

# Thirty-Seventh Annual Report of the California Horse Racing Board

A Summary of  
Fiscal Year 2006–07 Revenue and  
Calendar Year 2007 racing in California

## California Horse Racing Board

Richard B. Shapiro, Chairman  
John C. Harris, Vice Chairman  
John W. Amerman, Member  
John Andreini, Member  
Jesse H. Choper, Member  
Marie G. Moretti, Member  
Jerry Moss, Member  
William A. Bianco, Former Member  
Ingrid J. Fermin., Executive Director  
Richard Bon Smith, Assistant Executive Director

*This report covers the fiscal year (July 1, 2006, through June 30, 2007) for revenue purposes, including pari-mutuel handle, fines, taxes, license fees, and the distribution of funds.  
The report covers the racing year (December 26, 2006, through December 23, 2007) for reports on race meets and CHRB meetings.*

*The CHRB general office is located at 1010 Hurley Way, Suite 300, Sacramento, CA 95825.  
Field offices are located at all operating racetracks.*

*Annual reports can be viewed on the Internet by visiting our Website at [www.chrb.ca.gov](http://www.chrb.ca.gov) and clicking on "Publications."*

# REPORT OF THE CHAIRMAN

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Once again, it is an honor to submit this annual report of the California Horse Racing Board. We are proud of the many achievements listed herein. First and foremost, it is critical to acknowledge the industry and fans for making California horse racing in nearly all respects the center of North American horse racing. Our state has become a leader and innovator within the national racing community, a position well deserved.

During 2007, we saw Del Mar, Golden Gate Fields, and Santa Anita Park all install new engineered synthetic racing surfaces, as Hollywood Park had done the year before. All four synthetic surfaces initially have proved to be beneficial to the health of the horse and riders. Catastrophic injuries decreased, while field size and available horse population increased. The result has been healthier horses, safer conditions for riders, more competitive racing, and more wagering opportunities. Yes, there are bumps in the road as we learn about these new safer racing surfaces, how to maintain them, adjust them, and keep them vibrant. This learning experience will require time and a commitment from all concerned, but the rewards will be worth the effort.

We are grateful to the Governor and Legislature for enacting important racing-related legislation. The extension of Advance Deposit Wagering, authority to create new mini-satellite wagering facilities, the ability to adjust the take-out, and a revised method of adjudicating major medication violations are just a sampling of the laws enacted in 2007 that will assist the industry. A more complete list is contained in this report.

The Board adopted many new rules and regulations intended to protect the integrity of the sport and provide a fair and welcome playing field for all participants, stakeholders and fans. We adopted new medication guidelines similar to the ones created by the national Racing Medication and Testing Consortium. These will result in more uniform penalties throughout the state, while also providing a strong deterrent to cheating. Thanks to a budget supplement, we began out-of-competition medication testing. To date 1,124 horses were tested, in addition to the 72,000 pre- and post-race samples tested at the Maddy Laboratory at UC Davis. California can be very proud of leading the charge to root out illegal medications and curtail the abuse of legal medications in horse racing. Moving forward, the Board is committed to eliminating the use of unnecessary anabolic steroids in racing and sales of racing prospects. Looking to the coming year, and assuming the new penalty guidelines coupled with a more streamlined hearing process will be in place, we should more effectively and expeditiously deal with medication violations.

Advance Deposit Wagering continues to be the fastest growing segment of the racing industry, and this growth should accelerate through the first half of 2008 when all ADW operators licensed in California accept wagers on all thoroughbred race meetings. This means that while television remains exclusive, bettors and fans will be able to utilize their vendor of choice. This trial period will provide sufficient data to best serve racing's customers and stakeholders.

California has a rich history of showcasing jockey legends, and our jockey rooms today are filled with many of the best riders in the country. Without question, we provide the safest riding conditions and the most benefits for riders, and beginning in 2008 all California jockeys will be covered by a new health and welfare insurance program. The new program is provided by a third-party insurance company and is partially funded by uncashed refunds from wagers made at California tracks.

Trackside we saw some great performances. On the thoroughbred circuit:

- Lava Man won his third Hollywood Gold Cup.
- A youth movement took hold as 20-year-old Michael Baze and 17-year-old Joe Talamo battled for leading rider at both Hollywood Park and Del Mar.
- Trainer Doug O'Neill notched his 1,000th career win during the Fairplex meet.

- Jockey Garrett Gomez set a national record when he registered his 71st stakes win of the year at Hollywood Park.
- Trainer Jerry Hollendorfer, operating stables in both Northern and Southern California, scored twice on closing day of Hollywood Park's fall meet to register his 5000th career victory.

Los Alamitos continued its reign as the premier venue in all of quarter horse racing as One Famous Eagle won the Los Alamitos Two Million Futurity and the remarkable filly Blues Girl Too won the \$1 million Champion of Champions in record time.

Harness racing continued year-round at Cal Expo in Sacramento, and California-bred Ridgeline put in a dazzling performance scorching a mile in 1:52 while winning the California Sires Stakes Final for driver-trainer Gilbert Herrera and California owners Gregg Pistochini and Michael Silber.

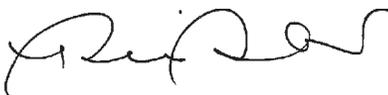
Santa Anita again excelled with big on-track days, including five days with crowds over 30,000, capped by 56,810 fans witnessing the 2007 Santa Anita Derby. Del Mar proved once again it is the place to be and be seen during the summer with a daily average attendance of 16,179 during their 2007 season. Our racing fairs from Humboldt to Fairplex showed mostly gains in both attendance and handle, and most importantly they continued to introduce racing to a host of families and fair attendees.

Unfortunately, the coming year will likely be the last year of racing for Bay Meadows Race Track in San Mateo. After 74 years of continuous racing, featuring such racing legends as Seabiscuit, Native Diver, Round Table, and Citation, the track most likely will be closed for redevelopment. In Southern California, the future of Hollywood Park also remains in serious doubt. These changes in the racing landscape will require a reconfiguration of racing calendars and stabling venues throughout the state. The Board, recognizing the impact of these possible changes, continues to meet with all industry stakeholders to develop strategic plans for all potential possibilities, and to keep California racing vibrant and continuous during future years. New, creative methods to finance the improvements necessary to prepare for any major changes along with viable racing and stabling options are being explored as of this writing.

In closing I would like to express a special thank you to Ingrid Fermin. During her three-year tenure as the Executive Director of the California Horse Racing Board, she has worked tirelessly to rebuild and restructure the agency to more effectively serve the industry and the public. I also thank our dedicated staff of individuals who work daily to make California racing the best in the world.

