMMITTEE

Commissioner John Sperry,
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 Marie Moretti,
Chairwoman
Commissioner John Sperry
Commissioner Sheryl Granzella

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

Establishes the Board's veterinary practices and procedures; selects quali-

fied 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 Jerry Moss
Commissioner Sheryl Granzella

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 Sheryl Granzella,
Chairwoman
Commissioner Marie Moretti

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 Roger Licht,
Chairman
Commissioner William Bianco
Commissioner John Harris

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 John Sperry,
Chairman
Commissioner Jerry Moss

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 John Harris

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

Sheryl Granzella,
Member at Large
Roy Wood
Member

Model Rules Subcommittee

Roy Wood

Stewards/Judges Accreditation Committee

Roy Wood

Drug Testing Standards/Practices

John Harris
Roy Wood
Dr. Ronald Jensen

Scientific Review Committee

Dr. Ronald Jensen, advisor

Veterinary Pharmacology Com.

Dr. Ronald Jensen

Multi-Jurisdictional Licensing Program

Roy Wood

Veterinary Advisory Committee

Dr. Ronald Jensen

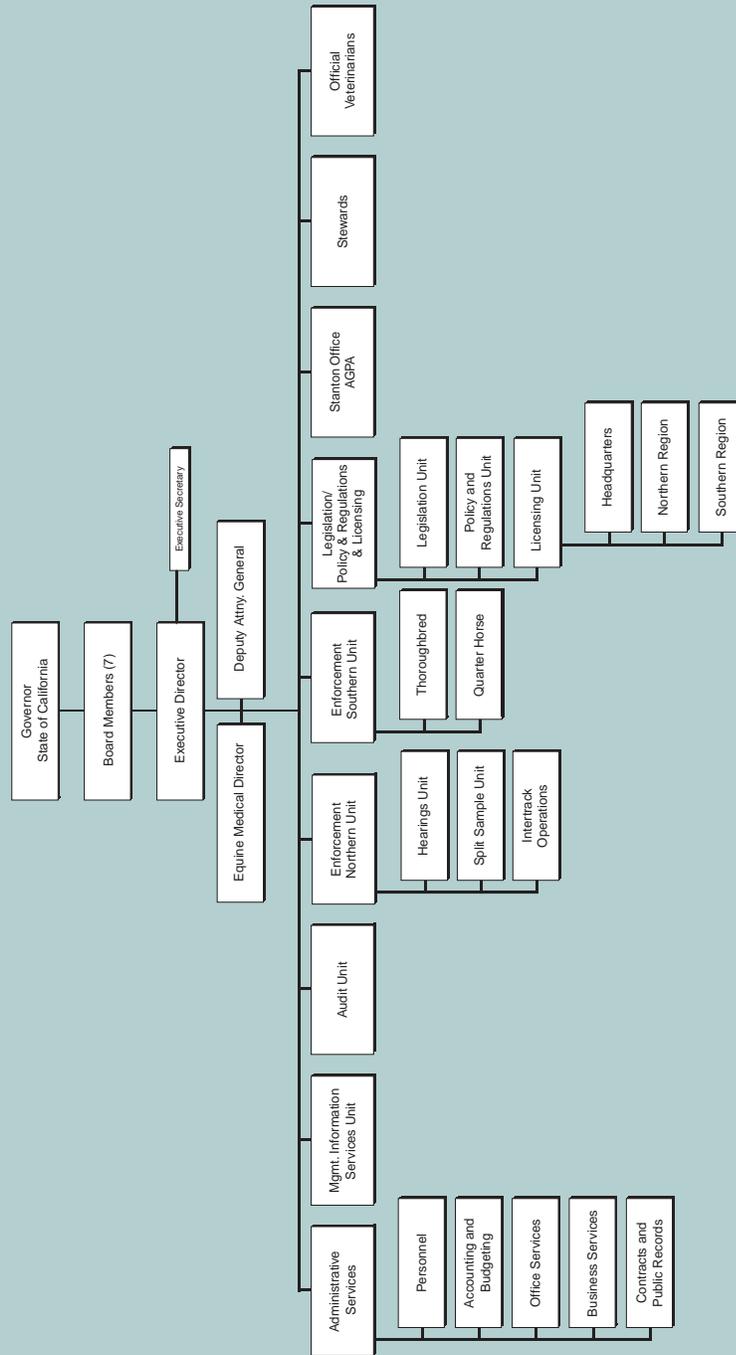
California Horse Racing Board – Operating Budget

July 1, 2003 – June 30, 2004

Appropriations	Item	Total
Personal Services	\$3,469,000	
Operating Expenses	4,957,993	
Total Appropriation		\$8,426,993
Expenditures — Personal Services		
Salaries and Wages	\$2,848,070	
Staff Benefits	871,937	
Total Personal Services		\$3,720,007
Operating Expenses and Equipment		
General Expense	177,282	
Printing	18,749	
Communications	43,623	
Postage	28,015	
Travel-in-State	180,897	
Travel-out-of-State	608	
Training	1,299	
Facilities Operation	186,434	
Contractual & Professional Services-Interdepartmental	494,139	
Contractual & Professional Services-External	3,042,595	
Consolidated data center: Stephen P. Teale Data Center	168,731	
Central Administration Services: Pro Rata	191,784	
Equipment	75,000	
Total Operating Expenses and Equipment		\$4,609,158
Total Expenditures		* \$8,329,164
Unexpended Balance FY 2003 -2004 to be reverted to General Fund 6/30/06		\$ 97,829
Total Expenditures & Unexpended Balance		\$8,426,993

* 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 CHRBR 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 CHRBR 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 130 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 continued to attend meetings related to classification, recruitment, training, health and safety, and wellness to keep the California Horse Racing Board current with any changes that may impact the department and its employees.

MISSION

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

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.

MISSION

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

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.

MISSION

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

ACHIEVEMENTS

The MANAGEMENT INFORMATION SYSTEMS DIVISION (MIS) oversees all aspects of the CHRB's statewide computer network. In FY 2003-2004, MIS improved the Board's computer capabilities and functionality by further deploying state-of-the-art technological enhancements that allow the Board to maintain constant communications with all of the track locations, while simultaneously providing those locations with access to mission critical information through direct connection to CHRB Headquarters in Sacramento.

MIS continued its aggressive effort to employ newer, more cost-effective technological solutions throughout the CHRB in order to enhance productivity and efficiency while significantly reducing communications overhead costs. MIS upgraded its internal network infrastructure, which resulted in significant improvements to CHRB staff functionality and capabilities. This upgrade allowed for every fair location to access CHRB's mission critical applications in the same manner as the permanent track location, thus improving the CHRB's ability to

oversee all racing meets. MIS will continue expanding the CHRB licensing system toward the goal of providing all racetrack offices and paymasters with immediate on-line access to the specific CHRB license information that is critical to conducting their day-to-day business.

MIS continues to make major enhancements and refinements to the CHRB Website. The Website increased the availability of meeting notices, agendas, and transcripts. An Administrative Rulings section allows the racing community to access critical and pertinent information in a timely manner. These pages allow interested parties to view stewards rulings, precedential decisions, and administrative cases. Additionally, audio/video pages make it easier than ever for interested parties to learn about the horse-racing industry and its operations.

MIS has deployed a new state-of-the-art photo identification system that will enhance the current licensing process, while reducing the amount of time required to physically generate a photo ID/license. This system will interface with existing CHRB databases, while capturing new and important information on each licensee. One important aspect of the new Photo ID system is the new identification cards utilize an encryption technique, which makes licenses virtually impossible to counterfeit and embeds all key elements into the card. This new system will serve as the cornerstone of a new information technology environment that will improve all aspects of the Board's ability to monitor and serve the racing community while dramatically reducing the cost of providing information and service.

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 industry requests, revised several of the Board's rules governing horse racing in California. The Unit continued the administration of the Board's ongoing track safety program, the farrier and trainer licensing programs, and the review of the applications for license to conduct horse racing meetings.

Rule 1846.5, Postmortem Examination, was revised to make the taking of test samples optional and to add two informational items to the Necropsy Submission form, which is incorporated by reference in the rule.

The Board initiated the rulemaking process to amend the following medication rules to bring them in line with recommendations made by the Racing Medication and Testing Consortium [RMTC], a national organization composed of industry representatives charged with developing uniform national medication rules, policies and testing procedures:

Rule 1843.5, Medication, Drugs and Other Substances Permitted After Entry in a Race. The proposal prohibits veterinarians from having contact with an entered horse on race day except for the administration of furosemide or other bleeder medications.

Rule 1844, Authorized Medication. The proposal changes the amount a test sample can contain of flunixin from 0.5 micrograms to 20 nanograms and ketoprofen from 50 nanograms to 10 nanograms.

Rule 1845, Bleeder List. The proposal changes the authorized bleeder medication procedures in accordance with RMTC recommendations.

The Board is working with the Jockeys' Guild and industry representatives on a proposal that would increase the minimum jockey weight in an effort to lessen the adverse health effects many jockeys suffer as a result of their constant efforts to lose weight.

MISSION

To Monitor Legislation and Update the Horse Racing Law

Enacted Legislation:

AB 509 – Assemblyman Jerome Horton; Chapter 235

AB 701 – Horton; Chapter 40

AB 2164 – Assemblyman George Plescia; Chapter 80

AB 2276 – Assemblyman Mervyn Dymally; Chapter 99

AB 2538 – Assemblyman Tony Strickland; Chapter 278

SB 1183 – Senator Bob Margett; Chapter 232

SB 1227 – Senator Neil Soto; Chapter 918

SB 1288 – Senator Betty Karnette; Chapter 122

ACHIEVEMENTS

The LEGISLATIVE UNIT, in addition to updating the Horse Racing Law and representing the Board in legislative hearings, tracked and analyzed all legislative bills with a potential impact on the horse-racing industry. During the second half of the 2003-04 legislative session, nine additional horse racing-related bills were introduced, for a total of 31 during the entire session. In addition to the five bills that were enacted by the Legislature and signed into law by the Governor during 2003, an additional eight bills were enacted during 2004.

The following horse-racing bills were chaptered in 2004:

Limits imported simulcast audiovisual signals of out-of-state thoroughbred races to 23 per day, and adds separate provisions to permit a thoroughbred racing association or fair to distribute the audiovisual signal and accept wagers on the results of out-of-country thoroughbred races without a daily limit.

Provides workers' compensation relief in the thoroughbred industry by increasing the takeout on exotic wagers for all types of wagers (on track, off track, etc.) on thoroughbred races at thoroughbred racing associations and fairs by one-half of one percent (0.5 percent). The additional funds will be distributed by an organization formed pursuant to this bill to mitigate workers' compensation costs, and be audited by the CHRB. The bill is effective until January 1, 2009.

Extends a sunset date for a statewide marketing organization to market and promote thoroughbred and fair horse racing to January 1, 2006. This also extends a subsidy for workers' compensation insurance that is currently paid from funds allocated to this marketing program.

Requires employers of backstretch workers to provide access to employment records to the administrator of the welfare program for backstretch personnel and horsemen in writing or electronically.

Changes the definition of a California standardbred horse for the purposes of determining eligibility for the California Standardbred Sire Stakes Program, and contains related provisions.

Allows a California harness racing association conducting a live racing meeting to accept wagers on the full card of races conducted by another racing association on the day that other association conducts the Breeder's Crown Stakes, the Meadows Pace, the Hambletonian, or the North American Cup.

Prohibits the Board from allocating racing dates to a private thoroughbred association in the central or southern zones if a fair racing association is conducting racing in the central zone on the same dates, and if that fair is obligated to make payment on a capital expense loan incurred for the purpose of improving its facilities for horse racing. The bill contains related provisions.

Requires that an additional one-tenth of one percent (0.1 percent) of the amount handled at satellite wagering facilities on harness racing wagers be distributed to the California Standardbred Sires Stakes Program out of the share of the deduction dedicated to purses for harness horsemen.

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 totalizers, 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 18 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 newsletter, CHRB News & Review, which emphasized the activities, contributions, and accomplishments of the CHRB, California Legislature, and racing industry as a whole.

In an effort to enhance the image of horse racing, the PIO distributed and arranged for the public viewing of several motion-picture-quality videos, which were developed by the Board and industry 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 activities and accomplishments of the Board, state government, and horse-racing industry. What follows are summaries of important articles from FY 2003-2004:

Any organization thinking of setting up a large healthcare plan should take a good look at the California Thoroughbred Horsemen's Foundation program, which serves backstretch workers throughout the state. CTHF provides health, dental, and vision care and other vital services to thousands of stable workers and their families. Remarkably, last year CTHF handled more than 10,000 patient visits on a budget of just \$2.3 million, operating from its two clinics at Bay Meadows and Santa Anita Park and referring some patients to outside providers. There is no other racing organization in the United States that offers as many services to eligible backstretch workers and their dependents as CTHF, a non-profit foundation regulated by the California Horse Racing Board and administered by a volunteer Board of Directors and salaried chief executive officer.

Law enforcement authorities at local, county, state, and federal levels have been meeting for months to develop a security plan for the Breeders' Cup. Chief Dave Hinig of the Arcadia Police Department, in charge of this massive undertaking, told the others during one planning session, "At the end of the day I want us to look at each other and say our work was boring." Other key people in the overall security plan include Capt. Bob Sanderson, the go-to guy at the Arcadia Police Department, and Dick Honaker, the security chief at Santa Anita Park. California Horse Racing Board investigators will focus primarily on security in the stable area, led by the CHRB's Southern California chief, Robert Nieto, and supervising investigator Michael Kilpack.

When he arrived for the late shift at Hollywood Park shortly after 8:30 a.m., investigator Richard Guerrero found his desk just the way he had left it the night before – loaded with case files, scribbled notes to himself, and other unfinished business. "Chris and Ed are in the barn area," Supervising Investigator Mike Kilpack told Guerrero as he entered the trailer that serves as the CHRB office. "Hamilton is out and about with Alex Trujillo of the Winners Foundation." While going over his plans for the day with his supervisor, Guerrero wrote down a list of things to do: Check tattoos; telephone conference; put together A. finan-



cial; contact meth center; speak with Dr. Bell; order rap sheet on B; enter S. ruling; contact witnesses at Pomona; put B. case together; contact R. re: S. financial. As he settled into his task chair and started flipping through files, Guerrero explained, "We plan the day as best we can, then take things as they come."

CHRB Chairman John Harris testified at a joint informational hearing conducted by the California Senate Governmental Organization Committee and Senate Select Committee on Horseracing on June 8. An abbreviated text of his remarks follows. "Racing is having the best of times and the worst of times. Saturday at Belmont Park as Smarty Jones tried to become the first horse to win the Triple Crown since Affirmed in 1978, the largest crowd to ever turn out for a sporting event in New York (over 120,000 fans) showed up. Total commingled handle for the Belmont races that day was over \$110 million, easily a record for a New York track. Smarty Jones was covered by about every media outlet in the country and was the first horse on the cover of *Sports Illustrated* in years. For one shining moment, racing was on the front page rather than hidden in the back somewhere like an unwelcome relative."

Licensing

All persons participating in horse racing at California racetracks and facilities under the jurisdiction of the CHRB are required to be licensed. This includes horse owners, pari-mutuel employees, and racing officials among the 24 license classifications listed in the chart on page 59 of this annual report.

The CHRB maintains licensing offices at all 14 racetracks during their meets and at the headquarters office in Sacramento. This division includes a licensing supervisor and a statewide licensing supervisor, who oversee the licensing specialists who issue the occupational licenses.

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 13,489 licenses of all classes, an increase of 303 from the previous year. The majority of these were renewal licenses for individuals who had been previously licensed, including 4,211 owners, 1,092 pari-mutuel clerks, and 3,252 grooms.

MISSION

To Ensure Proper
Licensing and Enhance
Customer Service to the
Public
and Licensees

ACHIEVEMENTS

Despite a decrease in staffing, the workload was maintained and handled in an efficient manner, due largely to the flexibility and dedication of the staff. All members of the staff are trained to provide good and efficient service. Greeting new applicants and making them feel comfortable is a top priority.