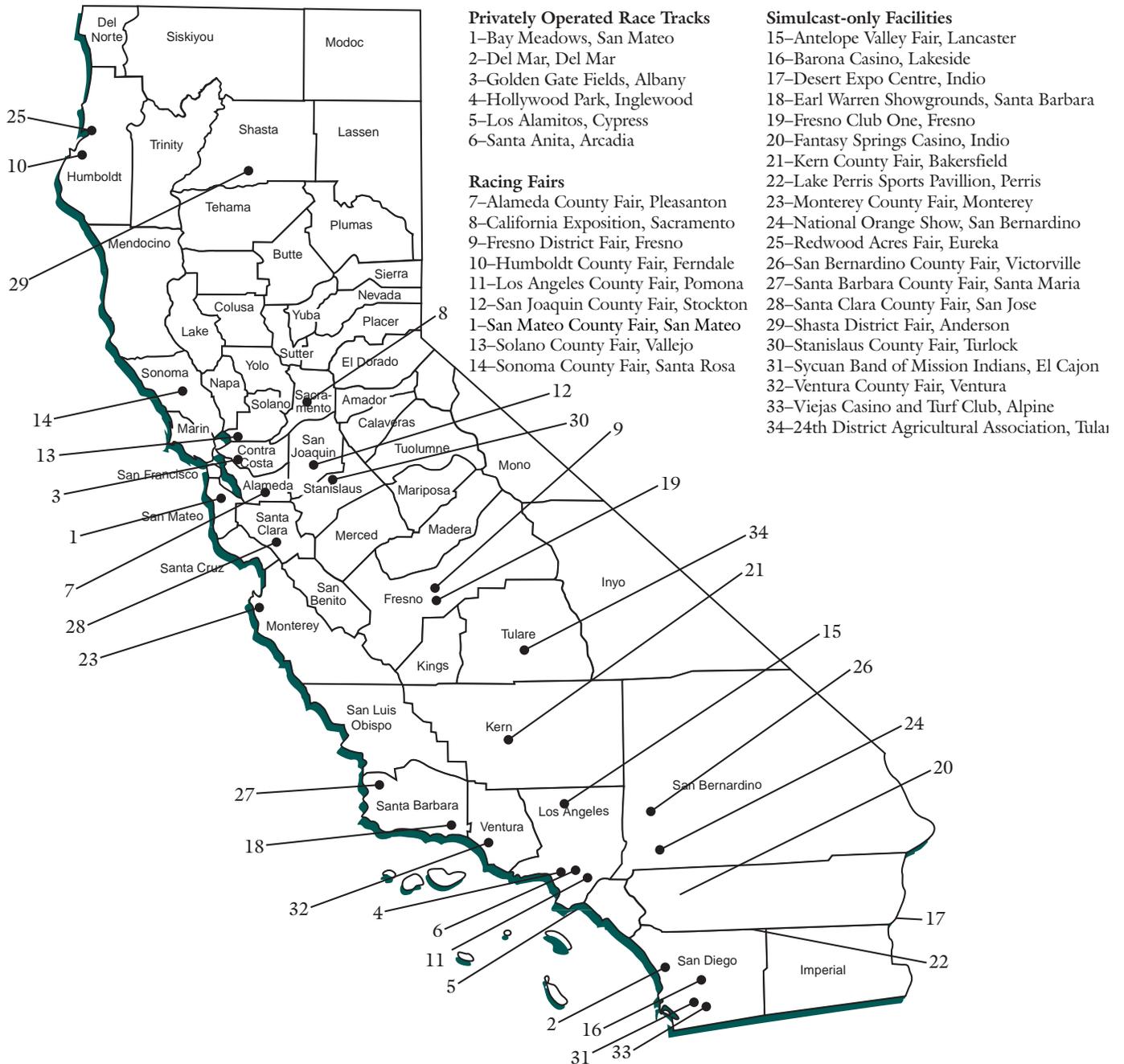
I also wish to express my sincere appreciation to the other commissioners, each of whom shares my passion and desire to see racing not just survive but thrive in the years ahead. I am very grateful for the support provided to me as Chairman of the California Horse Racing Board.

Sincerely,



Richard B. Shapiro

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



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# California

**December 26, 2006** – The 2006-07 racing season opened at Santa Anita and Golden Gate Fields. A crowd of 32,931 helped kick off the season in Arcadia.

**January 27, 2007** – The Sunshine Millions was the first of four programs during the

Santa Anita meet on which on-track wagering exceeded \$11 million.

**February 15** – CHRB announced the beginning of out-of-competition testing for certain performance-enhancing drugs, including epoetin and darbepoetin.



**April 23** – Horses from the barns of Doug O'Neill, Neil Drysdale and Peter Miller were the first to test the just-completed Polytrack surface at Del Mar. The initial results were very positive. Serious injuries during the summer meet were reduced by more than 50 percent on the improved surface.

# Highlights

**March 7-10** – CHRB investigators attended a four-day training course at UC Davis to enhance their understanding of horse racing, the enforcement of CHRB medication regulations, and the adjudicatory process.

**March 22** – The CHRB began webcasting its monthly meetings over the Internet – providing links to the webcasts at [www.chrb.ca.gov](http://www.chrb.ca.gov)

**March 30** – Governor Arnold Schwarzenegger appointed Jesse Choper to the CHRB.

**April 7** – The Santa Anita Derby attracted 56,810 fans to the Arcadia racetrack for the largest Derby crowd since 1984. Total handle neared \$24 million.

**April 9-10** – California stewards attended a two-day training conference at UC Davis. Subjects included equine welfare and medication practices and a complete review of the administrative hearing process.

**April 19** – The CHRB unanimously approved regulations establishing strict penalty guidelines for medication violations that apply to all licensees, including trainers, horse owners, and veterinarians.

**June 30** – Lava Man edged A.P. Xcellent by a nose to win his third consecutive Hollywood Gold Cup and tie the mark of three-time winner Native Diver (1965-67). Fans wagered a record \$22 million on the race.

**July 2** – A record Pick Six carryover of \$3,274,505 at Hollywood Park sparked another \$7.6 million in Pick Six wagering, leading to payouts of \$576,064 on 13 winning tickets – one of which was purchased for \$2.



**July 15** – At age 20, Michael Baze (left), became the youngest jockey to win a riding title at Hollywood Park's spring-summer meet since Bill Shoemaker in 1950. He is joined here by fellow rider Joseph Talamo, who finished second in the standings. BENOIT PHOTO

# California



**September 4** – Thoroughbred racing’s leading active money earner, Lava Man, and his exercise rider, Tony Romero, christen Santa Anita’s \$10 million Cushion Track early in the morning with a sharp two-mile jog and gallop over the Arcadia oval.  
BENOIT PHOTO

**July 18** – A record crowd of 42,842 attended opening day at Del Mar – the largest opening-day crowd in the track’s 68-year history.

**August 19** – Wagering on Pacific Classic Day at Del Mar established a single-day handle mark of \$24,667,351.

**September 24** – Handle for the 16-day Fairplex meet totaled nearly \$110 million – third highest in the track’s 69-year history.