Among its many responsibilities, the unit processes all fingerprints and reciprocity fingerprint affidavits. Before the start of each meet, the staff verifies that all trainers have the required workers' compensation insurance, and courtesy calls are made to notify trainers of expiring insurance policies. During the meet, the racing program is checked daily to insure proper licensing. Licensing Technicians understand and explain to applicants the various requirements relating to multiple ownership of horses, racing syndications, stable names, partnerships, and other forms of ownership. As part of the verification process, Licensing Technicians utilize computer data bases and the telephone to check ownership.

Licensing Summary

Applicant and License Processing — Fiscal Year 2003–2004	
Verification of license qualifications:	
Approval for license	13,489
Formal refusal of license	48
Verification of criminal offender records:	
Fingerprints taken and processed	2,161

Enforcement

The ENFORCEMENT DIVISION is comprised of investigators, two chief investigators, and three 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 applicants 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 2,161 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 1,343 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 48 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 1,082 investigations resulted in administrative action against the licensees and the issuance by the stewards of 1,343 rulings. Of those, 269 concerned riding or driving infractions during races, 269 involved the eligibility of horses entered in races, and 185 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.

MISSION

To Process Appeals in a Fair and Timely Manner

ACHIEVEMENTS

The ADMINISTRATIVE HEARINGS UNIT received 47 appeals, coordinated 13 administrative hearings, and processed 41 requests for temporary stays and 53 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

CHRB investigators conducted random compliance inspections of SIMULCAST WAGERING FACILITIES in California. These inspections focused on the overall facility operation in addition to compliance with California Horse Racing Board Rules and Regulations. Satellite uplink and downlink equipment was also examined during the course of these inspections.

Including the six major racetracks and nine racing fairs, there are currently 34 simulcast wagering facilities located throughout the state. Four of the 34 are located on Indian reservations. The day-to-day operation of a facility is overseen by a simulcast supervisor, who works in concert with a pari-mutuel manager to ensure that all aspects of the facility operation run smoothly.

During FY 2003-2004, investigators continued to conduct a variety of investigations at simulcast wagering facilities. Each location submitted a work list of current onsite personnel.

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.

Enforcement Summary

Enforcement Actions — Fiscal Year 2003–2004	
Investigations:	
Fitness for continued licensing	49
Unlicensed participation	40
Conduct of financial affairs	185
Use of a prohibited drug on entered horse	28
Improper medication practice	260
Possession of contraband	14
General misconduct	116
Intoxication/alcohol or controlled substance	107
Other	199
Total Investigations	998
Total Complaints filed:	762
Steward's Rulings	
Racing infractions during a race	269
Misconduct concerning entry or procedure	120
Fitness for continued license	48
Conduct of financial affairs	114
Use of a prohibited drug on entered horse	145
Improper medication practice	6
Possession of contraband	10
Unlicensed participation/security control	44
Intoxication/alcohol or controlled substance	115
Failure to appear	19
Other	453
Total Official Rulings of the Board of Stewards	1,343

Stewards Issued 44 Rulings Relating to Class 1, 2, & 3 Medication Violations

The stewards at racetracks in California issued the following rulings during the first 10 months of 2004 relating to 23 cases involving the most serious medication violations for Class 1, 2, and 3 drug substances. Cases under appeal are so noted. By rule, all fines must be paid to the paymaster within seven calendar days of the ruling or the person's license is suspended. And when suspended, licensees typically are denied access to all premises within the jurisdiction of the California Horse Racing Board (CHRB).

These rulings have been formatted (edited) for this publication. As verified by paymasters, purses were redistributed in all cases where the penalized horse finished well enough to earn a share of the purse.

Capitol Racing Assn (Cal Expo Harness)

CRA #81 February 7, 2004

Trainer Nicole Tremblay, who started Pleasure Seeker K in the first race at Capitol Racing on November 22, 2003, is hereby fined the sum of \$1,500 and suspended 15 days pursuant to CHRB Rule 1887 (Trainer to Insure Condition of Horse) for violation of CHRB Rule 1843 (Medications, Drugs, and Other Substances – Nordiazepam [Class 2]).

For good cause, the 15-day suspension of Nicole Tremblay shall be set aside and only enforced if a similar violation occurs during the term of license (10/06).

CRA #17 (UNDER APPEAL) March 24, 2004

Trainer Steve Wiseman, who started Azerbaijan in the first race on December 28, 2002, at Capitol Racing, Cal Expo, is hereby suspended for a period of 365 days commencing April 1, 2004, through and including March 31, 2005, for violation of CHRB Rule 1887 pursuant to CHRB Rule 1843 (Methamphetamine [Class 1]).

CRA #18 (UNDER APPEAL) March 24, 2004

Trainer Steve Wiseman is hereby suspended for a period of 30 days commencing April 1, 2005, through and including April 30, 2005, for violation of CHRB Rule 1890 (Possession of Contraband – Needles, Syringes, and Injectable Medication).

CRA #19 (UNDER APPEAL) March 24, 2004

Trainer Steve Wiseman, who started Paradise Beach N in the 10th race on July 18, 2003, at Capitol Racing, Cal Expo, is hereby fined the sum of \$1,500 pursuant to CHRB Rule 1887 for violation of CHRB Rule 1843 (3-0-Methyl Colterol [Class 3]).

CRA #20 (UNDER APPEAL) March 24, 2004

Trainer Steve Wiseman, who started Chip's Method in the 6th race on October 16, 2003, at Capitol Racing, Cal Expo, is hereby fined the sum of \$1,500 pursuant to CHRB Rule

1887 for violation of CHRB Rule 1843 (Hydroxypropranol [Class 3]).

CRA #21 March 24, 2004

Acting on a report from Truesdail Laboratories Inc., an official laboratory for the CHRB, that urine sample #M82448, taken from the horse Azerbaijan, the first-place finisher in the 1st race on December 28, 2002, at Cal Expo, tested positive for the prohibited drug Methamphetamine (Class 1), it is ordered that Azerbaijan be disqualified from all purse monies earned in said race, in accordance with CHRB Rule 1859.5 (Disqualification Upon Positive Test Finding). It is further ordered that the owners of Azerbaijan return all purse monies to the paymaster of purses for redistribution in accordance with CHRB Rule 1760 (Purse Award or Prize to Be Held).

Revised order: 1st Abdullis; 2nd Soky's Dragon N; 3rd Atomic Cruiser N; 4th Fox Valley Scamp; 5th Delta Ozzie

CRA #22 March 24, 2004

Acting on a report from the Equine Analytical Laboratory at the University of California, Davis, an official laboratory for the CHRB, that urine sample #N85856, taken from the horse Paradise Beach N, the second-place finisher in the 10th race on July 18, 2003, at Cal Expo, tested positive for the prohibited drug 3-0-Methyl Colterol (Class 3), it is ordered that Paradise Beach N be disqualified from all purse monies earned in said race, in accordance with CHRB Rule 1859.5. It is further ordered that the owners of Paradise Beach N return all purse monies to the paymaster of purses at Cal Expo for redistribution in accordance with CHRB Rule 1760.

Revised order: 1st Perfect Waverly; 2nd Cold Affair; 3rd Veryunic; 4th Harry O; 5th Key By

CRA #26 March 24, 2004

Trainer Donald Ratchford, who started A Hearty Har Har in the 10th race on January 8, 2003, at Capitol Racing, Cal Expo, is hereby suspended for a period of 30 days commencing April 1, 2004, through and including April 30, 2004, for

violation of CHRB Rule 1887 pursuant to CHRB Rule 1843 (Nefopam [Class 3]).

CRA #27 March 24, 2004

Acting on a report from the Equine Analytical Laboratory at the University of California, Davis, an official laboratory for the CHRB, that urine sample #N85034, taken from the horse A Hearty Har Har, the first-place finisher in the 10th race on January 8, 2003, at Cal Expo, tested positive for the prohibited drug Nefopam (Class 3), it is ordered that A Hearty Har Har be disqualified from all purse monies earned in said race, in accordance with CHRB Rule 1859.5. It is further ordered that the owners of A Hearty Har Har return all purse monies to the paymaster of purses for redistribution in accordance with CHRB Rule 1760.

Revised order: 1st Protocol; 2nd Corrupt Counsel; 3rd AC Double Take; 4th Musical Whirly; 5th Jazzimoto

CRA #132 July 24, 2004

Licensee Lisa Pilcher, who raced the horse Paradise Beach N in the 10th race on July 18, 2003, at Capitol Racing, Cal Expo, is hereby suspended for 30 days – Friday, July 23, 2004, through July 31, 2004, and September 24, 2004, through October 14, 2004, pursuant to CHRB Rule 1887 for violation of CHRB Rule 1843 (3-0-Methyl Colterol, a metabolite of Bitolterol [Class 3]).

Sonoma County Fair

SCF #9 July 21, 2004

Trainer Donald J. Mills, who started Mighty Forum in the 5th race on July 26, 2003, at the Sonoma County Fair, is hereby fined the sum of \$2,500 pursuant to CHRB Rule 1843 (Albuterol [Class 3]) in violation of CHRB Rule 1887.

SCF #10 July 21, 2004

Acting on a report from Truesdail Laboratories Inc., and a hearing having been held, the following order is hereby made: The horse Mighty Forum, who finished second in the 5th race on July 26, 2003, at the Sonoma County Fair, is hereby disqualified and deemed unplaced pursuant to CHRB Rule #1859.5 (Albuterol) in excess of the authorized decision level. The records of the racing secretary and paymaster are ordered changed to reflect this ruling. Further, owners Robert Bone, Jim Robinson, and Jayson Mullins are ordered to return the purse of \$1,800 to the paymaster by August 6, 2004.

Revised order: 1st Casino Express; 2nd Sweet on Me; 3rd Boca Rose; 4th Giants Party; 5th Incredible Year; 6th Orions Light; 7th Myra Jane

Bay Meadows Operating Company

BM #23 May 8, 2004

Pursuant to a stipulated agreement with the CHRB, trainer Rhoda J. March, who started the mule Jesse Perez, winner of the 3rd race at the Sonoma County Fair on July 25, 2002, is

fined the sum of \$500 pursuant to CHRB Rule 1887 for violation of CHRB Rules 1482 (Employment of Unlicensed Person), 1843 (Scopolamine [Class 3], and Atropine [Class 3] in excess of the authorized decision level [67.7 ng/ml]), and 1895 (Trainer's Duty to Insure Licensed Participation).

BM #24 May 8, 2004

Acting upon a report from the Equine Analytical Laboratory at the University of California, Davis, an official laboratory for the CHRB, that urine sample #M4505, taken from the mule Jesse Perez, winner of the 3rd race at the Sonoma County Fair in Santa Rosa, California, on July 25, 2002, tested positive for the drug substance Atropine (Class 3) in excess of permitted level, and the prohibited substance Scopolamine (Class 3), it is ordered that Jesse Perez be disqualified from all purse monies earned in the race in accordance with CHRB Rule 1859.5. It is further ordered that all purse monies (\$2,835) earned by Daniel J. Beatty, the owner of Jesse Perez, be returned to the paymaster for redistribution pursuant to CHRB Rule 1760.

Revised order: 1st Black Velvet; 2nd Doc Schliemer; 3rd Tsunami; 4th Hardwood; 5th Bella Ranch; 6th I'm Easy Jet Too; 7th Jeff McGee; 8th Sanger Red

BM #30 May 12, 2004

Acting upon a report from the Equine Analytical Laboratory at the University of California, Davis, an official laboratory for the CHRB, that urine sample #L65466, taken from the horse Spanish Prisoner, second-place finisher in the 1st race at Bay Meadows Race Course on August 31, 2001, tested positive for the drug substance Albuterol (Class 3) in excess of the authorized decision level, it is ordered that Spanish Prisoner be disqualified from all purse monies earned in the race in accordance with CHRB Rule 1859.5. It is further ordered that all purse monies (\$1,500) earned by Clayton Elrod, the owner of SPANISH PRISONER, be returned to the paymaster for redistribution pursuant to CHRB Rule 1760.

Revised order: 2nd Ignite a Spark; 3rd Brite Dancer; 4th Cari Jill's Magic

BM #36 May 19, 2004

In accordance with a proposed decision adopted by the CHRB on April 22, 2004, it is hereby ordered that trainer Donald Roberts, who started the horse Spanish Prisoner, second-place finisher in the 1st race at Bay Meadows Race Course on August 31, 2001, be suspended 30 days (May 22, 2004, to June 20, 2004) and fined the sum of \$2,000 pursuant to CHRB Rule 1887 for violation of CHRB Rule 1843 (Albuterol [Class 3] in excess of the authorized decision level [65.28 ng/ml]).

BM #42 May 29, 2004

Pursuant to a stipulated agreement with the CHRB, trainer William E. Morey, who started the horse Nickle Oakie, fifth-place finisher in the 4th race at Golden Gate Fields on

January 30, 2004, is fined \$2,500 pursuant to CHRB Rule 1887 for violation of CHRB Rule 1843 (Albuterol [Class 3] in excess of the authorized decision level).

BM #43 May 30, 2004

Acting upon a report from Truesdail Laboratories Inc., an official laboratory for the CHRB, that urine sample #P70236, taken from the horse Nickle Oakie, fifth-place finisher in the 4th race at Golden Gate Fields on January 30, 2004, tested positive for the drug substance Albuterol (Class 3) in excess of the authorized decision level, it is ordered that Nickle Oakie be disqualified from all purse monies earned in the race in accordance with CHRB Rule 1859.5. It is further ordered that all purse monies (\$400) earned by Valerie Rhoden, the owner of Nickle Oakie, be returned to the paymaster for redistribution pursuant to CHRB Rule 1760.

Revised order: 5th Wide Out; 6th Quite Careless

BM #48 June 11, 2004

In accordance with a stipulated agreement with the CHRB, trainer Sergio P. Ledezma, who started the horse Hezajewel, eighth-place finisher in the 5th race at Golden Gate Fields on February 11, 2004, is fined the sum of \$2,000 pursuant to CHRB Rule 1887 for violation of CHRB Rule 1843 (Clenbuterol [Class 3] in excess of the authorized decision level).

BM #52 June 16, 2004

In accordance with a stipulated agreement with the CHRB, owner/trainer Armando Lage, who started the horse Grandpa Chan, winner of the 7th race at Golden Gate Fields on January 28, 2004, is fined the sum of \$2,000 pursuant to CHRB Rule 1887 for violation of CHRB Rule 1843 (Clenbuterol [Class 3] in excess of the authorized decision level).

BM #53 June 16, 2004

Acting upon a report from Truesdail Laboratories Inc., an official laboratory for the CHRB, that urine sample #P70225, taken from the horse Grandpa Chan, winner of the 7th race at Golden Gate Fields on January 28, 2004, tested positive for the drug substance Clenbuterol (Class 3) in excess of the authorized decision level, it is ordered that Grandpa Chan be disqualified from all purse monies earned in the race in accordance with CHRB Rule 1859.5. It is further ordered that all purse monies (\$11,000) earned by Armando Lage, the owner of Grandpa Chan, be returned to the paymaster for redistribution pursuant to CHRB Rule 1760.

Revised order: 1st New York P.D; 2nd King of Rulers; 3rd Harvest Festival; 4th Mr. Elusive; 5th Classic Kid; 6th Pronto One; 7th Big Feeler

Del Mar Thoroughbred Club

DMTC #84 August 21, 2004

The stewards, acting upon the direction of the CHRB, having been notified of a stipulated settlement and pursuant to

CHRB Rule 1887, hereby fine trainer Leonard M. Duncan, who started the horse Artabegood in the 1st race on June 10, 2004, at Churchill Downs California Operating Company (Hollywood Park), the sum of \$2,000 for violation of CHRB Rule 1843 (Clenbuterol [Class 3] in excess of the authorized decision level).