**October 17-18** – Russell Baze, the winningest jockey in North American racing history, added to his totals when he won 11 of 14 races in two days at Bay Meadows.

**November 3** – California Cup XVIII highlighted the Oak Tree meet at Santa Anita with an on-track crowd of 25,763 contributing to total handle for the day of nearly \$17 million.

**November 5** – CHR B Chairman Richard B. Shapiro announced an eight-month experiment opening up thoroughbred racing to all ADW providers in California.

**November 11** – Jockey Garrett Gomez broke Jerry Bailey’s record of 70 stakes wins in a single year when he won the Moccasin Stakes at Hollywood Park for his 71<sup>st</sup> stakes win in 2007.

# Highlights

**November 24** – Trainer Jerry Hollendorfer saddled five winners at Golden Gate Fields – the fourth time in his career that he won five races in a single program.

**December 4** – Breeders' Cup Limited selected Oak Tree Racing Association at Santa Anita to host the two-day Breeders' Cup World Championships on October 24–25, 2008.

**December 14** – Los Alamitos hosted the \$2 Million Futurity, which is the richest race for any breed annually contested in California.

**December 14** – The Board approved an agreement insuring that California jockeys and their eligible dependents will continue to have health and welfare benefits in 2008.

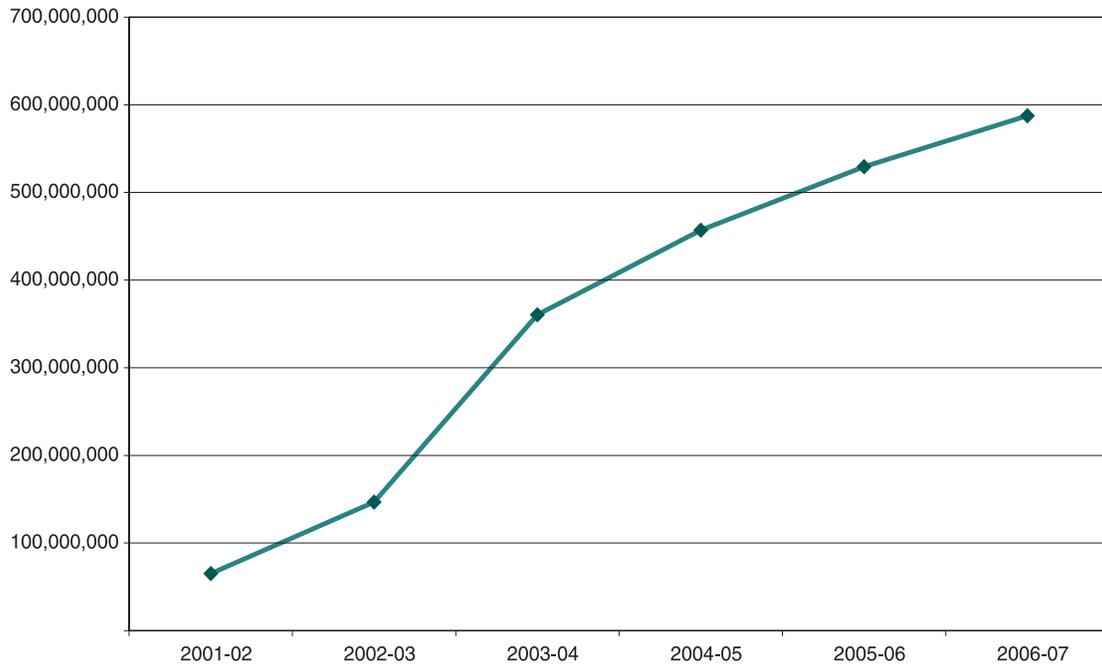
**December 15** – Blues Girl Two set a new track record at Los Alamitos when she went 440 yards in :21.132 winning the Champion of Champions.

**December 22** – Jerry Hollendorfer won with his only two starters at Hollywood Park to become just the fourth trainer to reach the 5,000-win plateau.

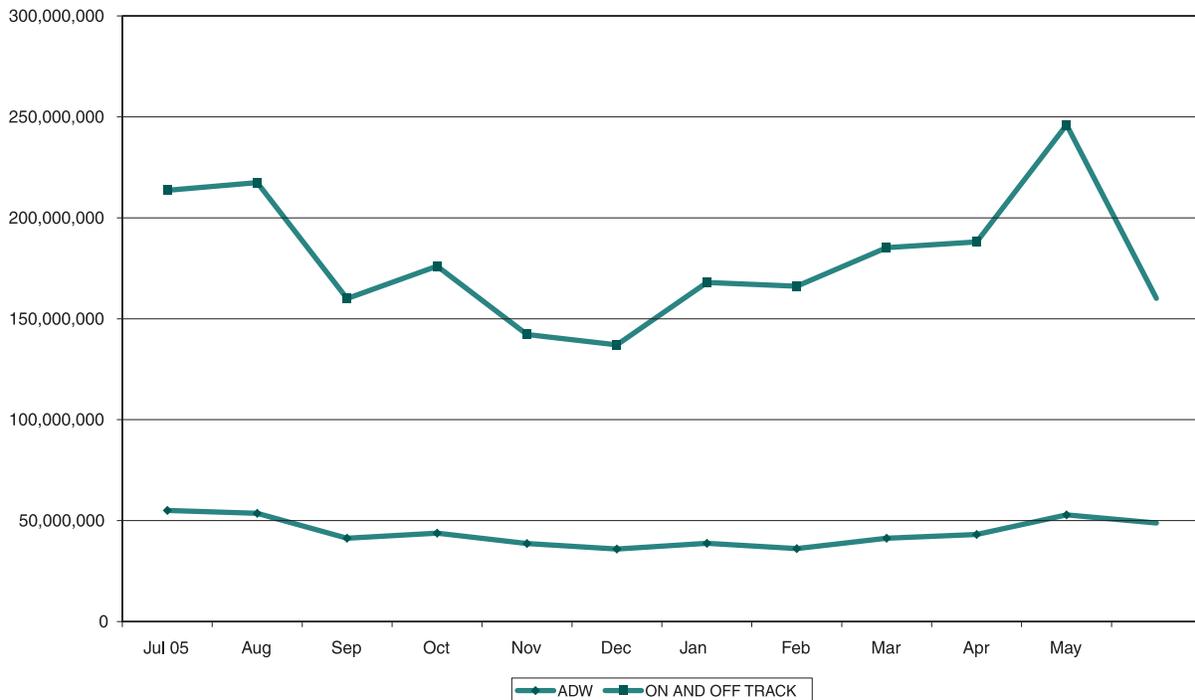


**October 5** – Horses began training on the new Tapeta surface at Golden Gate Fields – the fourth California racetrack to install a synthetic surface since the CHRB mandate in 2006. This photo shows earlier work in the installation process. VASSAR PHOTO

## Total ADW Handle Six-Year Fiscal 2002-2007



## California Commingled Handle All Sources Fiscal 2005-2006



# 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.

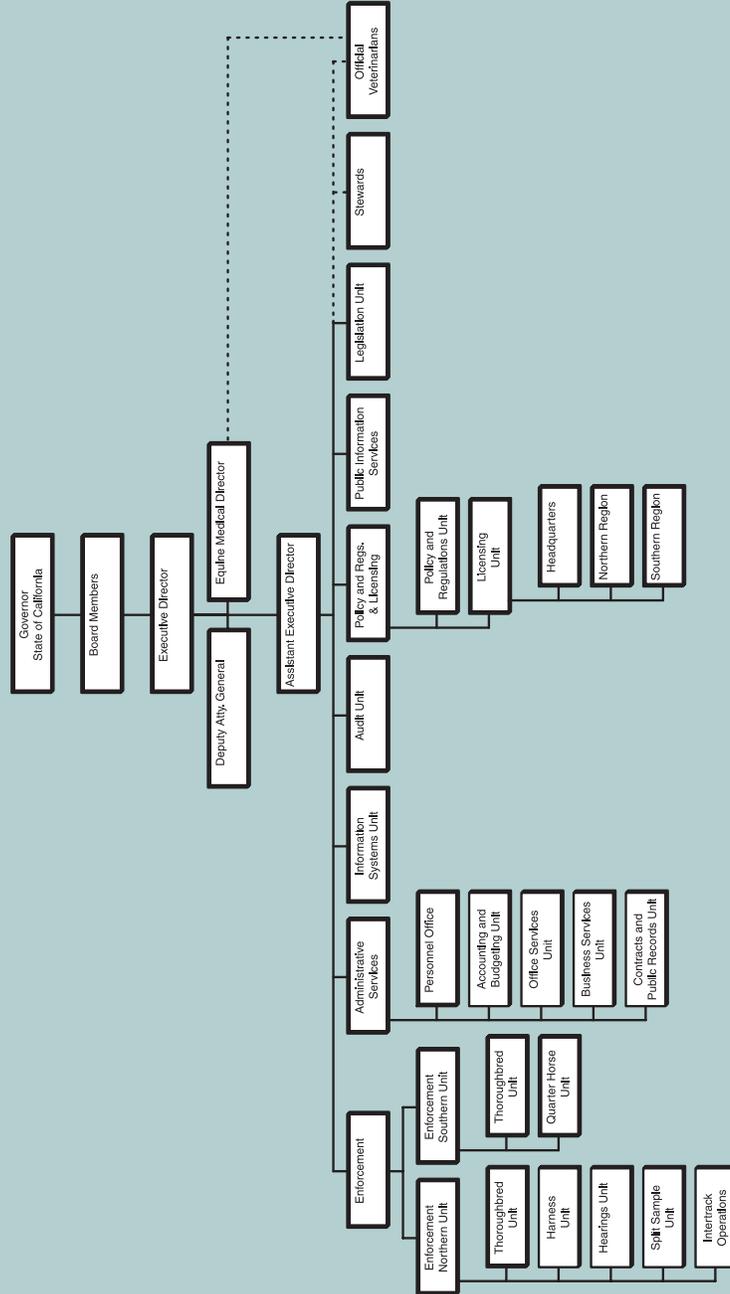
The CHRB has approved four companies to provide this service: TVG, XpressBet, Yobet, and at the end of 2007, Twinpires. During the last fiscal year, the original three ADW providers collectively handled \$587,599,138 in wagers made by account holders in California and those in other jurisdictions who placed wagers on races in California. This represented an increase of \$58.2 million from the previous year, or 11 percent.

ADW is consistently the one segment of pari-mutuel wagering that increases substantially each year in California. As the top-left chart shows, ADW handle began with \$65,207,627 in FY 2001–02, then jumped to \$146,666,131, \$360,316,199, \$457,065,448, and \$529,359,708 the following years.

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 Breeders' Cup.

Despite the three providers handling nearly \$588 million between them during the fiscal year, 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 \$4,378,778,214. ADW handle represented 13.4 percent of the \$4.37 billion in total wagers.

# California Horse Racing Board Organization



# The California Horse Racing Board

## History and Mission Statement

*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.

**Mission Statement:** The purpose of the California Horse Racing Board is to regulate pari-mutuel wagering for the protection of the betting public, to promote the horse racing and breeding industries, and to maximize State of California tax revenues.

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. 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 State Racing Information System.

## Board Meetings

*The California Horse Racing Board met 12 times throughout the state during 2007, and the Board held one meeting by teleconference. Board meetings are open to the public and include a published agenda. The following meeting dates and locations were held:*

January 23, 2007  
Arcadia City Hall  
February 22, 2007  
Arcadia City Hall  
March 22, 2007  
Bay Meadows Racetrack  
April 19, 2007  
Arcadia City Hall  
May 22, 2007  
Dept. of Water Resources, Sac.

June 19, 2007  
Hollywood Park Racetrack  
July 3, 2007  
Teleconference  
July 19, 2007  
Del Mar Simulcast Facility  
August 21, 2007  
San Luis Rey Downs  
September 27, 2007  
Arcadia City Hall

October 18, 2007  
Arcadia City Hall  
November 29, 2007  
University of California, Davis  
December 14, 2007  
Hollywood Park Racetrack

# 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.*

**A**t 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-

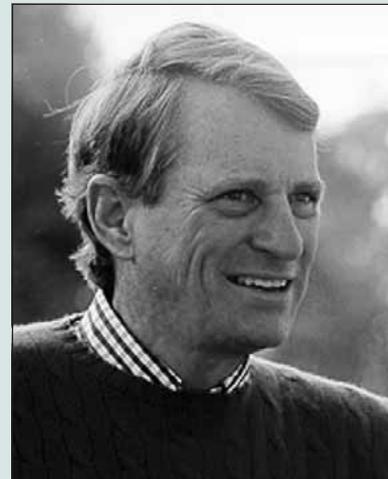
ecutive director shall give notice that the meeting is a Special Meeting of the California Horse Racing Board limited to the agenda, the items to be discussed at the meeting, and the expected commissioners in attendance so that legal notice may be published.



**Richard B. Shapiro,  
Chairman**

Founder of Winco Real Estate Services, Inc., Calabasas.

Appointed to the CHR B by Governor Arnold Schwarzenegger on October 14, 2004, through July 26, 2008. Attended 13 of 13 Board meetings in 2007.



**John C. Harris,  
Vice Chairman**

Chairman and CEO of Harris Farms, Inc., in Coalinga. Appointed to the CHR B by Governor Gray Davis on November 9, 2000, through July 26, 2003. Reappointed by Gov. Davis through July 26, 2007. Reappointed by Gov. Arnold Schwarzenegger through July 26, 2011. CHR B Chairman in '04 and '05. Attended 13 of 13 Board meetings in 2007.