DMTC #85 August 22, 2004

Acting upon a report from Truesdail Laboratories Inc., an official testing laboratory for the CHRB, that urine sample #P30401, taken from the horse Artabegood, the first-place finisher in the 1st race at Hollywood Park on June 10, 2004, tested positive for the prohibited drug Clenbuterol (Class 3) in excess of the authorized decision level, it is ordered that Artabegood be disqualified from all purse monies earned in said race, in accordance with CHRB Rule 1859.5. It is further ordered that the owners of Artabegood return all purse monies to the paymaster for redistribution in accordance with CHRB Rule 1760.

Revised order: 1st La Tequilera; 2nd Ms Forty Second St; 3rd Noonday Idol; 4th Downtown Fresno; 5th Permission

Los Angeles Turf Club (Santa Anita)

LATC #89 March 27, 2004

Having entered into a stipulated agreement with the CHRB, and pursuant to CHRB Rule 1887, trainer Michael Ray "Mike" Mitchell is fined \$5,000 for violation of CHRB Rule 1843 (2-(1-Hydroxyethyl) Promazine [Class 2] in excess of the authorized decision level).

LATC #90 March 27, 2004

Acting upon a report from Truesdail Laboratories Inc., an official testing laboratory for the CHRB, that urine sample #N40433, obtained from the horse Sweet Stepper, the fourth-place finisher in the 3rd race at Del Mar on September 7, 2003, contained the prohibited medication 2-(1-Hydroxyethyl) Promazine (Class 2) in excess of the authorized decision level, it is ordered that Sweet Stepper be disqualified from all purse monies earned in said race in accordance with CHRB Rule 1859. It is further ordered that owners of Sweet Stepper return purse monies in the amount of \$3,700 to the paymaster for redistribution in accordance with CHRB Rule 1760.

Revised order: 4th Yougottawanna; 5th Ulterior Motives

LATC #95 April 2, 2004

Acting upon a report from Truesdail Laboratories Inc., an official testing laboratory for the CHRB, that urine sample #N55016, taken from the horse Nicole's Apollo, the first-place finisher in the 9th race at the Los Angeles County Fair on September 14, 2003, contained the Class 3 substance Clenbuterol in excess of the authorized decision level, it is ordered that Nicole's Apollo be disqualified from all purse monies earned in said race in accordance with CHRB Rule 1859.5. It is further ordered that the owner of Nicole's

Apollo (Tony Dee) return all purse monies to the paymaster for redistribution in accordance with CHRB Rule 1760.

Revised order: 1st Spectacular Chance; 2nd Mansilver; 3rd Waki American; 4th Sunny's Buddy; 5th Kalookan Star

LATC #102 April 8, 2004

Having entered into a stipulated agreement with the CHRB, and pursuant to CHRB Rule 1887, trainer Tony Dee is fined \$1,500 for violation of CHRB Rule 1843 (Clenbuterol in excess of the authorized decision level).

**Churchill Downs California Operating Co.
(Hollywood Park spring-summer meet)**

CDHP #126 June 30, 2004

The stewards, acting upon the direction of the CHRB, having been notified of a stipulated settlement and pursuant to CHRB Rule 1887, hereby fine trainer Caesar F. Dominguez, who started the horse Brother Indy in the 3rd race on April 5, 2002, at Bay Meadows Race Track, the sum of \$2,500 for violation of CHRB Rule 1843 (Hydroxyzine and Cetirizine [Class 3]).

CDHP #127 June 30, 2004

Acting upon a report from the Equine Analytical Laboratory at the University of California, Davis, an official laboratory for the CHRB, that urine sample #M65005, taken from the horse Brother Indy, the first-place finisher in the 3rd race at Bay Meadows Race Course on April 5, 2002, tested positive for the prohibited drugs Hydroxyzine and Cetirizine (Class 3), it is ordered that Brother Indy be disqualified from all purse monies earned in said race, in accordance with CHRB Rule 1859.5. It is further ordered that the owners of Brother Indy return all purse monies to the paymaster for redistribution in accordance with CHRB Rule 1760.

Revised order: 1st Limited Play; 2nd Sor De; 3rd Al's Wizard; 4th Kenny C; 5th Banners Flying

CDHP #150 July 14, 2004

The stewards, acting upon the direction of the CHRB, having been notified of a stipulated settlement and pursuant to CHRB Rule 1887, hereby fine trainer Mark B. Glatt, who started the horse Que Facil Carozon in the 3rd race on February 14, 2003, at Los Angeles Turf Club (Santa Anita), the sum of \$10,000 for violation of CHRB Rule 1843 (Hydroxycarisoprodol and Meprobamate [Class 2]).

CDHP #151 July 14, 2004

Acting upon a report from the Equine Analytical Laboratory at the University of California, Davis, an official laboratory for the CHRB, that urine sample #N15242, taken from the horse Que Facil Carozon, the first-place finisher in the 3rd race at Los Angeles Turf Club (Santa Anita) on February 14, 2003, tested positive for the prohibited drugs Hydroxycarisoprodol and Meprobamate (Class 2), it is ordered that Que Facil Carozon be disqualified from all purse monies earned in said race, in accordance with CHRB Rule

1859.5. It is further ordered that the owners of Que Facil Carozon return all purse monies to the paymaster for redistribution in accordance with CHRB 1760.

Revised order: 1st Bye Bye Birdie; 2nd Stormy Spirit; 3rd I'mmuchthebest; 4th Papier Mache; 5th Hazen

Pacific Racing Association (Golden Gate)

GGF #90 February 27, 2004

Acting upon a report from Truesdail Laboratories Inc., an official laboratory for the CHRB, that urine sample #N9077, taken from the horse Sultry Eyes, winner of the 10th race at the California State Fair and Exposition in Sacramento, California, on August 28, 2003, tested positive for the drug substance Clenbuterol (Class 3) in excess of the authorized decision level, it is ordered that Sultry Eyes be disqualified from all purse monies earned in the race in accordance with CHRB Rule 1859.5. It is further ordered that purse monies earned by the owner of Sultry Eyes, Porfirio Carrasco, be returned to the paymaster for redistribution pursuant to CHRB Rule 1760.

Revised order: 1st Molly's Gem; 2nd Royally Yours; 3rd Ways to Win; 4th Cee's a Flirt; 5th I'm a Lucky Gal; 6th I'll Survive

GGF #91 February 29, 2004

Owner/trainer Efrain H. Miranda is hereby suspended 30 days, March 1 through March 30, 2004, and fined the sum of \$2,000 pursuant to CHRB Rule 1887 for violation of CHRB Rules 1840 (Veterinary Practices and Treatments Restricted), 1843 (Medication in excess of the authorized decision level, Clenbuterol [Class 3]), and 1890 (Possession of Contraband: Needles and Syringes). All horses owned or trained by Efrain H. Miranda are denied entry pending transfer approved by the Board of Stewards.

Los Alamitos Quarter Horse Racing Assn.

LAQHRA #13 January 24, 2004

Acting upon a report from Truesdail Laboratories Inc., an official laboratory for the CHRB, that urine sample #N8077, taken from the horse Signkite, who ran seventh in the 7th race at the Fresno District Fair on October 5, 2003, tested positive for Albuterol (Class 3) in excess of the authorized decision level, it is ordered that Signkite be disqualified from all purse monies earned in said race in accordance with CHRB Rule 1859.5. It is further ordered that the owner of Signkite, Ron Decanio, return purse monies to the paymaster for redistribution in accordance with CHRB Rule 1760.

LAQHRA #14 January 24, 2004

Trainer Jimmy Darrell Bumgardner is suspended 30 days (January 25, 2004, through February 23, 2004) and is fined \$1,500 for violation of CHRB Rules 1843 (Albuterol [Class 3]) and 1887.

LAQHRA #58 (UNDER APPEAL) April 13, 2004

Pursuant to CHRB Rule 1900 (Grounds for Suspension or Revocation), Blane Schvaneveldt is suspended for 45 days (April 19, 2004, through June 2, 2004) and fined the sum of \$2,500 for violation of CHRB Rules 1489 (Grounds for Denial or Refusal of License), 1887, 1890, and 1902 (Conduct Detrimental to Horse Racing).

LAQHRA #59 April 13, 2004

Acting upon a report from Truesdail Laboratories Inc., an official laboratory for the CHRB, that urine sample #N21946, obtained from the horse Offdashn, the winner of the 4th race at Los Alamitos Race Course on November 7, 2003, contained the prohibited medication Clenbuterol in excess of the authorized decision level [Class 3]), it is ordered that Offdashn be disqualified from all purse monies earned in said race in accordance with CHRB Rule 1859.5. It is further ordered that the owners of Offdashn return purse monies in the amount of \$4,125 to the paymaster for redistribution in accordance with CHRB Rule 1760.

Revised order: 1st Lolos Luck; 2nd Lace and Lies; 3rd Vels Do Good Chick; 4th Jettin N Dashin; 5th Chicks N Fine Genes

LAQHRA #157 September 19, 2004

Acting upon a report from Truesdail Laboratories Inc., an official laboratory for the CHRB, that urine sample #P25132, obtained from the horse Strawfly I Am, the winner of the 2nd race at Los Alamitos Race Course on February 15, 2004, contained the prohibited medication Albuterol (in excess of the authorized decision level [Class 3]), it is ordered that Strawfly I Am be disqualified from all purse monies earned in said race in accordance with CHRB Rule 1859.5. It is further ordered that the owners of Strawfly I Am return purse monies in the amount of \$4,730 to the paymaster for redistribution in accordance with CHRB Rule 1760.

Revised order: 1st IM Taken the Cash; 2nd Scoopemup Willie; 3rd BF Easy Does It; 4th Let the Goose Loose; 5th Jims Oklahoma Hero

LAQHRA #158 September 19, 2004

Trainer Felipe Quintero, who started Strawfly I Am in the 2nd race at Los Alamitos Race Course on February 15, 2004, is fined \$1,500 pursuant to CHRB Rules 1887 and 1843 (Albuterol [Class 3]).

LAQHRA #159 September 19, 2004

Acting upon a report from the Equine Analytical Laboratory at the University of California, Davis, an official laboratory for the CHRB, that urine sample #N25552, obtained from the horse Call Me Corona, the winner of the 7th race at Los Alamitos Race Course on June 28, 2003, contained the pro-

hibited medications Caffeine, Theophylline, and Paraxanthine (Class 2), it is ordered that Call Me Corona be disqualified from all purse monies earned in said race in accordance with CHRB Rule 1859.5. It is further ordered that the owners of Call Me Corona (Vinewood Farms) return purse monies in the amount of \$4,125 to the paymaster for redistribution in accordance with CHRB Rule 1760.

Revised order: 1st Hayabusa; 2nd Deal Buster; 3rd Elitism; 4th Hot Dash Vet; 5th Saprinos Play Boy

LAQHRA #160 September 19, 2004

Acting upon a report from the Equine Analytical Laboratory at the University of California, Davis, an official laboratory for the CHRB, that urine sample #N25584, obtained from the horse Red High Heels, the winner of the 6th race at Los Alamitos Race Course on July 11, 2003, contained the prohibited medications Caffeine, Theophylline, and Paraxanthine (Class 2), it is ordered that Red High Heels be disqualified from all purse monies earned in said race in accordance with CHRB Rule 1859.5. It is further ordered that the owners of Red High Heels (Vinewood Farms) return purse monies in the amount of \$4,125 to the paymaster for redistribution in accordance with CHRB Rule 1760.

Revised order: 1st A Cashin; 2nd Cash for Cucu; 3rd My Blueberry Chick; 4th Dasani Late; 5th Run on Anything

LAQHRA #161 September 19, 2004

Pursuant to CHRB Rule 1900, trainer R.C. "Mike" Howell is suspended for 30 days (September 19, 2004, through October 18, 2004) and fined \$1,000 for violation of CHRB Rules 1843 (Caffeine [Class 2], two cases), 1887, and 1902.

California Exposition and State Fair

CESF #7 (UNDER APPEAL) September 3, 2004

Trainer Terri Eaton, who started Dikiti de Soi in the 3rd race on August 20, 2000, at the San Mateo County Fair, is hereby fined \$1,500 pursuant to CHRB Rule 1843 (Albuterol [Class 3]) in violation of CHRB Rule #1887.

CESF #8 September 3, 2004

Acting on a report from the Equine Analytical Laboratory at the University of California, Davis, an official laboratory for the CHRB, and a hearing having been held, the following order is hereby made: The horse Dikiti de Soi, who finished first in the 3rd race on August 20, 2000, at the San Mateo County Fair, is hereby disqualified and deemed unplaced pursuant to CHRB Rule 1859.5 (Albuterol [Class 3]). Further, owner Dr. Jerry Zebrack is ordered to return the purse to the paymaster.

Revised order: 1st Magellan FRSB; 2nd Sayhi Chap; 3rd Argonne HF; 4th Merlot; 5th Dark Shaat; 6th SH Sunstreak

Appointed CHRB Officials — FY 2003–2004

STEWARDS

Grant Baker

Pamela Berg

Albert Christiansen

Michael Corley

James Dreyer

Ingrid Fermin

Martin Hamilton

John Herbuveaux

Robert Latzo

Darrel McHargue

William Meyers

Dennis Nevin

Peder Pedersen

David Samuel

George Slender

Peter Tommila

Merlin Volzke

Thomas Ward

John Williams

ASSOCIATE STEWARDS

Pamela Berg

Martin Hamilton

John Williams

OFFICIAL VETERINARIANS

Dr. B. William Bell, DVM

Dr. Donald Dooley, DVM

Dr. Robert Goodbary, DVM

Dr. Robert Guillen, DVM

Dr. Joan Hurley, DVM

Racing Supervision

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

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

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

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

the official veterinarians. The Legislature provides an annual appropriation to meet the costs of direct racing supervision. The allocation for FY 2003-2004 was \$1.87 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

ACHIEVEMENTS

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

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

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

MISSION

To Properly Identify All Horses Competing at Race Meetings

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.

Track Safety Program

The CHRB continued in 2004 its enforcement of the track safety standards and backstretch housing standards programs, which are designed to provide the safest environment possible for California's racing participants. The CHRB received full cooperation from all segments of the horse-racing industry in these important efforts.

The CHRB and California horse-racing industry are dedicated to ensuring that California's racetracks offer a safe environment for participants.

Rules governing the track safety program at all of the state's racing and sanctioned training facilities establish standards for rails on the racetrack, outline the renovation requirements for dirt tracks, address maintenance of dirt race tracks, and outline the criteria that must be met by facilities operating golf courses in the infield.

In 2004, each racing association and racing fair filing an application for a license to conduct a race meeting was inspected and monitored for compliance with the established safety standards regulations.

Prompt action was taken by the racing association 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.

In addition to the track safety inspections, 2004 saw the continuation of the backstretch housing inspection program, which established standards that provide the basic conditions for habitable rooms on the backside. Each racing association and fair submitting an application for a license to conduct a race meeting was inspected and monitored for compliance with the backside housing standards. The industry corrected any deficiencies noted in the inspections.

California Horse Racing Information Management System (CHRIMS)

A database system, like no other in the country, 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 CHRIMS pari-mutuel system was developed in 1989 from a required accounting and managerial need to keep up with the growth of simulcast wagering. The initial goal of the CHRIMS project was to gather daily handle and attendance numbers from 1985 (when simulcasting began). Shortly after the goal was met, the project was then expanded to include all pari-mutuel distributions. This required processing daily conventional and exotic pools by location, association, and type of race.

The total amount retained from the public (takeout) and the total amount payable to the public are balanced back to total track handle. Handle, along with prospective distributions, can be queried and sorted by location groups (e.g. California on-track, California off-track, and out-of-state wagers) and by various date ranges, breeds, and a variety of other options.

Utilizing software tools that have been developed, the CHRIMS staff loads and balances California pari-mutuel data daily. The basic system operation of CHRIMS occurs in three phases:

- ◆ **Data Acquisition.** Each night following the close of wagering, CHRIMS computers in Northern California connect to three totalizator hubs, which together process all California pari-mutuel wagering, including in-state and out-of-state wagering on thoroughbred, quarter-horse, and standardbred racing. The CHRIMS computers electronically download complete end-of-session files from the three totalizator hubs, a data stream that includes all wagering activity conducted through California pools,

down to the level of individual teller transactions. CHRIMS staff updates the CHRIMS system with statutory rates at the beginning of each race meet, and simulcast rates daily as needed.