## Members of the California Horse Racing Board



**John W. Amerman,  
Member**

Former Chairman of the Board, Mattel Inc. Appointed to the CHRB by Governor Arnold Schwarzenegger on June 30, 2006, through January 1, 2010. Attended 10 of 13 Board meetings in 2007.



**John Andreini,  
Member**

Founder of Andreini and Company. Appointed to the CHRB by Governor Arnold Schwarzenegger on October 14, 2005, through July 26, 2009. Attended 13 of 13 Board meetings in 2007.



**Jesse H. Choper,  
Member**

Earl Warren Professor of Law at the University of California, Berkeley. Appointed to the CHRB by Governor Arnold Schwarzenegger on March 30, 2007, through January 1, 2011. Attended nine of 10 Board meetings since his appointment in 2007.



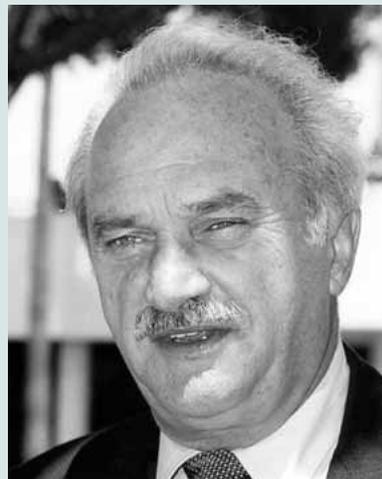
**Marie G. Moretti,  
Member**

Former Executive Director of the California Service Corps. Appointed to the CHRB by Gov. Gray Davis on Oct. 22, 1999, through Jan. 1, 2002. Reappointed by Gov. Davis through Jan. 1, 2006. Reappointed by Gov. Arnold Schwarzenegger through Jan. 1, 2010. Attended 10 of 13 Board meetings in 2007.



**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. Attended 13 of 13 Board meetings in 2007.



**William A. Bianco,  
Former 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.

## *Standing committees of the Board*

### **SECURITY AND LICENSING COMMITTEE**

Commissioner John Andreini,  
Chairman  
Commissioner Jesse Choper  
Commissioner Jerry Moss

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. This committee met twice in 2007.

### **MEDICATION COMMITTEE**

Commissioner Richard Shapiro,  
Chairman  
Commissioner John Harris

Establishes the Board's veterinary practices and procedures; selects qualified applicants for listing of official veterinarians for assignment to racing meetings; offers recommendations for laws or regulations deemed necessary to improve veterinary practices; oversees Board enforcement of veterinary practices and medication procedures; and provides leadership in the development of new or amended track safety standards. This committee met six times in 2007.

### **PARI-MUTUEL OPERATIONS COMMITTEE**

Commissioner Jerry Moss,  
Chairman  
Commissioner John Andreini  
Commissioner Jesse Choper

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. This committee met three times in 2007.

### **STRATEGIC PLANNING COMMITTEE**

Commissioner Richard Shapiro,  
Chairman  
Commissioner John Amerman  
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. This committee met four times in 2007.

### **STEWARDS' COMMITTEE**

Commissioner John Harris,  
Chairman  
Commissioner Richard Shapiro

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. This committee did not meet in 2007.

### **LEGISLATIVE COMMITTEE**

Commissioner Marie Moretti,  
Chairwoman  
Commissioner Richard Shapiro  
Commissioner John Harris

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. This committee met once in 2007.

### **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. Ingrid Fermin chairs the Backstretch Security committee and serves on the Model Rules, Standardbred Racing, and Quarterhorse Racing Committees. Commissioner Richard B. Shapiro serves as a director of the RCI and serves on the Wagering Security Systems Committee.

# California Horse Racing Board – Operating Budget

July 1, 2006 – June 30, 2007

| Appropriations  | Item        | Total                 |
|---|-------------|-----------------------|
| Personal Services   | \$4,206,000 |                       |
| Operating Expenses  | 6,186,000   |                       |
| <b>Total Appropriation</b>  |             | <b>\$10,392,000</b>   |
| <b>Expenditures — Personal Services</b>                                 |             |                       |
| Salaries and Wages  | \$3,073,173 |                       |
| Staff Benefits  | 997,975     |                       |
| <b>Total Personal Services</b>  |             | <b>\$4,071,148</b>    |
| <b>Operating Expenses and Equipment</b>                                 |             |                       |
| General Expense   | 328,338     |                       |
| Printing  | 24,880      |                       |
| Communications  | 43,580      |                       |
| Postage   | 19,995      |                       |
| Travel-in-State   | 202,186     |                       |
| Travel-out-of-State   | 4,130       |                       |
| Training  | 7,360       |                       |
| Facilities Operation  | 169,537     |                       |
| Contractual & Professional Services-Interdepartmental                   | 917,270     |                       |
| Contractual & Professional Services-External                            | 4,043,291   |                       |
| Consolidated data center: Stephen P. Teale Data Center                  | 188,000     |                       |
| Central Administration Services: Pro Rata                               | 260,545     |                       |
| Equipment   | 10,661      |                       |
| <b>Total Operating Expenses and Equipment</b>                           |             | <b>\$6,219,772</b>    |
| <b>Total Expenditures</b>   |             | <b>* \$10,290,920</b> |
| Unexpended Balance FY 2006-07 to be reverted to<br>General Fund 7/30/08 |             | 101,080               |
| <b>Total Expenditures &amp; Unexpended Balance</b>                      |             | <b>\$10,392,000</b>   |

\* Includes year-end accruals

# Executive Division

**H**orse Racing's specialized and complex regulatory requirements require a unique organizational structure and joint responsibilities for the Board and its operational divisions.

The Board appoints an executive director to carry out specified duties. The executive director, Ingrid Fernin, is responsible for the department's operations, which includes overseeing on a daily basis all office and field operations conducted by the staff, including CHRB investigators and licensing per-

sonnel, and contract personnel, including the stewards and official veterinarians. The executive director is assisted in this regard by the assistant executive director, Richard Bon Smith, as well as by supervisory personnel at CHRB offices and at racetracks. The assistant executive director manages the entire CHRB staff. The two executives plan and oversee the budget of the Board.

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. To meet the demands of the horse-racing industry, CHRB maintains offices in both Northern and Southern California. Board executives are available by cellular telephone at any hour of the day.

## MISSION

To Coordinate and Manage All Administrative Departments

## ACHIEVEMENTS

Managed by the ASSISTANT CHIEF OF ADMINISTRATION (Wendy Voss), the ADMINISTRATION SERVICES DIVISION comprises the following: 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.

**Ingrid J. Fernin,  
Executive Director**

Appointed January 7, 2005.  
Previously a steward with the  
California Horse Racing  
Board from 1981.



## 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 State-Mandated Programs, Handle Personnel-Related Actions for Staff, Statewide

## 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. Other significant responsibilities included direct support to the administrative hearings unit and the business services unit.

## ACHIEVEMENTS

The PERSONNEL UNIT had a full year of recruitment, as many of the long-time employees elected retirement. Job announcements were sent to all State agencies, and many examinations were administered to create eligibility lists to hire new staff. Personnel staff managed to maintain, update, and keep staff informed on mandated programs relating to civil service law changes, collective bargaining agreement modifications, and the various departmental policies. In addition to personnel-related matters, Personnel staff assisted with the Public Records Act requests that had been unusually excessive.

The Personnel Unit has processed actions relating to payroll, health, dental, and vision benefits, annual conflict of interest standards, and other related personnel actions. Personnel staff continued to keep the Board current with any changes that may have impacted the department and its staff.

## MISSION

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

## ACHIEVEMENTS

The POLICY AND REGULATION UNIT, supervised by the policy, regulations, and licensing manager (Jacqueline Wagner), in response to legislative and Board initiatives, and industry requests, revised several of the Board's rules governing horse racing in California. The Unit also continued the administration of the Board's ongoing track safety program, the farrier and trainer licensing programs, and the review of applications for license to conduct a horse racing meeting and Advance Deposit Wagering (ADW) providers.

### *The following rule changes were enacted during 2007:*

Rule 1433, Application for License to Conduct a Horse Racing Meeting, was amended to require a polymer synthetic type racing surface at all facilities that conduct four or more continuous weeks of thoroughbred racing in a calendar year.

Rule 1433, Application for License to Conduct a Horse Racing Meeting, was amended to revise the applications used by associations and by fairs, requiring a notice concerning on-track first aid requirements, pertinent information concerning first aid, estimates of the average daily purse, and identification of the provider of ADW services.

Rule 1481, Occupational Licenses and Fees, was modified to add the license class "backstretch event personnel" to the list of persons required to obtain an annual occupational license.

Rule 1486, Term of License, was revised to add "backstretch event personnel" to the class of licenses for which the expiration date becomes the last day of the birth month of the licensee, instead of expiring on the last day of the year in which the licenses are issued.

Rule 1536, Steward's Minutes, was amended to require Steward's Minutes to include a report of all on-track accidents involving jockeys or drivers that occur during the performance of their duties.

Rule 1582, Form of Entries and Declarations, was amended to allow an association to accept entries by facsimile or any other electronic method deemed appropriate. The association will determine whether written confirmation of such entries will be required.

Rule 1606, Coupling of Horses, was modified to exempt quarter-horse races from the requirement of coupling two or more horses as a single wagering interest when the same person or persons own them in whole or in part.

Rule 1747, Mule Racing Rules, was added to provide that mule races must adhere to the Board's regulations. In addition, the rulemaking added Article 10.5 to the Board's regulations as the section where mule racing rules will be located.

Rule 1748, Shoeing Mules, was added to allow mules to run unshod.

Rule 1844, Authorized Medication, was modified to increase the level of Flunixin allowed in a test sample from not more than 20 nanograms per milliliter of blood plasma or serum to not more than 50 nanograms per milliliter of blood plasma or serum. The amendment also established an allowable level of clenbuterol in the official blood test sample at 25 picograms per milliliter of blood plasma or serum.

## 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 various 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 inter-agency 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 California Animal Health and Food Safety System, which performed post-mortem 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 Supervise All Audits and Authorized Pari-mutuel Wagering Operations

## ACHIEVEMENTS

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

## MISSION

### To Continually Audit Pari-mutuel Operations

## 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.

## MISSION

### To Respond to Requests for Information from the Public and the Industry and to Accurately Convey the Board's Positions and Activities

## ACHIEVEMENTS

The PUBLIC INFORMATION OFFICER (Mike Marten) 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 56 news releases and several advisories 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. The PIO arranged for various racetrack stewards to be interviewed on radio and television and 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.

## 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, managed by the chief information officer (Steve Saks), oversees all aspects of the CHRB's statewide computer network. In FY 2006-07, MIS began a systematic and aggressive upgrade of all of the Board's computer capabilities, allowing 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. Additionally, MIS upgraded the entire statewide network to increase speed and capability in order to meet the increased demand for information and provide access to specific CHRB information to an increasing number of personnel and agencies affiliated with the CHRB.

MIS began a new and aggressive effort to integrate increasingly advanced technological solutions throughout the CHRB in order to enhance productivity and efficiency while significantly reducing communications overhead costs. MIS continued to expand the CHRB licensing system to provide all racetrack offices with immediate online access to CHRB license information that is critical to conducting their day-to-day business. MIS began providing expanded access to stewards, veterinarians, and horse identifiers to provide real-time information that was previously unavailable to them.

MIS continued to make major enhancements and refinements to the CHRB Website. The Website increased the availability of meeting notices, agendas, and transcripts. The Official Vet's List is now available on the CHRB website as well as Steward's Minutes from all active racecourses. Links to the webcasts of CHRB Board Meetings were made available during FY 2006-07. Additionally, the Website was enhanced and reorganized to make it easier for interested parties to navigate all aspects of the CHRB's Web pages.

MIS enhanced its state-of-the-art photo identification system, the foundation for the development of a suite of comprehensive applications that will serve as the fundamental tool set for all aspects of CHRB operations. This suite of applications will be both designed and developed by MIS and CHRB personnel, ensuring that the finished products will have the highest level of functionality and usability possible. This design and development process will span the next fiscal year with the finished product being a platform that will evolve with the needs and requirements of the Board.

MIS continues to explore new and emerging technologies to determine their utility and viability within the framework of the CHRB. The newly revamped MIS team has committed to moving the Board forward through the implementation of products, services, and systems that cost-effectively advance the goals and objectives of the CHRB and its staff.

## MISSION

To Monitor Legislation and Update the Horse Racing Law

*Enacted Legislation:*

SB 125 – Senator Tom Harman; Chapter 72

SB 249 – Senator Gloria Negrete McLeod; Chapter 75

SB 317 – Senator Jeff Denham ; Chapter 77

SB 379 – Senator Denham; Chapter 443

SB 921 – Senator Edward Vincent; Chapter 155

AB 241 – Assembly Member Curren D. Price, Jr; Chapter 594

AB 649 – Assembly Member Fiona Ma; Chapter 605

## ACHIEVEMENTS

The LEGISLATIVE UNIT, under the legislative coordinator (Jacqueline Wagner), 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.

*The following 12 horse-racing bills were chaptered in 2007:*

Provides clean-up language for a bill enacted in 2006 (SB 746, Chapter 368), by specifying the split of impact fees for both the harness and quarter-horse racing industry. The bill also adds intent language addressing impact fees.

Allows thoroughbred racing associations to provide promotional supplements to purses at race meetings for the benefit of thoroughbred horse owners.

Requires applicants for license as an official veterinarian to pass both a written and oral examination, and establishes qualifications for persons to be admitted to the official veterinarian examination.