- ◆ **Data Processing.** Each morning, CHRIMS personnel supervise the compilation of tote data into usable information units (pool by pool, site by site, handle, takeout, breakage, and payout). This information is then processed using tables prescribing statutory and contractual takeout distribution formulas to produce new information separating pari-mutuel revenue allocations. This processed information is then available electronically to an official auditor for review, and archived and made available throughout the system's network of users.

- ◆ **Information dissemination.** All wagering and takeout information is locked into the system and opened to the CHRIMS network in the form of queried data-sets, such as reports detailing the complete breakdown of handle by date, site, pool, and type of wagering event. System users may query the database across a variety of parameters to obtain consistent, reliable information for accounting purposes, statistical analysis, confirmation of pari-mutuel receipts due, interstate simulcast settlements, and more.

Unlike a spreadsheet, which was the prior industry standard, the database is relational, which allows the end-user to access information by selecting data ranges, host-track combinations, and a variety of data sorting options.

The database numbers reflect what has actually taken place in California racing and can be used to project any changes that might affect racing statistics. The system has been structured to provide the data needed by mutuel, racing, and accounting departments within the track, as well as horsemen's associations. This information is valuable to help determine the probable effects of proposed changes to current law. Upon request, "what-if" scenarios can be run in a testing environment to graph distribution effects by changing distribution percentages that may be affected by proposed law.

In 2002, CHRIMS extended this application to account for handle reporting and the pari-mutuel distributions of Advance Deposit Wagering. In 2003, the ADW system was improved by building out a flexible data model and by adding additional reports. In 2004, the system was modified to calculate the new California Workers' Compensation distributions, and to make the necessary calculations for the International Import Contracts.

In addition to managing and reporting California pari-mutuel data, CHRIMS built and maintains a secure Wide Area Network connecting all California racetracks and wagering facilities for the purpose of passing totalizator traffic within California, as well as allowing CHRB and track staff access to the database. California stakeholders also use this network for software applications, including the Golden State Rewards Network program, general Internet access, and CHRIMS data processing systems described above.

Sample CHRIMS Reports

CA Settle Agent Report

Date: 1/15/2004
Track: Golden Gate Fields

Source Hub	Agent ID	Settle Agent	Customer ID	Customer	Handle
CDO	CDO	Capital District Regional OTB	CDO	Capital District Regional OTB	\$19,660.00
CDO					\$19,660.00
CNH	ARP	Arapahoe Park	ARP	Arapahoe Park	\$2,454.00
CNH	ARP	Arapahoe Park	CLK	Cloverleaf Kennel Club	\$2,012.00
CNH	ARP	Arapahoe Park	HAV	Havana Park	\$6,810.00
CNH	ARP	Arapahoe Park	MHK	Mile High Kennel Club	\$7,979.00
CNH	ARP	Arapahoe Park	PUE	Pueblo Greyhound	\$2,683.00
CNH	ARP	Arapahoe Park	RAJ	Red and Jerry's	\$9,993.00
CNH	ARP	Arapahoe Park	RMG	Rocky Mountain Greyhound Park	\$3,235.00
CNH					\$35,166.00
CSH	CAR	Catskill Regional OTB	CAR	Catskill Regional OTB	\$13,309.00
CSH	LIG	Lincoln Greyhound Park	LIG	Lincoln Greyhound Park	\$5,432.00
CSH	SRA	Saratoga Harness Raceway	SRA	Saratoga Harness Raceway	\$779.00
CSH					\$19,520.00
CTN	CTB	Connecticut OTB	CTB	Connecticut OTB	\$31,401.00
CTN					\$31,401.00
DPK	DEL	Delaware Park	DEL	Delaware Park	\$6,725.00
DPK					\$6,725.00
FHB	HPH	Hazel Park Harness Raceway	HPH	Hazel Park Harness Raceway	\$16,288.00
FHB	SCR	Sports Creek Raceway	SCR	Sports Creek Raceway	\$3,540.00

Commingled Export Report

Begin Date : 1/15/2004 Locations : All Locations
End Date : 1/15/2004 Tracks : All Tracks
Race Types : All Meets On/Off Track : On/Off Tracks
Hosts : Golden Gate Weekdays : All Week

Location	Out of State Handle	Takeout	Net to Public	Runner Pay	Payout Variance	Fee to Host State	Net to Host State
Arapahoe-Mile High	35,166.00	6,817.39	28,348.61	27,552.40	796.21	1,230.81	2,027.02
Arlington I	136,326.00	25,777.84	110,548.16	103,258.00	7,290.16	4,089.78	11,379.94
Atlantic City	4,704.00	900.95	3,803.05	5,270.90	(1,467.85)	141.12	(1,326.73)
Atokad	3,722.00	719.25	3,002.75	1,494.50	1,508.25	130.27	1,638.52
Bettor Racing OTB	10,172.00	2,052.43	8,119.57	707.30	7,412.27	457.74	7,870.01
Birmingham	19,845.00	3,866.13	15,978.87	13,899.50	2,079.37	893.02	2,972.39
Bluffs Run Greyhound	1,758.00	329.03	1,428.97	1,336.70	92.27	70.32	162.59
Buffalo Raceway	359.00	65.95	293.05	258.60	34.45	10.77	45.22
Canterbury Day	12,322.00	2,367.99	9,954.01	6,220.50	3,733.51	431.27	4,164.78
Capital District OTB	19,660.00	3,753.27	15,906.73	16,531.50	(624.77)	393.20	(231.57)
Capitol Sports	28,048.00	5,380.72	22,667.28	13,430.80	9,236.48	1,121.92	10,358.40
Casino Association	9,864.00	1,872.68	7,991.32	6,279.50	1,711.82	295.92	2,007.74
Catskills OTB	13,309.00	2,625.03	10,683.97	12,711.90	(2,027.93)	266.18	(1,761.75)
Charles Town Race Course	7,115.00	1,388.43	5,726.57	9,836.70	(4,110.13)	213.45	(3,896.68)
Choctaw Racing Services	7,048.00	1,352.05	5,695.95	6,750.10	(1,054.15)	317.16	(736.99)
Coeur d'Alene Greyhound	4,076.00	774.87	3,301.13	2,186.00	1,115.13	142.66	1,257.79
Colonial Downs	27,127.00	5,304.53	21,822.47	32,743.80	(10,921.33)	813.81	(10,107.52)
Comanche Nation	1,094.00	211.92	882.08	1,763.60	(881.52)	43.76	(837.76)
Connecticut OTB	31,401.00	5,940.37	25,460.63	29,774.60	(4,313.97)	1,099.03	(3,214.94)
Crystal Palace	521.00	98.44	422.56	655.80	(233.24)	20.84	(212.40)
Dairyland	4,418.00	868.35	3,549.65	4,939.60	(1,389.95)	176.72	(1,213.23)
Darwin All Sports	18,244.00	3,533.46	14,710.54	39,847.50	(25,136.96)	912.20	(24,224.76)
Delaware	6,725.00	1,271.50	5,453.50	4,918.10	535.40	201.75	737.15
Delta Downs	3,668.00	702.45	2,965.55	2,731.80	233.75	110.04	343.79
Dover Downs	951.00	181.75	769.25	852.90	(83.65)	28.53	(55.12)

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, the horses finishing second and third in certain stakes races, and from any other horses selected at random from each program, as well as other horses designated by the stewards.

The CHRB utilizes the services of two laboratories in its drug-testing program: Truesdail Laboratories, Inc. of Tustin, California, and the Kenneth L. Maddy Equine Analytical Laboratory at the University of California, Davis.

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 and/or liquid chromatography combined with mass spectroscopy (GC/MS and LC/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 32,463 urine and blood samples in FY 2003-2004 at a cost of \$1,106,694. Associated Pathologists Laboratories of Las Vegas performed human drug-test analyses.

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. Containers of 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 Sacramento, 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 32,463 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.

The Postmortem Program has been in operation since February 1990 and performed examinations on over 3,400 horses.

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 horseracing 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 gives insight into injury investigations and relays 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 racehorses, similar studies by the Equine Orthopedic Laboratory group within the School of Veterinary Medicine are now focusing on fractures to the lateral condyle of the cannon bones, vertebrae, and proximal sesamoid bones.

Previous information from the postmortem program indicating that toe-grab height is related to injury of the suspensory apparatus led trainers and racetrack practitioners to participate with Dr. Susan Stover and her associates of UC Davis in a two-year clinical study at the racetracks on horses that are racing. Analysis of the data, including past performances, which has been collected on more than 10,000 racehorses, continues. This data is providing valuable information concerning the types of shoes worn by horses while racing and what effect shoes might have on racing injuries. The findings of this study will help trainers

and officials make factual judgments concerning racing shoes.

Most of the horses in the program sustained injuries to the musculoskeletal system. In addition to studies of musculoskeletal 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. Currently, an instrumented horseshoe and a computer model of the equine forelimb are being developed to measure and help understand racing and training injuries. There is now a computer program in place that stimulates the actions and stresses on the ligaments and tendons of the forelimb of the horse, both at rest and in motion.

The postmortem program has detailed information on more than 3,400 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, appaloosa, standardbred, and Arabian breeds also are included. This is a respected program throughout the national racing community. Other states have begun their own programs using the California Postmortem Program as their model. It is the desire of the program's partners to continually improve the welfare of racehorses and foster the public's trust in the sport of racing.

Racehorse Fatalities

A total of 243 fatalities was reported during the period 11/11/03 to 11/02/04.

Associations	Breed of Horse					Occurred During			
	TB	QH	ST	APP	AR	RACE	TRAIN*	OTH*	
Thoroughbred									
Los Angeles Turf Club/SA	31					11	13	7	
Churchill Downs Operating Co./HP	28					10	15	3	
Del Mar Thoroughbred Club/DM	22					10	7	5	
Oak Tree Racing Assn./SA	5					2	2	1	
Churchill Downs Fall Operating Co./HP	10					3	5	2	
Bay Meadows Operating Co./BM	28					9	11	8	
Bay Meadows Operating Co. (Fall)/BM	12					8	2	2	
Pacific Racing Assn./GGF	38					19	9	10	
Harness									
Capitol Racing LLC/CE			6			2	1	3	
Quarter Horse									
Los Alamitos Quarter Horse Racing Assn./LA	11	19		1	1	26	2	4	
Fairs									
Stockton	3					2	1		
Pleasanton	4					2	2		
Vallejo	4					2	1	1	
Santa Rosa	1	1				2			
San Mateo	8					1	2	5	
Ferndale**									
Cal Expo	3					1	1	1	
Pomona	6					4	2		
Fresno	1					1			
Totals	215	20	6	1	1	115	76	52	
Total Fatalities 243						243			

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

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

** Zero fatalities.

Racing Injuries

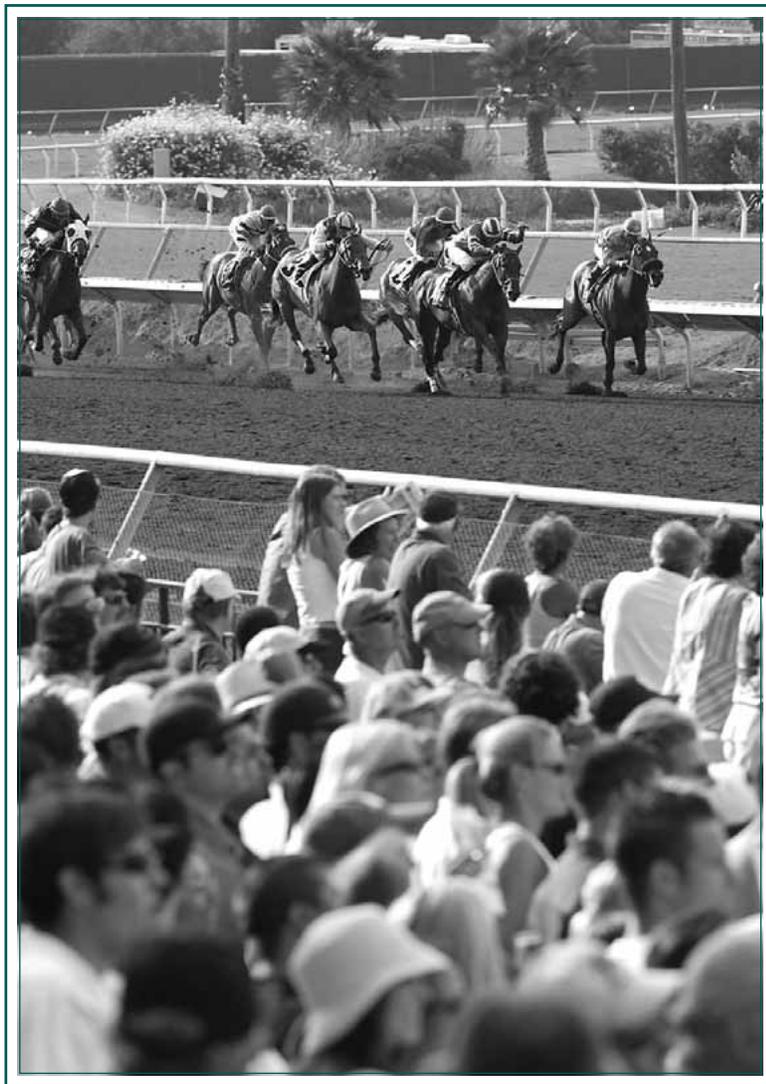
A total of 533 racing injuries were reported during the period 11/11/03 to 11/2/04.

Associations	Breed of Horse					
	TB	QH	APP	AR	ST	M
Thoroughbred						
Los Angeles Turf Club/SA	75					
Churchill Downs Operating Co./HP	73					
Del Mar Thoroughbred Club/DM	37					
Oak Tree Racing Assn./SA	16					
Churchill Downs Fall Operating Co./HP	9					
Bay Meadows Operating Co./BM	40					
Bay Meadows Operating Co. (Fall)/BM	10					
Pacific Racing Assn./GGF	92					
Thoroughbred Total	352					
Harness						
Capitol Racing LLC/CE*						
Quarter Horse						
Los Alamitos Quarter Horse Racing Assn./LA	36	61		1		
Fairs						
Stockton	11	4		1		
Pleasanton	9			1		
Vallejo	9		1	1		
Santa Rosa	14					
San Mateo	4					
Ferndale	8					
Cal Expo	3		2	1		
Pomona	11					1
Fresno	2					
Fair Total	71	4	3	4		1
Total By Breed	459	65	3	5		1
Total Injuries 533						

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

Horse Racing in California

Del Mar is the place to be during the summer months. Fans have been thronging to the seaside oval ever since Bing Crosby and his Hollywood pals opened the doors in 1937. The racing is competitive, which makes the meet popular with seasoned bettors, and there's a friendly atmosphere that makes newcomers feel comfortable with the sport. The California Horse Racing Board is working with the racing industry to improve racing's popularity throughout the state, and Del Mar sets the standard we all want to achieve.



Benoit Photo

California Horse-Racing Meetings During 2004

Thoroughbred Race Meetings — Central & Southern Zones	
Santa Anita Park	12/26/03 — 4/18/04
Hollywood Park	4/21/04 — 7/18/04
Del Mar	7/21/04 — 9/8/04
Santa Anita Park (Oak Tree)	9/29/04 — 10/31/04
Hollywood Park	11/3/04 — 12/20/04
Thoroughbred Race Meetings — Northern Zone	
Golden Gate Fields	12/26/03 — 4/4/04
Bay Meadows	4/7/04 — 6/20/04
Bay Meadows	9/3/04 — 11/7/04
Golden Gate Fields	11/10/04 — 12/20/04
Quarter Horse Race Meetings — Statewide	
Los Alamitos	12/26/03 — 12/19/04
Harness Race Meetings — Statewide	
Cal Expo	12/26/03 — 7/31/04
Cal Expo	9/24/04 — 12/18/04

Fair Meetings — Statewide		
Stockton	(San Joaquin Fair)	6/16/04 – 6/27/04
Pleasanton	(Alameda County Fair)	6/30/04 – 7/11/04
Vallejo	(Solano County Fair)	7/14/04 – 7/26/04
Santa Rosa	(Sonoma County Fair)	7/28/04 – 8/9/04
San Mateo	(San Mateo County Fair)	8/11/04 – 8/23/04
Ferndale	(Humboldt County Fair)	8/12/04 – 8/22/04
Sacramento	(California State Fair)	8/25/04 – 9/6/04
Pomona	(Los Angeles County Fair)	9/10/04 – 9/26/04
Fresno	(Fresno District Fair)	10/6/04 – 10/17/04

California Racetracks

The vast horse-racing industry in California includes 14 racetracks that stretch from the Humboldt County Fair near the Oregon border down to Del Mar just above San Diego and the Mexican border. The racetracks, together with simulcast outlets and Advance Deposit Wagering (telephone and Internet) make horse racing accessible to all of California.

HIGHLIGHT

Del Mar Raised the Bar Once Again with Record Handle and Increased On-track Attendance

DEL MAR

The previous (2003) Del Mar meet had recorded the highest-ever total handle (\$570,903,890) and daily average (\$13,276,835), so many questioned whether the Del Mar Turf Club could raise the bar another notch. But in the end, after 43 days of thoroughbred sport in 2004 featuring top-class racing, ocean breezes, sparkling sunshine, and the marvelous Del Mar ambience that is unmatched around the racing world, Del Mar managed to outdo itself one more time.

The 2004 summer stand, highlighted by six Grade I races and an increase in field size to 8.3 horses per race, achieved a new mark of \$580,375,067 in total handle, which translated to a new record for daily average of \$13,497,095 – increases of nearly 2 percent above the previous season's records. On-track attendance – a diminishing figure at many racetracks around the country – went from a daily average of 16,882 to 17,052 – and this on top of a healthy 8.8-percent jump in the on-track numbers the previous summer. The association paid out a record \$23,665,013 in purses for the 371 races run through the summer. That equated to a daily average of \$559,349, yet another record.

Del Mar Reinvests in Itself with \$3 million in Improvements

The track used its off season to complete nearly \$3 million in capital improvement projects, including five totally renovated barns, a new box-seat section, an extensive addition to its Stretch Run Grill restaurant, and an additional celebrity suite (the Betty Grable) on its fifth floor.



Benoit Photo

Out on the racetrack, Del Mar offered its richest stakes schedule ever – 27 major events worth a record \$6,325,000 – and saw some of the nation's top horses perform. The 2003 Breeders' Cup Classic hero Pleasantly Perfect captured the track's premier event, the \$1-million Pacific Classic, helping Diamond A Racing Corp. lead all owners with purses of \$691,280 at the 2004 meet. Corey Nakatani picked up his third Del Mar riding title with 54 firsts, while conditioner Doug O'Neill captured his first with 28 winners.

The gray Star of the Bay could not be caught in the Del Mar Handicap.

HIGHLIGHT

New Equine Ambulance, Capital Improvements, and Groundbreaking of First Northern California Fair Turf Course Highlight 2004 Summer Racing

THE CALIFORNIA FAIRS

In a continued effort to improve safety at racing fairs, a state-of-the-art equine ambulance was purchased for the 2004 racing season. The ambulance is equipped with a hydraulic system, which allows the rear of the ambulance to lower to the ground. A hydraulic stall partition moves from side to side laterally inside the ambulance, providing stability during transport. The ambulance is highway legal, allowing for transport from the track directly to the clinic. This specialized ambulance is engineered to lengthen the careers and save the lives of racehorses.

Always striving to bring the racing experience to the casual fairgoer, the Alameda County Fair renovated a building on the Clubhouse Turn dubbed the "Palm Pavilion." The new space showcased world-renowned cuisine, live blues music in the evening, and seven high-definition televisions airing non-stop sports action – not to mention a breathtaking view of the track and tote machines to encourage fair patrons to partake in the action.

Construction of the turf course at the Sonoma County Fair in Santa Rosa began in the spring of 2004. The official groundbreaking was held April 8, 2004, with turf racing to be offered at the 2005 meeting. The course will be built with the capacity for two rail settings and several different kinds of grass.

The 2004 Big Fresno Fair racing signal featured audio in both English and Spanish. Fresno hired a Spanish-language announcer with a background at Florida's premier racetracks, as well as 10 years experience co-hosting Spanish language television. The Fresno Fair also upgraded the drainage and wash racks in the barn area and built a new VIP area in the grandstand complete with state-of-the-art plasma TVs and projectors. When Fresno is not conducting live racing, the room serves as an upgrade for simulcast patrons.

The Northern California fair circuit lost a day of racing at Fresno due to heavy morning rain, but managed to hold even with 2003 figures. Attendance circuit-wide was down 1 percent (357,777 in 2003 compared to 355,655 in 2004), but fairs generated their highest average daily attendance since 1999. All-source live handle was up 2 percent from \$166,893,876 in 2003 to \$169,418,779 in 2004. The Northern California fairs, carried by Advanced Deposit Wagering providers TVG, XpressBet, and Youbet.com, experienced ADW handle increases of 27 percent in 2004 to \$17,396,598.

HIGHLIGHT

Pleasanton Achieved Second-Highest Handle in Fair History for Second Year In a Row

PLEASANTON

Home of the "Oldest One Mile Track In America," live racing at the Alameda County Fair hit the second-highest live racing handle at \$30,142,448, up 5 percent from 2003. Contributing to that nearly record-high amount was the highest single-day race handle in Alameda County Fair history, \$4,586,825, on July 3, 2004. The largest gains were in attendance, up 42 percent to 48,112, and ADW, which totaled \$2.89 million, a 26-percent increase from \$2.29 million wagered the previous year. The Alameda County Fair recorded gains in all categories: on-track handle, out-of-state handle, and Northern California satellite network handle.

The newly renovated Palm Pavilion became a fair hotspot as well, with world-renowned cuisine, live blues music, and high-definition televisions airing nonstop sports action. The design provides a clear view and easy access to the clubhouse turn. Casual fairgoers can't help but be drawn into the first-turn racing action.

HIGHLIGHT

Drama at 2004 Meet Helped Spark Third-Highest Overall Handle

O'Neill Won Title Again, Passed Stute with 16 Wins for the Met

FAIRPLEX PARK

Overall handle at Fairplex in 2004 reached \$108,041,622 – the third-highest total since the fair meet began in 1933 – and considering all of the drama out on the racetrack, it was clear why betting was so popular during the 17-day meet. Doug O'Neill broke Mel Stute's 18-year-old record for wins by a trainer on the meet's 15th day, and then on the very next day Martin Pedroza broke David Flores' 13-year-old record for wins by a jockey.

Average attendance and handle held virtually even with the successful 2003 season, with 13,711 fans wagering \$6,355,389 on a daily basis.

O'Neill, who has won training titles all over Southern California, won his third straight Fairplex training title this year. O'Neill set a new record at 16 wins for the meet. Stute, who is still going strong, won three races himself at the meet, including the Black Swan Stakes, and still holds the lifetime record for wins at Fairplex with 179.

Pedroza has been Fairplex's most successful jockey for years and is the all-time leader in victories at the fair, but no one had seen anything like the show he put on in 2004. Pedroza finished with 51 victories, taking his lifetime Fairplex total to 431.



GOING FOR A RIDE? — The proximity of the Ferris wheel to live racing action at Fairplex suggests how casual fairgoers might be tempted to drop by the racetrack – which has no additional admission fee – and perhaps become new fans.

HIGHLIGHT

Stockton Introduced Racing to New Audience

STOCKTON

In 2004, the San Joaquin Fair increased the exposure of live racing by strategically placing large screen televisions in fair exhibition halls. The televisions brought the excitement of live racing to the packed halls and reminded casual fairgoers that live horse racing is a feature of the fair.

Attendance and handle were on par with the 2003 record season. On-track attendance increased slightly from 45,079 patrons in 2003 to 45,145 in 2004, highlighted by a closing-day crowd of 7,375. All-source live handle increased 1 percent to \$16,268,711. Increases were attributed to an 8-percent jump in out-of-state handle and a 13-percent increase in the amount of money wagered through ADW. On-track handle dipped 6 percent, from \$2,297,774 in 2003 to \$2,149,393 in 2004.

HIGHLIGHT

Meet Drew from 900,000 Guests at State Fair in Sacramento

SACRAMENTO

For the seventh consecutive year, the California State Fair in Sacramento entertained over 900,000 guests during the 18-day run. The fair again offered many different entertainment options for the entire family, including the opportunity for guests to take in some horse racing. This exposure of horse racing to potential new fans is one of the great strengths of fair racing in California.

The 12-day race meet took on a slightly different endeavor. For the first time in its storied history, the California State Fair promoted and operated a double-header card on one Friday. This double program offered 17 races, to the delight of the many racing fans. The evening part of the program proved to be especially popular.

Handle totaled \$22,129,358, down less than 1 percent, with one less racing day, from the previous year's figure of \$22,443,696, with decreases in out-of-state and Northern California handle, but increases in ADW. Attendance totaled 108,310, a decrease of 8 percent.



The popular “Let it Roll” contest was held every day with 110 guests receiving a free \$100 bet, and the annual \$40,000 Thoroughbred Trainers Contest was won by Mike Lenzini, who took home \$15,000.

Yougottawanna, trained by Jerry Hollendorfer, captured the Governor's Handicap, while Jet West, trained by Art Sherman, won the Earlene McCabe Derby

Fans get close to the action during the State Fair meet.

for local owners Bill and Karen Wilber.

HIGHLIGHT

Attendance and Handle Increased in Vallejo

VALLEJO

The Solano County Fair made good on its theme “Racing to the Future” with increases in on-track handle, all-source live handle, and attendance. Fans on track wagered a total of \$3.04 million, an increase of 6 percent from 2003. All-source live handle increased 4 percent to \$28.22 million.

Good field sizes and an additional day of racing helped generate the increases. The 11-day meet featured 752 thoroughbred starters and an average field size of eight. Thoroughbred stakes races were especially well represented on closing weekend, with 10 starters in the Solano County Juvenile Filly Stakes and nine runners in the Fairfield Stakes.

Jerry Hollendorfer was leading trainer with seven wins. The jockey race was tight, with Russell Baze, Chance Rollins, and Chad Schvaneveldt each securing 10 wins.

HIGHLIGHT

Total Handle Increased at Santa Rosa; Fans Watched Local Hero Cavonnier Parade on Track

SANTA ROSA

A total of \$35.53 million was wagered on the Sonoma County Fair racing product, up 11 percent from \$31.96 million wagered in 2003. Santa Rosa experienced gains in all handle categories, including on-track, out-of-state, California off-track network, and ADW handle. Although overall attendance decreased 6 percent to 63,556 fans, opening week was very strong, with attendance up over 13 percent.

Santa Anita Derby winner and Kentucky Derby runner-up Cavonnier returned to his home track to parade in front of a full-capacity grandstand prior to the running of the Cavonnier Juvenile Stakes. A video of Cavonnier’s accomplishments played on the Jumbotron screen as the crowd gave their champion a standing ovation.

HIGHLIGHT

Numbers Were Down for San Mateo Meet Despite ADW Increase

SAN MATEO

The San Mateo County Fair, operated by the Bay Meadows Operating Company, ended its 12-day race meet with 16-percent decrease in attendance (from 30,836 in 2003 to 25,818 in 2004) and 8-percent decrease in on-track handle (from \$7.16 million in 2003 to \$6.62 million in 2004). Despite an increase in ADW of 29 percent to \$2.55 million, all-source live handle (including ADW) was down 12 percent to \$25.31 million.

Dennis Carr won the riding championship at the fair when he captured the last race of the meet aboard On the Reservation in a photo finish. The victory was Carr’s 14th of the meet and earned him the jockey title over Francisco Duran and Ron Warren, Jr. The leading trainer at the fair was John Martin, who won with seven of his 17 starters for an outstanding win percentage of 41.1.

HIGHLIGHT

Record Numbers at Fresno Dampened by Rain

FRESNO

Opening day at the 2004 Fresno Fair recorded increases in attendance, on-track handle, out-of-state handle, all-source live handle, and field size. A total of \$250,467 was wagered on live and imported races on track, an increase of 24 percent from the 2003 opening day, while on-track attendance increased by 21 percent

to 4,235. The average thoroughbred field size on the opening-day card increased from 8.8 horses per race in 2003 to 9.6 in 2004.

The momentum continued for the remainder of the meet, but a morning rainstorm forced the cancellation of the last day of racing. For the abbreviated 10-day meet, all-source live handle was \$10.06 million in 2004, a decrease of 5 percent from the \$10.60 million wagered in 2003.

Fresno reached out to the Spanish-language community both locally and via simulcast by offering audio of the race calls in both English and Spanish. An additional announcer's booth was constructed and Spanish race calls were available to the simulcast and on-track audience on a designated television channel.

HIGHLIGHT

Fair Attracted More Fans But Total Handle Declined For Ferndale Meet

FERNDALE

The Humboldt County Fair's 10-day meet in 2004 generated a 3-percent decrease in attendance (21,759 compared to 22,442 in 2003) and a 5-percent decrease in on-track handle (from \$731,046 in 2003 to \$699,081 in 2004). However, all-source live handle increased in 2004 to \$4.69 million, up 15 percent from 2003. In 2003, all-source live handle had decreased 20 percent from 2002.

Although the history and atmosphere of racing at Ferndale is unique, it is the smallest live racing association in California. This leaves racing at Ferndale especially vulnerable to issues that affect racing, including horse population and purse structure. In 2004, the average field size at the Humboldt County Fair was 5.8 and the average thoroughbred field size was 5.5.

The leading trainer with 8 wins was Warren Shelley, while Victor Miranda dominated the jockey standings with 17 wins.

HIGHLIGHT

On-Track Increases in Attendance and Handle Recorded in Albany

Radke Won Riding Title While Baze Missed Time With Injury to Finish 5th

GOLDEN GATE

Golden Gate Fields saw increases in both on-track attendance and handle – something that every racetrack in the country strives for – during the 2003-04 season, which softened the negative impact of a decline in overall handle when off-track wagers were added to the total. During 109 days of racing, attendance increased 5 percent on track and was up 1 percent overall. Although handle on track was up 1 percent, total handle was down 6 percent.

Ema Bovary, the brilliant “filly from Chile,” was the headline maker at Golden Gate Fields during the racing season. Trained by Larry Ross and ridden by Roberto Gonzalez, Ema Bovary dominated her opposition while winning the Camilla Urso and Orinda Handicaps. Owned by Richard T. Beal and Lana Ramsey, Ema Bovary was visually impressive in both 6-furlong stakes, taking the Camilla Urso by four lengths.

Jockey Kevin Radke achieved the greatest accomplishment of his riding career when he finished atop the jockey standings with 88 wins. Radke was also the leading stakes rider at the stand with four stakes triumphs. He scored his richest victory aboard Gold Ruckus in the \$81,000 Lafayette Handicap.

Perennial champion Russell Baze, who missed eight weeks of the meeting due to a badly fractured collarbone, finished fifth in the standings with 71 wins. Baze had won the riding championship at every major Northern California meeting at which he had competed since 1980.

There was no surprise in the race for leading trainer honors as Jerry Hollendorfer recorded his 24th consecutive conditioning crown at Golden Gate Fields by saddling 88 winners. Hollendorfer also led his colleagues in stakes wins with four added-money triumphs. Art Sherman finished second in the trainer standings with

58 victories and John E. Martin third with 52. Both Sherman and Martin had great win percentages at the meeting – Sherman’s horses won at a 26.1 percent clip, Martin’s runners at a remarkable 28.4 percent rate.



Ema Bovary, with Roberto Gonzalez, easily taking the Orinda Handicap.