Adds the Dubai World Cup race to the list of races that are exempt from the limit of 23 races per day on imported races for satellite wagering in California.

Increases the monetary penalty to \$100,000 for a violation for administering unauthorized drug substances to a horse entered in a horse race.

Allows an additional 15 mini-satellite wagering facilities in each racing zone throughout the state under specified conditions. The Board is required by April 1, 2008, to adopt emergency regulations to implement the new facilities. This bill allows any county, under specified conditions, to operate a satellite wagering facility and allows satellite wagering to continue at specified tracks, in the event of closure. The bill also redefines inclosure to include the parking lot of the racetrack.

Requires that the minimum amount awarded to a jockey who finishes second or third in a horse race and the scale of minimum jockey riding fees for losing mounts be increased by \$10, effective January 1, 2008. Subsequent \$10 increases will continue annually through 2010. In 2012 the minimum fee for losing mounts will increase by \$10, except the lowest fees on the scale will receive a \$5 increase. Thereafter, minimum jockey fees for losing mounts will be increased proportionately when the state's minimum wage rate is increased. In 2012, minimum fees for jockeys finishing second or third will increase by \$5. The bill further requires the Board, no later than July 1, 2008, to establish that a jockey who rides a horse finishing in fourth place in a thoroughbred horse race receives a reasonable riding fee.

AB 765 – Assembly  
Member Noreen Evans;  
Chapter 613

Authorizes Advance Deposit Wagering (ADW) indefinitely. (The law was due to expire January 1, 2008). The bill also allows a fair, combination of fairs, or an association conducting racing at a fair, with Board approval, to deduct an additional 1 percent from its daily handle to be used for maintenance and improvements at a fair's racetrack inclosure for those fairs that contribute to the newly created Inclosure Facilities Improvement Fund. This bill also requires the Board to establish and jointly administer with the Jockeys' Guild a defined contribution retirement plan for California licensed jockeys who retired from racing on or after January 1, 2009, and who, as of the date of their retirement, had ridden in a minimum of 1,250 pari-mutuel races conducted in California.

AB 1286 – Assembly  
Member Laura Richardson;  
Chapter 202

Authorizes the Alameda County Fair to operate two additional satellite wagering facilities and the Los Angeles County Fair to conduct satellite wagering at one additional location, under specified conditions.

AB 1308 – Assembly  
Member Alberto Torrico;  
Chapter 410

Allows thoroughbred associations or racing fairs, subject to approval of the Board, to change the amount of takeout on any or all wagers. The new rate must be between 10 percent and 25 percent.

AB 1616 – Assembly  
Member Martin Garrick;  
Chapter 417

Allows those medication violation cases alleging the use of prohibited substances, defined as Class I, II or III, to be heard by either a hearing officer or Board of stewards, instead of being directly referred to the Office of Administrative Hearings for administrative adjudication.

AB 1736 – Committee on  
Governmental Organization;  
Chapter 444

Adds the Travers Stakes and the Dubai World Cup to the list of races that would be exempt from the limit of 23 races per day on imported races for satellite wagering in California. In addition, the bill extends the sunset date to January 1, 2011, requiring any racing association or fair that conducts thoroughbred racing to pay to the owners' organization a specified portion of the purse for a national marketing program, and extends the sunset date to January 1, 2011, to continue distributions to a private statewide marketing organization to market and promote thoroughbred and fair horse racing in California.

# 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. The CHRB maintains licensing offices at all 14 racetracks during their meets and at the headquarters office in Sacramento.*

## MISSION

To License All Participants  
In Horse Racing

## ACHIEVEMENTS

The LICENSING DIVISION, also managed by the policy, regulations, and licensing manager, issued 10,477 licenses in FY 2006-07. Licenses issued included 4,033 owners, 618 pari-mutuel clerks, and 2,027 grooms.

## MISSION

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

## ACHIEVEMENTS

In FY 2006-07, the licensing unit continued to operate effectively, providing exemplary service. The live-scan fingerprint technology and digital photo identification card system, which were introduced the previous year, continued to streamline the licensing process. Fingerprints are now submitted directly to the California Department of Justice (DOJ) for processing, and can be processed by the DOJ in as little as one working day. The live-scan fingerprint technology and digital photo identification card system eliminated many steps in what was previously an often messy and cumbersome licensing process. The licensing unit processes all fingerprints and reciprocity fingerprint affidavits. Staff verifies that all trainers have the required workers' compensation insurance. The racing program is checked daily to ensure proper licensing. License technicians are trained on the complex circumstances of multiple partnerships, racing syndications, stable names, and various types of corporations, so they can explain the requirements to applicants and assist them in selecting the type of license that best meets their needs. As part of the verification process, licensing technicians utilize computer databases and consult with other racing jurisdictions.

A new license class of "backstretch event personnel" was added to Board Rule 1481, Occupational Licenses and Fees. Backstretch event personnel are security guards hired by racing associations on an "as-needed" basis to provide enhanced security for stakes races and other special events. In conjunction with the amendment to Rule 1481, Board Rule 1486, Term of License, was amended to add backstretch event personnel as a class of license that expires on the last day of the birth month of the licensee in the year it was issued.

# Enforcement

*The ENFORCEMENT DIVISION includes one Chief Investigator, four Supervising Special Investigators, and 14 Senior/Special Investigators, all held sworn peace officers. Their primary duty is the enforcement of the Horse Racing Law, CHRB regulations, and provisions of California law addressing sporting events and gambling pursuant to the Business and Professions Code, Penal Code, and other California Codes. Additionally, the Enforcement Division staff includes one Management Service Technician, who manages the split sample program. During a licensed meet at any of 14 racetracks in the state, an enforcement field office of the Board is established at the operating facility. This field office is 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, led by the Chief Investigator (Rad Coulter), conducted investigative interviews of license applicants who admitted to having a criminal conviction for any public offense or a suspension or revocation of a license for any horse racing-related violation. Subsequently, the California Department of Justice processed 2,275 fingerprint submissions on behalf of the Enforcement and Licensing Division of the Board.

## MISSION

To Obtain and Submit Information to the National Data Bank

## ACHIEVEMENTS

The Enforcement Division obtained horse-racing background information on license applicants through the computerized national index of the ARCI. As part of its participation in this national program, the Board submitted 1,164 rulings of the California Stewards for input into this national database system. There is online 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, the Board, and the Immigration and Customs Enforcement. The Enforcement Division declined to issue 33 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 licensing criteria were met.