Vassar Photo

HIGHLIGHT

Bay Meadows Continued Northern California Trend With On-Track Increases, Lower Overall Totals

BAY MEADOWS

Bay Meadows' 2004 campaign was highlighted by its 55-day spring season, which realized increases in both on-track attendance and on-track handle from the 2003 spring stand. On-track attendance during the 2004 spring meeting – held April 7 through June 20 – increased 7.7 percent, with average daily attendance of 3,587 compared to 3,331 in 2003. On-track wagering, including live and import handle, increased by 2.6 percent, from \$43.4 million to \$44.5 million.

Overall, total handle decreased 4 percent. All-source wagering, including advance deposit wagering, totaled \$233.4 million for the 2004 spring meet, compared to \$243.3 million for the same period a year ago. Off-track wagering in the Northern California network, including handle generated at satellite sites and by account wagering, decreased by 1.6 percent from \$92.5 million to \$91.0 million. Overall handle generated in Northern California, including Advanced Deposit Wagering, decreased by 0.3 percent. Export wagering by out-of-state customers declined by 8.8 percent, from \$107.4 million to \$97.9 million.

A single-day-handle record for a Northern California thoroughbred host track was established at Bay Meadows on Kentucky Derby Day (May 1), when live and import wagers totaled \$10,536,789. On Memorial Day (May 31), Bay Meadows attracted 11,004 fans, its largest on-track crowd since 1993.

Singletary Prepped for BC Mile Win with Impressive Victory at Bay Meadows

The horses earning top honors at Bay Meadows in 2004 were Singletary, who won the Grade II San Francisco Breeders' Cup Mile, then went on to win the Breeders' Cup Mile at Lone Star Park, and Ceez the Minute, who won six races at Bay Meadows during the year.

Jockey Russell Baze and trainer Jerry Hollendorfer both added two more Bay Meadows championships to their resumes in 2004. Baze took top honors at the spring meeting by riding 90 winners, and was the leading jockey at the fall season with 92 victories. He has 32 riding crowns at Bay Meadows. Hollendorfer extended his streak of consecutive training championships at Bay Meadows to 29 by winning 64 races at the spring meeting and 47 races at the fall session.



Jose Valdivia, Jr. rode Singletary to victory in the San Francisco Breeders' Cup Mile.

Vassar Photo

HIGHLIGHT

Business Was Slightly Off During Spring-Summer Session at Hollywood Park

HOLLYWOOD PARK

Hollywood Park's spring/summer meet closed with total wagering of \$679,693,206, down 1.2 percent from the figure of \$688,581,156 in 2003. The daily average was \$10.4 million, compared to \$10.5 million in 2003. Despite the decrease, single-day handle records were set on two of the three Triple Crown days as well as on American Oaks Day, when a record \$18,780,280 was wagered on the program featuring the third running of the 1 1/4-mile turf race.

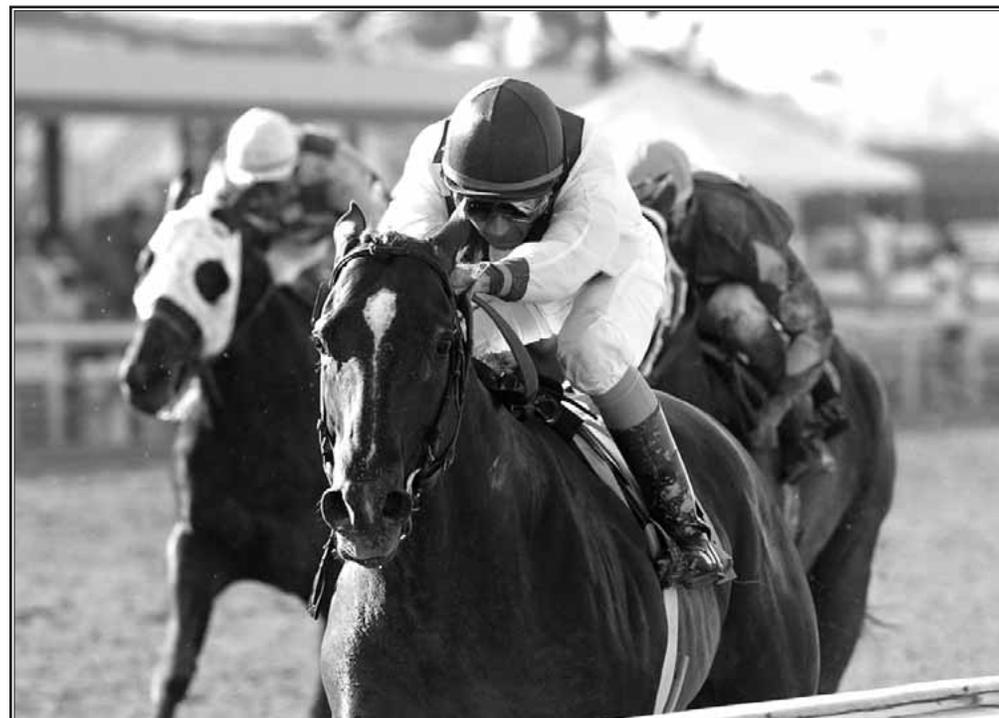
Record totals of \$19,178,077 on Preakness Day and \$22,549,946 on Belmont Day were wagered as Smarty Jones bid for the Triple Crown. Highest handle of the meet came when \$24,198,385 was wagered on Kentucky Derby Day, just \$345,507 shy of the record established in 1999.

"The big days were encouraging," track president Rick Baedeker said. "Business was strong throughout the Triple Crown, and the popularity of the American Oaks continues to grow."

Advance deposit wagering (ADW) increased by 40 percent to \$46,155,279 for the 65-day meeting, compared to \$32,822,041 in 2003. A record \$1.2 million was wagered on Hollywood Gold Cup Day. On track, business declined as the daily handle of \$1,750,708 was down 5 percent and the daily attendance average of 8,348 was down 1.8 percent from 2003. Purses averaged \$412,350, down 2.8 percent from the figure of \$424,498 in 2003. The average field size of eight was up 3.9 percent from 7.7 in 2003.

Brilliant Juvenile Filly Considered Best of Meet

Chandtrue, meanwhile, became the first 2-year-old voted Horse of the Meet in the annual media poll since the brilliant filly Landaluce in 1982. The unbeaten Florida-bred won four races, including three stakes for owner Harold F. Greene and trainer Bob Hess Jr. After breaking his maiden April 29, he posted a four-length victory in the Willard Proctor Memorial Stakes and won the Haggin Stakes by seven lengths. He capped his achievements with a half-length victory over Actxecutive in the Hollywood Juvenile Championship, a race won by his sire Yes It's True in 1998.



Benoit Photo

Congaree and Jerry Bailey outclass a talented field to win the Hollywood Gold Cup.

Tyler Baze won his first riding title at the age of 21 with 59 victories. Baze registered his first Grade I victory at Hollywood Park aboard longshot Sabiango in the Charles Whittingham Memorial Handicap. Mick Ruis was the top apprentice jockey. The 17-year-old rode 36 winners. Jeff Mullins, who saddled 37 winners, was the undisputed leading trainer.

Popular Turf Festival Helped Boost Numbers for Hollywood Park Fall Meet

Hollywood Park finished its 36-day autumn meet with average daily handle of \$8.94 million, down less than 1 percent from 2003. Total handle for the 2004 meet was \$321,995,649 including on-track handle of \$47,287,928. The on-track daily average of \$1.3 million was down 2 percent from 2003.

Total attendance was 506,303, including 223,766 on track. The daily average 14,064 overall and 6,216 on track was down 5.1 percent and 4.6 percent, respectively.

“While we are generally pleased with the results, we continue to see erosion of the fan base,” Hollywood Park president Rick Baedeker said. “There is no question, the competition from the \$8-billion Native American gaming industry continues to take its toll, and we are doing our best to work with the Governor and Legislature to protect the future of the industry in California.”

The Turf Festival, featuring six graded stakes races over three days on Thanksgiving weekend, attracted seven Breeders’ Cup starters, including 2003 Sprint champion Cajun Beat, who was an impressive winner in the Hollywood Turf Express. Cajun Beat, switched to turf by trainer Bobby Frankel following a fifth-place finish in an unsuccessful title defense at Lone Star Park, cruised to a three-length victory under Ramon Dominguez in the Grade III Turf Express. Dominguez, who had never ridden at Hollywood Park, was two-for-two on opening day of the Turf Festival, also riding Louvain to victory for Frankel in a division of the Miesque Stakes.

Frankel and Pletcher Dominated the Autumn Festival Stakes Races

Frankel dominated, also saddling Leroidesanimaux to win the \$400,000 Citation Handicap and Intercontinental to win the \$500,000 Matriarch, increasing his Turf Festival win record to 15. Until Shug McGaughey-trained shipper Good Reward won the \$500,000 Hollywood Derby, only Frankel and Todd Pletcher had winners. Pletcher won a division of the Miesque with Paddy’s Daisy and the Generous Stakes with Dubleo.

The parade of Breeders’ Cup horses at the autumn meet was not confined to the

Turf Festival. Better Talk Now, the upset winner of the Breeders’ Cup Turf, was shipped west for the \$250,000 Hollywood Turf Cup as trainer Graham Motion hoped a win would give him the nod in Eclipse Award voting. The move did not pay off, however, as Pellegrino prevailed in a three-horse blanket finish under Gary Stevens to win the Grade I event.



Benoit Photo

Intercontinental and jockey Jerry Bailey fly to the finish line to win the Grade I Matriarch Stakes.

HIGHLIGHT

Los Alamitos Set a Single-Night Record, Saw Boost in On-Track Handle

LOS ALAMITOS

Los Alamitos enjoyed a strong meeting in 2004, as a record average single-night handle of \$1,281,868 was set during the meet, breaking the previous record of \$1,276,936 set in 2000. The average single-night handle was up 11.2 percent from 2003 figures. On-track handle saw a 6.3-percent increase, even though on-track attendance was down 7.5 percent.

One of the most notable developments was the early announcement of a \$1 million purse increase. “The purse increase helped our season start on the right foot,” said track owner Ed Allred. In co-operation with the Pacific Coast Quarter Horse Association, Los Alamitos already has announced a similar \$1 million purse increase for 2005. In fact, the upcoming year will be one of the most exciting ones in track history, as the Cypress track has guaranteed that it will run three races featuring purses of \$1 million or more. In addition to the Los Alamitos Million and Golden State Million, Los Alamitos will now host the Ed Burke Million in June.

New Worker’s Comp Program Led to Greatly Reduced Rates

Los Alamitos developed and introduced a new worker’s compensation insurance program. Trainers coming to Los Alamitos can place their employees on the payroll of Backstretch Staffing Services, which serves as the insurance provider. Trainers still set the wages, hours, and duties of the employees, who are paid through BSS. This program has resulted in greatly reduced rates.

Ocean Runaway Won Millions and Millions

There were plenty of big stars on the racetrack, headed by the 2-year-old Ocean Runaway, the winner of the two richest races of the meet. Ocean Runaway won California’s richest race – the \$1,509,324 Los Alamitos Million Futurity – and the \$1,002,400 Golden State Million. In the process, Ocean Runaway became the first Quarter Horse ever to win two races with \$1 million purses.



Alex Bautista raises his whip in triumph as Ocean Runaway wins the Golden State Million.

HIGHLIGHT

On-Track Average Daily Attendance Rose for First Time in Five Years

SANTA ANITA PARK

Santa Anita Park completed its 2003-2004 winter season with an increase in average daily on-track attendance for the first time in five years. Average daily on-track attendance for the 84-day meet was 8,900, an increase of 3 percent over the 2002-03 meet, while average daily on-track handle was unchanged at \$2.2 million.

Combined average daily handle was \$10,646,793, while the total handle was \$892,888,532, of which \$188,559,327 was bet on track. Average daily combined attendance was 19,536. Total on-track attendance was 747,640, an increase of 1.5 percent from the previous season. Combined total attendance was 1,641,055.

“This was a very successful meet for us,” said Santa Anita President Jack McDaniel. “I am particularly proud that an exciting combination of facility enhancements and new marketing initiatives reversed the trend of historical on-track attendance declines. It bodes well for a bright future for our sport.”

Average daily total handle, which includes wagers on Santa Anita by Advance Deposit Wagering providers, was \$10.6 million, a decrease of 3 percent from the previous year. At Southern California off-track locations, average daily handle was \$3.2 million, a decrease of 2 percent, while average daily out-of-state handle was \$4.5 million, a drop of 9 percent.

While off-track results were off, on-track numbers were encouraging. New features, such as Sirona’s sports bar and restaurant, and post-race concerts by popular artists such as Ziggy Marley and Big Bad Voodoo Daddy, were a big hit with the on-track crowd.

Sunshine Millions Was Among the Biggest Days

The second annual Sunshine Millions on January 25, a unique day of stakes races for California- and Florida-bred runners, attracted 18,888 fans, an increase of nearly 2,000 over its inaugural program. Southern Image became the first horse to win two \$1 million races at the meet when he captured the Sunshine Millions Classic and the Santa Anita Handicap. He also won the Malibu Stakes, giving him a meet record \$1.3 million in earnings.

Castledale registered a 30-1 upset in winning the Santa Anita Derby for trainer Jeff Mullins. Mullins edged Doug O’Neill, 45-42, to win the training championship. Mullins started 166 horses for a .27 winning percentage. Victor Espinoza won 89 races from 509 mounts to win the riding title over Alex Solis, who won 79 races from 332 rides.

Southern Image and Victor Espinoza, right, shake off Island Fashion and Kent Desormeaux to win the Santa Anita Handicap.



Benoit Photo

HIGHLIGHT

Oak Tree Continued Positive Trend in State With Increased On-Track Attendance

OAK TREE

The Oak Tree Racing Association completed its 2004 world-class racing season with an increase in on-track average daily attendance of approximately 9 percent and an overall average daily handle increase of 1.5 percent from 2003.

“We had a very good meet despite the fact that we had record rainfall (seven inches in October) in the San Gabriel Valley,” said Oak Tree Executive Vice President Sherwood Chillingworth of the 26-day meeting. “We were particularly pleased with the increase in on-track attendance, which is indicative of a return of fans to live racing.”

The 2004 meet marked the first season since 1998 that on-track average daily attendance increased. On-track attendance averaged 9,681, while average daily satellite attendance was 9,043, for a total average of 18,725, an increase of 8.6 percent compared to the 31 days Oak Tree raced in 2003, excluding Breeders’ Cup day. Total on-track attendance for 26 days in 2004 was 486,846. The largest on-track crowds of the meeting were 26,079 on October 2, the first Saturday of the meet, and 24,450 for California Cup XV – up 36 percent from 2003.

Daily average on-track handle was \$1,959,964, while total daily average handle was \$9,863,555, including satellites, interstate, and Advance Deposit Wagering, marking an overall increase of 2.4 percent from 2003’s average of \$9,631,159 for 31 days excluding Breeders’ Cup day. Total handle for 26 days in 2004 was \$256,452,420.

Meet Again Showcased Eventual Breeders’ Cup Winners

Sweet Catomine and Singletary became the 30th and 31st Breeders’ Cup winners to prep at Oak Tree. Sweet Catomine won the Oak Leaf Stakes before capturing the Breeders’ Cup Juvenile Fillies at Lone Star Park, while Singletary finished a close third in the Oak Tree Breeders’ Cup Mile before taking the Breeders’ Cup Mile.

The new 2:30 p.m. post time on Fridays was successful as the on-track average attendance was 6,190 for the five twilight cards.



Benoit Photo

Corey Nakatani captured his third Oak Tree riding title, winning 21 races from 88 mounts (24 percent) to shade Victor Espinoza and Tyler Baze, who had 19 each. Mike Mitchell won his fourth Oak Tree training championship, winning at a 43-percent clip with 13 of 30 starters. Mr. and Mrs. Jerome Moss won the most races among owners with six.

Sweet Catomine and Corey Nakatani cruise to a commanding victory in the Oak Leaf Stakes.

HIGHLIGHT

Disappointing 2004 Season Ended Remarkable Run of Gains for Harness Industry In California

HARNESS RACING

The 2003-2004 racing season – from the end of September through the end of July – was a difficult one for the night harness racing industry. It was the first time in 10 years that the average handle for racing did not increase from prior year's handle. Concluding with 169 nights of racing, the average handle was \$954,111, down 4 percent from the 2002-03 season.

Comparisons of the most recent two seasons revealed a 7.8-percent decline in on-track handle, a 1-percent decline in off-track, in-state handle, and an 8.2-percent decline in out-of-state handle. The one advancing handle in evidence was a 65-percent increase in Advance Deposit Wagering.

Total purses generated during the season increased 2 percent to \$8,404,646, corresponding with a 3.4-percent increase in the number of racing programs. Another plus for the season – the average number of starters per race was 7.8, up from 7.5 the previous season.

The 2003-04 racing season comprised two separate race meets – the fall meet from late September 2003 through February 2004, and the spring meet from March 2004 through the end of July 2004. The fall meet evidenced more advancing handle figures while the spring meet evidenced more declining handle figures.

The driver and trainer standings for the entire 2003-04 racing season showed Rick Plano to be the leading driver with 248 wins to beat second-place driver Gilbert-Garcia-Herrera (195 wins) and third-place driver Ed Hensley (183). Rick Plano also was the leading trainer with 293 wins. Additionally, driver Richard Wojcio achieved a career milestone with his 3,000th victory.



Driver Tim Maier with Cunning Liar bests Chip Lackey and Silver Oak in a Memorial Pace honoring the passing of prominent Sacramento owner Danny Parrish.

Simulcast Facilities by Location

Stockton, 2nd District Agricultural Association

The San Joaquin 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 2003-2004 were \$33,949,975 wagered by 184,789 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 2003-2004 were \$14,243,105 wagered by 51,855 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 2003-2004 were \$2,091,698 wagered by 5,548 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 2003-2004 were \$11,274,608 wagered by 53,799 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 2003-2004 were \$9,789,694 wagered by 31,442 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 2003-2004 were \$17,363,852 wagered by 129,375 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 2003-2004 were \$4,195,053 wagered by 6,461 patrons.

Del Mar, 22nd District Agricultural Association (Surfside)

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 2003-2004 were \$189,095,979 wagered by 1,020,725 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 2003-2004 were \$5,326,044 wagered by 28,634 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 2003-2004 were \$3,315,391 wagered by 11,973 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 2003-2004 were \$14,420,943 wagered by 78,226 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 2003-2004 were \$43,227,230 wagered by 135,499 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 2003-2004 were \$9,251,197 wagered by 32,523 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 2003-2004 were \$21,830,041 wagered by 111,149 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 2003-2004 were \$47,434,743 wagered by 215,432 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 2003-2004 were \$60,340,086 wagered by 276,674 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 2003-2004 were \$26,712,187 wagered by 162,859 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 2003-2004 were \$29,916,671 wagered by 130,203 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 2003-2004 were \$67,809,764 wagered by 221,767 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 2003-2004 were \$178,401,330 wagered by 671,519 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 2003-2004 were \$8,201,443 wagered by 41,842 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 2003-2004 were \$80,538,432 wagered by 338,543 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 2003-2004 were \$356,662,432 wagered by 1,607,462 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 2003-2004 were \$52,931,475 wagered by 194,157 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 2003-2004 were \$144,699,431 wagered by 507,998 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 2003-2004 were \$425,030,534 wagered by 1,569,109 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 2003-2004 were \$275,663,482 wagered by 949,806 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 2003-2004 were \$14,750,285 wagered by 65,164 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 2003-2004 were \$22,331,211 wagered by 109,674 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 2003-2004 were \$14,494,294 wagered by 56,497 patrons.

Lakeside, Barona Casino

The Barona Band of Mission Indians facility is located approximately five miles northeast of Lakeside at 1932 Wildcat Canyon Road. The simulcast wagering facility first opened in 1992, then a new facility opened in 2002. The pari-mutuel handle in FY 2003-2004 were \$13,495,742 wagered by 59,554 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 2003-2004 were \$10,543,621 wagered by 42,141 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 2003-2004 were \$28,096,427 wagered by 130,495 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 \$4,317,394,613 for the 2003-2004 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 \$40.8 million from all pari-mutuel sources for the 2003-2004 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 percent for thoroughbred race meets, 15.63 percent for quarter-horse meets, 16.43 percent for harness meets, and 16.77 percent for fair meets.

The takeout on exotic wagering pools (all pools that are not win, place, or show) is 20.18 percent for thoroughbred meets, 20.38 percent for quarter-horse meets, 21.52 percent for fair meets, and 24.18 percent 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 2003-2004, the state received \$1.04 million in breakage, with the tracks receiving \$3.9 million and purses \$6.2 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 2003-2004 racing year totaled \$2,225,045.

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)

2003-2004	TB	QH	HH	Fairs
Los Angeles Turf Club	\$412,112			
Churchill Downs California Spring Oper. Co.	274,552			
Del Mar Thoroughbred Club	346,702			
Oak Tree Racing Assn.	176,012			
Bay Meadows Racing Assn.	132,987			
Pacific Racing Assn.	99,005			
Churchill Downs California Fall Oper. Co.	<u>101,063</u>			
Thoroughbred Total	\$1,542,433			
Los Alamitos Quarter Horse Racing Assn.		\$145,177		
Quarter Horse Total		<u>145,177</u>		
Capitol Harness Racing Assn.			\$182,346	
Harness Total			\$182,346	
Los Angeles County Fair				\$88,425
CARF				<u>266,664</u>
Fairs Total				\$355,089
Total to State from unclaimed pari-mutuel tickets				\$2,225,045

Occupational Licenses and Fees

July 1, 2003 through June 30, 2004

Type of License	Fee	Issued	Total
Multiple Ownership	0	16	0.00
Horse Owner-Open Claim	250	26	6,500
Officer/Director/Partner	200	3	600
Horse Owner	150	4,211	631,650
Trainer, Assistant Trainer	150	470	70,500
Harness Horse Driver	150	39	5,850
Jockey/Apprentice Jockey	150	126	18,900
Jockey Agent	150	35	5,250
Racing Official/Manager of Association	150	118	17,700
Bloodstock Agent	150	18	2,700
Veterinarian	150	39	5,850
Association Employee	75	190	14,250
Valet/Custodian/Attendant	75	9	675
Pari-mutuel Employee/Tote	75	1,092	81,900
Horseshoer	75	44	3,300
Exercise Rider/Pony Rider	75	399	29,925
Misc. Employee/Stable Agent Vendor	75	322	24,150
Security Guard	75	219	16,425
Stable Foreman	75	84	6,300
Authorized Agent	25	976	24,400
Replacement License	15	739	11,085
Annual Groom/Stable Employee (Original)	35	739	25,865
Annual Groom/Stable Employee (Renewal)	20	3,252	65,040
Gross Fees		13,489	1,165,715
Less allowance for Franchise Tax Board			-122
Total fees generated to General Fund			\$1,165,593

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

Fines Imposed in 2003 -2004

Thoroughbred Meetings — Central & Southern Zones

Location	Rulings	Imposed	Inclusive Dates
Del Mar	110	\$36,530	7/23/03 — 9/10/03
Santa Anita	25	3,475	9/28/03 — 11/9/03
Hollywood Park	49	5,110	11/11/03 — 12/21/03
Santa Anita	74	15,525	12/26/03 — 4/18/04
Hollywood Park	122	11,000	4/21/04 — 7/18/04

Thoroughbred Meetings — Northern Zone

Bay Meadows	15	\$2,200	8/29/03 — 11/2/03
Golden Gate	20	8,200	11/5/03 — 12/21/03
Bay Meadows	21	11,850	4/7/04 — 6/20/04
Golden Gate	46	10,385	12/26/03 — 4/4/04

Quarter-Horse Meetings — Statewide

Los Alamitos	76	\$35,700	7/1/03 — 12/21/03*
Los Alamitos	61	14,550	12/26/03 — 6/30/04*

Harness Meetings — Statewide

Cal Expo	40	\$6,150	9/26/03 — 12/20/03
Cal Expo	168	34,500	12/26/03 — 7/31/04

Fair Meetings — Statewide

Pleasanton	16	\$4,500	6/25/03 — 7/6/03
Vallejo	7	1,300	7/9/03 — 7/20/03
Santa Rosa	6	1,100	7/23/03 — 8/4/03
San Mateo	1	200	8/6/03 — 8/18/03
Ferndale	0	0	8/8/03 — 8/18/03
Sacramento	8	1,500	8/20/03 — 9/1/03
Pomona	11	1,600	9/12/03 — 9/28/03
Fresno	8	1,700	10/1/03 — 10/13/03
Stockton	2	400	6/16/04 — 6/27/04

* Although the 2003 Los Alamitos meet ran from 12/26/02 through 12/21/03, and the 2004 meet runs from 12/26/03 through 12/19/04, this chart contains data only from 7/1/03 through 6/30/04.

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, 2003 through June 30, 2004

	Detail	Total
Revenue To Fair & Expo		
Pari-mutuel License Fees, Fund 0191:		
0.63 percent — total handle	\$12,634,320	
1.00 percent — fair handle	1,441,255	
Escheat of unclaimed warrant	526	
Section 19620-A	265,000	
Section 19620-B	12,797,000	
Total 0191 Fund		\$27,138,100
Simulcast Wagering Fees, Fund 0192:		
Simulcast Wagering	11,199,668	
Other regulatory, licenses, and permits — purses	1,376,243	
Total 0192 Fund		12,575,911
Revenue To General Fund		
Horse racing licenses	691,590	
Breakage	0	
Fines & Penalties	217,400	
Unclaimed Pari-mutuel Tickets	355,089	
Unclaimed Pari-mutuel Tickets (Racetrack Security Fund)	1,601,956	
Occupational Licenses	1,165,593	
Miscellaneous Income	204	
Total General Fund		4,031,832
Wildlife Restoration		
Horse racing licenses		0
Racetrack Security		268,000
CA Veterinary Diagnostic Laboratory		2,544,495
Total Revenue		\$46,558,338

Other Public Revenues

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

During the FY 2003-2004 racing year, there were 3,397 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 2003-2004 racing year, the total amount paid for claiming of horses was \$58,187,700, resulting in sales tax revenues of \$4,744,540

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 percent 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 2003-2004 racing year, \$7.4 million 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 2003-2004 totaled \$175,938,323.

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 2003-2004 totaled \$172,040,473. In addition, \$15,961,982 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, 2003 to June 30, 2004

Track Location	Horses Claimed	Amount Paid	Sales Tax
Thoroughbred Meetings — Northern			
Golden Gate	517	\$6,590,900	\$543,749
Bay Meadows	503	6,642,450	548,002
Thoroughbred Meetings-Central-Southern			
Del Mar	292	7,847,000	608,143
Oak Tree	155	4,222,000	348,315
Hollywood Park	254	7,254,500	598,496
Hollywood (fall)	155	4,862,000	401,260
Santa Anita	471	13,922,000	1,154,340
Sub-total Thoroughbreds	2,347	\$51,340,850	\$4,202,305
Harness Meetings-Statewide			
Cal Expo (fall)	51	262,950	20,379
Cal Expo	151	1,228,100	95,178
Sub-total Harness	202	\$1,491,050	\$115,557
Quarter-Horse Meetings-Statewide			
Los Alamitos	541	\$2,570,350	\$199,202
Sub-total QH	541	\$2,570,350	\$199,202
Fair and Mixed Meetings-Statewide			
Pleasanton	49	\$507,350	\$41,856
Vallejo	38	319,000	23,526
Santa Rosa	35	356,000	26,700
San Mateo	39	423,600	34,947
Ferndale	3	11,400	827
Sacramento	26	143,600	11,129
Pomona	73	812,150	67,002
Fresno	8	26,100	2,055
Stockton	36	186,250	14,434
Sub-total Fairs	307	\$2,785,450	\$227,476
Grand Total	3,397	\$58,187,700	\$4,744,540

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 2003-2004, there were 1,950 horses sold for a total of \$43,045,700. These sales generated a total of \$1,634,502 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 2003-2004:

Barretts Equine Ltd. Thoroughbred Sales at Fairplex Park

1. October Yearling Sale October 7
2. October Mixed Sale October 27, 28
3. January Mixed Sale January 26, 27
4. March Two-Year-Olds March 2
5. Spring Two-Year Olds May 11

A total of 1,679 horses was sold for \$38,620,700, which generated \$1,480,575 in sales tax.

California Thoroughbred Breeders Association Sales

1. Del Mar Select and Yearling Sale August 10, 11

A total of 90 horses was sold for a total of \$3,105,500, which generated \$126,500 in sales tax.

Quarter-Horse Sales At Los Alamitos

1. PCQHRA Yearling and Mixed Stock Sale Oct. 5

A total of 181 horses was sold for \$1,319,500, which generated \$27,427 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 percent premium of the purse amount to breeders in 2003-2004. 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 FY 2003-2004 were at the 25 percent 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 0.54 percent on track and 0.54 percent off track of all pari-mutuel pools is deducted as takeout and transferred to

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

During FY 2003-2004, \$14,420,355 was generated from the wagering handle. The CTBA is authorized to deduct 5 percent 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 percent of funds generated) for administering the Standardbred Breeders Program. The program is funded from the breakage at harness meetings and an additional 1 percent takeout on all exotic wagering at harness meetings. In FY 2003-2004, the program generated \$635,254.

Quarter-Horse Breeders Program

Pacific Coast Quarter Horse Racing Association, as the recognized breeders organization, received \$747,849 from the pari-mutuel handle to fund its program in FY 2003-2004. The source of these funds was 0.48 percent of the on-track and 0.48 percent of the off-track handle on quarter-horse racing at the fair race meetings, 0.4 percent 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

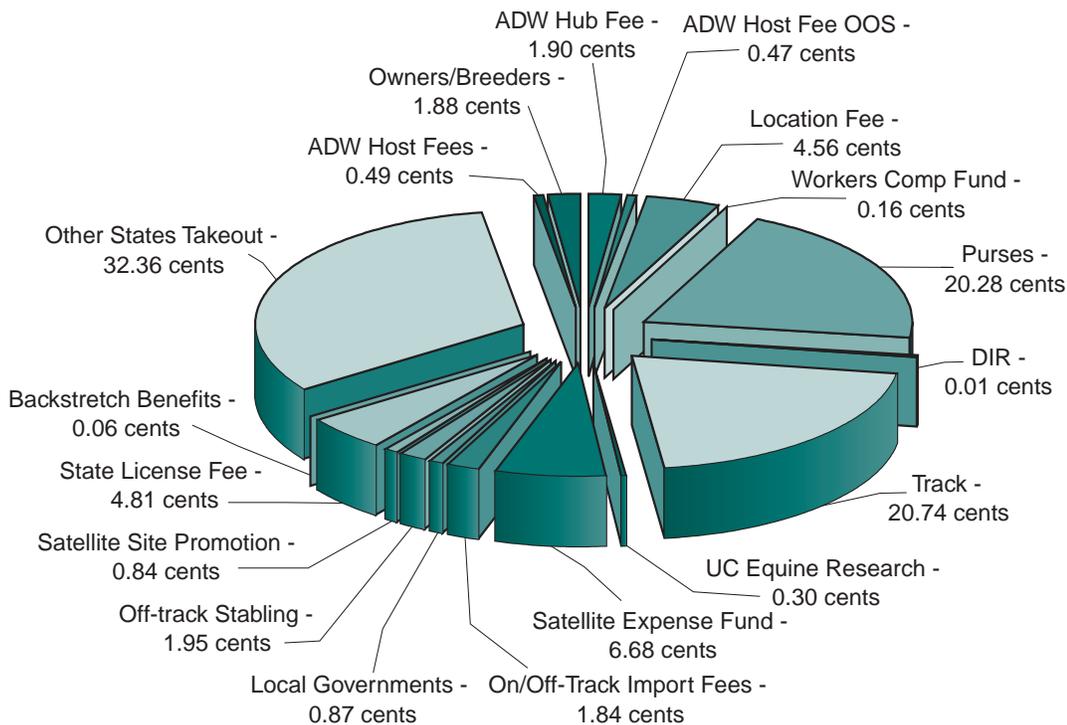
Cal-Western Appaloosa Racing, Inc., as the recognized breeders organization, received \$37,746 for the breeders program in FY 2003-2004.

Arabian Breeders Program

The California Arabian horse breeders awards received \$89,922 for the program during FY 2003-2004.

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 \$4,317,394,613 was wagered by fans of California racing during the 2003-2004 fiscal year, and of that money 80.35 percent (\$3,468,931,671) was returned to winning ticket holders.

Prior to simulcast wagering in 1985, virtually 100 percent of the wagering on California's races was at the track, but today "on-track" bets make up only 18 percent of wagers placed (\$779 million). Off-track betting within the state provides more than 40 percent of the handle (\$1.74 billion). The balance comes from out-of-state wagers (\$1.79 billion).

Patrons failed to cash \$6.9 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 database 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 \$4.3 billion wagered, \$848 million, or 19.7 percent, 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 \$172 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 \$175.9 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 \$40.8 million from pari-mutuel wagering. Of this money, \$4 million went to the General Fund for budgeted operating revenues for state programs.

The allocation of the California Horse Racing Board budget (\$8.42 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 (\$14,420,355), standardbreds (\$635,254), quarter horses (\$747,849), appaloosas (\$37,746), and Arabians (\$89,922).

LOCAL GOVERNMENT

For those local municipalities who elect to participate, an additional 0.33 of 1 percent is withheld from the handle to reimburse communities for costs incurred due to traffic control, security, and other expenditures resulting from horse-racing events. Last year \$7.4 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 \$19.6 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 \$274.5 million.

EQUINE RESEARCH

A mandated deduction goes to the University of California for equine research. Last year the total for equine research was \$2.6 million.

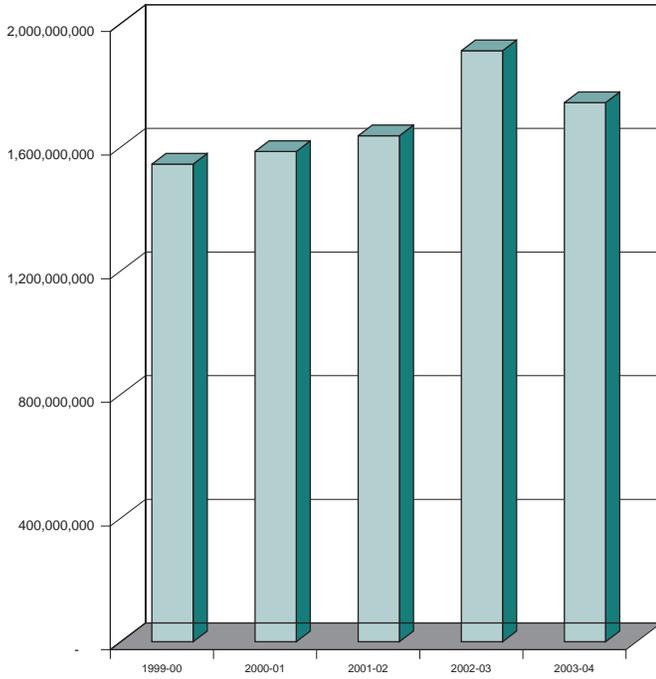
SIMULCAST FEES

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 for the promotion of horse racing, 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.

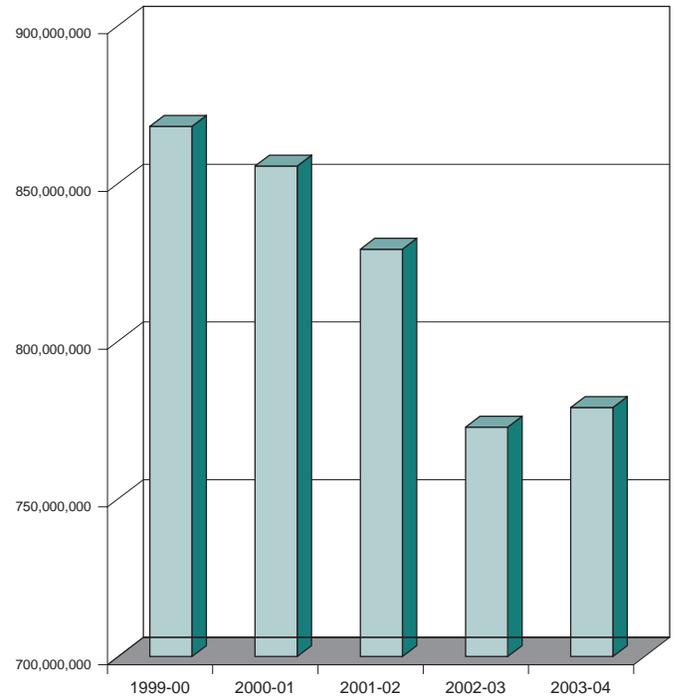
These funds received a total of \$117.5 million last year:

Stable and Vanning Fund:	\$15.1 million
Promotion Fund:	\$7.1 million
Expense Fund:	\$56.6 million
Guest Fund:	\$38.7 million

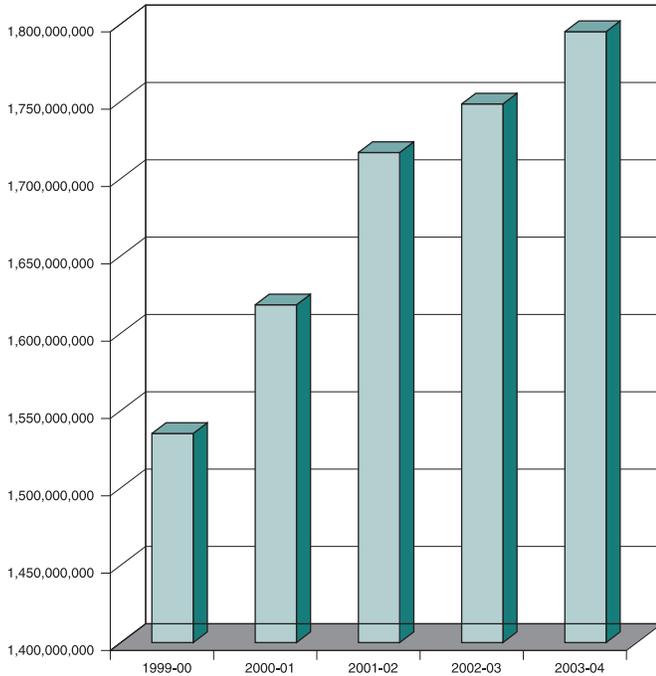
Total Handle Off Track



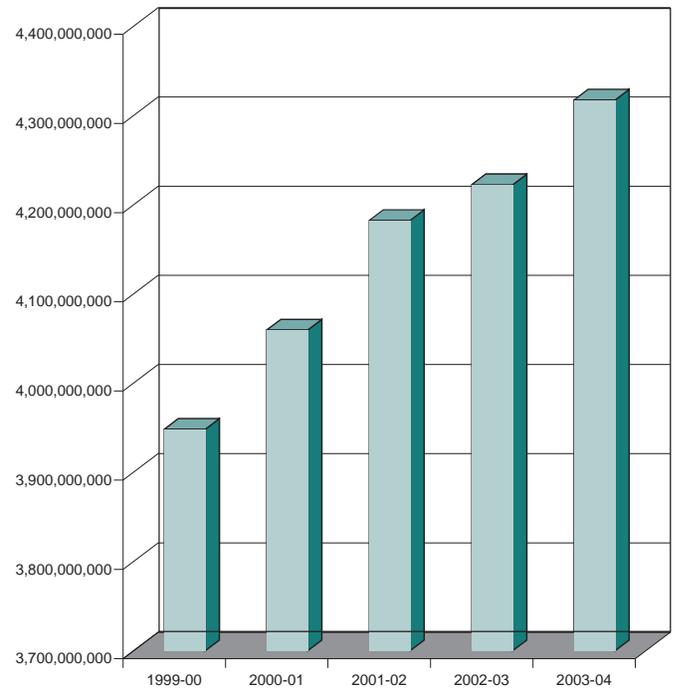
Total Handle On Track



Total Handle Out of State



Total Handle



The Horsemen's Organizations Welfare Funds

The Horse Racing Law provides that 50 percent 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, 2003*

REVENUES COLLECTED	2003	2002
Membership dues	\$ 13,375	\$ 2,580
Mutuel fees- HQHRA	400,552	313,046
Mutuel fees- Fairs	16,177	12,737
Mutuel fees- Thoroughbreds	64,378	49,689
Race administration fees	119,059	122,299
Berth transfers	2,250	2,400
Cal-Bred Registry fees	20,040	17,706
Advertising income	6,145	7,365
Interest income	8,176	13,004
Grant income - AQHA	20,000	
	670,152	540,826
EXPENSES PAID		
Advertising	17,815	14,662
Meetings and annual awards	13,530	10,816
AQHA sponsorship	10,358	1,600
Memorial funds	1,513	2,500
Chaplaincy	14,250	7,500
Computer costs	1,064	21,374
Contract services	122,903	104,497
Depreciation	1,525	1,713
Dues and subscriptions	7,286	6,434
Fair representative expenses	9,412	9,394
Insurance	35,920	30,600
Legal and accounting	10,945	13,481
Newsletter & directory	15,441	15,083
Office expense	22,005	17,634
Postage	12,182	10,330
Race Awards	3,366	5,094
Race purse supplements	192,153	36,546
Salaries and benefits	136,943	164,405
Special events	12,979	9,469
Stationery & printing	15,917	5,463
Taxes-payroll	11,156	12,962
Telephone & utilities	6,670	5,619
Travel & meetings	9,279	18,468
	684,612	525,644
Change To Fund Balance Before Horse Sale	(14,460)	15,182
Horse Sale, excess of expenses over income	(10,667)	(6,264)
Change To Fund Balance	(25,127)	8,918
Beginning Fund Balance	768,244	759,326
Ending Fund Balance	\$743,117	\$768,244

California Thoroughbred Trainers

Statements of Activities for the years ended December 31, 2002 and 2003

	2003	2002
Revenues		
Track revenues	\$769,161	\$718,452
Recreation hall income	617,439	524,052
Interest income	12,436	15,273
Other	57,089	16,794
Total revenues	1,456,125	1,274,571
Expenses		
Program services:		
Recreation hall	605,662	507,529
Backstretch programs	124,421	71,893
Membership services	66,178	69,944
Contributions	18,950	21,052
Total program services	815,211	670,418
Supporting services:		
Administrative salaries and related expenses	532,513	533,322
General office expenses	55,754	56,709
Professional and outside services	53,878	44,726
Insurance	13,187	12,984
Depreciation	18,903	22,744
Repairs and maintenance	4,781	2,822
Meetings and conventions	11,181	17,035
Travel – mileage reimbursement	7,324	5,957
Total supporting services	697,521	696,299
Total expenses	1,512,732	1,366,717
Change in net assets	(56,607)	(92,146)
Net assets at beginning of year	946,215	1,038,361
Net assets at end of year	\$889,608	\$946,215

Arabian Racing Association of California

*Statement of Activities and Changes in net assets
for the year ended December 31, 2002*

	Unrestricted	Temporarily Restricted	Total
Revenue and Support:			
Owners' and breeders' awards		\$ 73,434	\$ 73,434
Track administration fees	95,498		95,498
Membership	2,090		2,090
Other	5,500		5,500
Net assets released from restriction: Satisfaction of program restrictions:	72,960	(72,960)	
Total	176,048	474	176,522
Expenses:			
Owners', breeders', and stallions' awards	59,482		59,482
Breed representative	47,906		47,906
Race sponsorship	17,324		17,324
Legal and accounting	7,900		7,900
Promotion	3,095		3,095
Convention, awards, and trophies	7,288		7,288
Other	15,820		15,820
Total	158,815		158,815
Increase in net assets	17,233	474	17,707
Net Assets:			
Beginning of year:	164,466	6,135	170,601
End of year	\$ 181,699	\$ 6,609	\$ 188,308

Cal Western Appaloosa Racing, Inc.

Statement of Revenue and Expenses for the year ended May 31, 2003

Revenue		
Racing income	\$35,314	
Magazine subscriptions and racing dues	1,342	
Interest income	187	
Miscellaneous income	4,016	
Total revenue		40,859
Expenses		
Track representative	38,021	
Trophies and awards	1,843	
Postage	1,789	
Depreciation	111	
Miscellaneous	659	
Total Expenses		42,423
Net Loss		(\$1,564)

Thoroughbred Owners of California

Statements of Activity for the years ended June 30, 2004 and 2003

	2004	2003
Unrestricted Revenues and Gains:		
Proceeds from racetracks	\$1,524,000	\$1,486,000
Contributed office space	49,000	47,000
Investment income, net	10,000	32,000
Other	3,000	4,000
Total unrestricted revenue and gains	1,586,000	1,569,000
Unrestricted Expenses:		
Consulting	420,000	355,000
Newsletter	82,000	95,000
Seminars	45,000	64,000
Board and member meetings	45,000	56,000
Donations	63,000	116,000
Management and general	978,000	1,077,000
Total unrestricted expenses	1,633,000	1,763,000
Changes in unrestricted net assets	(47,000)	(194,000)
Unrestricted net assets, beginning of year	1,318,000	1,512,000
Unrestricted net assets, end of year	\$1,271,000	\$1,318,000

American Mule Racing Association

*Statement of Revenues, Expenses and Other Changes in Net Assets—Cash Basis
for the years ended December 31, 2003 and 2002*

	2003	2002
Revenue and other support:		
California Authority of Racing Fairs	\$71,555	\$73,193
Futurities	7,200	9,000
Other income	3,695	6,739
Membership	2,545	2,695
Cal-Bred fees	545	475
Total revenue and other support	85,540	92,102
Expenses:		
Program expenses		
Owner promotion	27,275	36,720
Breed representative	11,356	4,530
Racing sponsorships	9,480	34,045
Futurities	6,745	8,740
Award fees	3,113	2,810
Other program expenses	776	1,000
Race meet assistance		3,500
Total program expenses	58,745	91,345
Supporting expenses		
General and administrative	12,220	10,805
Total supporting expenses	12,220	10,805
Total expenses	70,965	102,150
Change in net assets	14,575	(10,048)
Unrestricted net assets, beginning of year	113,903	123,951
Unrestricted net assets, end of year	\$128,478	\$113,903

California Harness Horsemen's Association

Statement of Functional Expenses for the year ended June 30, 2003

	Program Services	General and Administrative	Total
Accounting services	\$13,548	\$1,505	\$15,053
Chaplaincy services and social welfare	58,333		58,333
Depreciation	1,343	149	1,492
Dues and membership	450	50	500
Equipment leases and maintenance	5,665	630	6,295
Insurance	20,052	2,228	22,280
Interest expense		268	268
Legal Costs		58,046	58,046
Meetings	8,391	932	9,323
Office expenses	11,170	1,241	12,411
Payroll taxes	9,558	1,062	10,620
Promotion and advertising		3,305	3,305
Salaries, office staff	125,218	13,913	139,131
Sire Stakes subsidy	150,000		150,000
Storage	2,665		2,665
Track representative	4,000		4,000
Total expenses	\$410,393	\$83,329	\$493,722
	Unrestricted	Temporarily Restricted	Total
Revenues and Other Support			
Administration fees	\$485,731		\$485,731
Net welfare insurance assessment		56,377	56,377
Interest income	1,618	29	1,647
Membership dues and registration	7,530		7,530
Total revenues and other support	494,879	56,406	551,285
Expenses			
Program services	410,393		410,393
General and administrative	83,329		83,329
Total expenses	493,722		493,722
Change in net assets	1,157	56,406	57,563
Net assets, June 30, 2002	112,597	19,116	131,713
Net assets June 30, 2003	\$113,754	\$75,522	\$189,276