## MISSION

To Enforce Rules and Regulations

## ACHIEVEMENTS

Observed or reported offenses were investigated, and the majority of those 1,058 investigations resulted in the service of 652 administrative action complaints against licensees for a multitude of alleged violations. These complaints resulted in the issuance of 1,164 rulings by the Stewards for violations of racing infractions, misconduct concerning entry or procedure, conduct of financial affairs, improper medication practice, fitness for continued licensing, medication and substance violations, failure to appear, possession of contraband, intoxication/alcohol or controlled substances, and other violations. These rulings resulted in the issuance of fines of \$284,875 and license suspensions totaling 2,797 days. Potential or actual criminal offenses were investigated, including medication violations, bookmaking, possession and/or sales of controlled substances, theft, burglary, forgery, 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 officers assigned to anti-gambling operations and narcotics task forces. Local policing authorities often work 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. Board Investigators also conducted searches of licensee vehicles, barn stalls, and tack rooms. Board Investigators manage a human urine collection and presumptive testing for controlled substances pursuant to licensee drug-screening agreements. Board Investigators have assisted out-of-state racing commissions hosting major events as part of the cooperative agreements between enforcement/regulatory organizations.

## MISSION

To Process Appeals in a Fair and Timely Manner

## ACHIEVEMENTS

The ADMINISTRATIVE HEARINGS UNIT, staffed by Senior Special Investigator Sharyn Jolly, received 41 appeals of Board of Stewards rulings and decisions. Applications for temporary stay requests from those rulings and decisions numbered 39, of which three were granted. Peremptory orders relating to appeals and other actions of the Board totaled 60. Administrative hearings coordinated with the Office of Administrative Hearings and designated referees totaled 23. Stipulated settlements approved by the Board of Stewards or Board numbered 24.

All decisions and rulings of the stewards other than the outcome of a race 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.

## MISSION

To Ensure Compliance with All Laws and Rules at Simulcast Facilities

## ACHIEVEMENTS

Board Investigators are tasked with the random compliance inspections of Simulcast Wagering Facilities located in California. These inspections focus on the overall facility operation in addition to compliance with the California Horse Racing Board rules and regulations. Satellite uplink and downlink equipment is also examined during the course of these inspections. Including the major racetracks and racing fairs, there are 34 simulcast wagering facilities located throughout California. A simulcast supervisor, who works in concert with a pari-mutuel manager to ensure that all aspects of the facility operation run smoothly, oversees the daily operation of a facility.

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

| <b>Enforcement Actions — Fiscal Year 2006–07</b>                             |              |
|--|--------------|
| Investigations:  |              |
| Fitness for continued licensing  | 74           |
| Unlicensed participation   | 20           |
| Conduct of financial affairs   | 240          |
| Use of a prohibited drug on entered horse                                    | 69           |
| Improper medication practice   | 180          |
| Possession of contraband   | 9            |
| General misconduct   | 192          |
| Intoxication/alcohol or controlled substance                                 | 62           |
| Other, principally investigations not resulting in the filing of a complaint | 212          |
| <b>Total Investigations</b>  | <b>1,058</b> |
| <b>Total Complaints filed:</b>   | <b>652</b>   |
| <b>Stewards' Rulings</b>   |              |
| Racing infractions during a race   | 341          |
| Misconduct concerning entry or procedure                                     | 168          |
| Fitness for continued license  | 45           |
| Conduct of financial affairs   | 86           |
| Medication and substance violations  | 78           |
| Improper medication practice   | 124          |
| Possession of contraband   | 12           |
| Unlicensed participation/security control                                    | 32           |
| Intoxication/alcohol or controlled substance                                 | 41           |
| Failure to appear  | 82           |
| Other, principally minor stable-area violations                              | 155          |
| <b>Total Official Rulings of the Board of Stewards</b>                       | <b>1,164</b> |

# Appointed CHRB Officials — FY 2006–07

## STEWARDS

Anne Alley  
Grant Baker  
Pamela Berg  
Scott Chaney  
Albert Christiansen  
James Dreyer  
Martin Hamilton  
John Herbuveaux

Steffan Imhoff  
Darrel McHargue  
William Meyers  
Dennis Nevin  
Paul Nicolo  
Wayne Oke  
Brent McLaren  
Marie Peluso

Kim Sawyer  
George Slender  
Violet Smith  
Zachary Soto  
Peter Tommila  
Thomas Ward  
Randy Winick

## OFFICIAL VETERINARIANS

Dr. Gary Beck, DVM  
Dr. B. William Bell, DVM

Dr. Donald Dooley, DVM  
Dr. Robert Goodbary, DVM  
Dr. Robert Guillen, DVM

Dr. Joan Hurley, DVM  
Dr. Diane Isbell, DVM  
Dr. Amy Nevens, DVM

# Racing Supervision

*The responsibility for onsite 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.*

**T**he Board selects and contracts with stewards based on their experience and expertise. Each panel of three stewards at a race meeting has been delegated the powers and duties necessary to ensure the integrity of racing and to oversee compliance with the

Horse Racing Law and all CHRB rules and regulations.

The Board directly appoints the stewards and official veterinarians, while the other racing officials are nominated by the racing associations subject to the Board's approval.

The Legislature provides an annual appropriation to meet the costs of direct racing supervision. The allocation for FY 2006-07 was \$2 million for stewards and official veterinarians. Other racing officials were paid by the associations in the manner prescribed and agreed to by the Board.

## MISSION

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

## ACHIEVEMENTS

Acting for the Board in all matters relating to the race meetings assigned to them, the STEWARDS used their delegated authority for the following:

- ◆ Oversee entries, declarations, and the placing of horses for the official order of finish.
- ◆ Conduct administrative hearings on matters involving racing infractions and other racing offenses.
- ◆ Issue rulings based on those hearings to impose suspensions of license, impose fines, and/or bar individuals from the enclosure for racing offenses.
- ◆ Preside over examinations required for certain classes of licenses.
- ◆ Make recommendations to the Board regarding the qualifications and fitness for licensure of applicants referred to them by the Board's licensing staff.
- ◆ Maintain minutes of all such proceedings for review by the Board and the public.

As requested by the Board and horse-racing industry stakeholders, the stewards contributed to the "transparency" of the Board's oversight 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 appeared on television and attended public gatherings at which they described their roles, answered questions, and in general educated the public as to the role and effectiveness of CHRB regulation of the horse-racing industry.

During the year, the stewards attended Stewards' Committee meetings and in-house seminars. These allowed them the opportunity to hear lectures and receive information. The gatherings also enabled them to share 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. The meetings and training sessions helped them remain current on all laws, regulations, and Board policies, contributing to the goal of ensuring that all stewards' decisions are made in a fair and consistent manner throughout the state.

## MISSION

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

## MISSION

To Properly Identify All Horses Competing at Race Meetings

## ACHIEVEMENTS

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

## ACHIEVEMENTS

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

# Track Safety Program

*Enforcement of track safety standards and backstretch housing standards programs continued in 2007. All segments of the horse-racing industry provided full cooperation in these important efforts.*

The California horse-racing industry, in partnership with the CHRB, is dedicated to ensuring that racetracks are safe for horsemen, equine athletes, and the public.

The track safety program established standards that govern the state's entire racing and sanctioned training facilities. The rules that govern the program set standards for rails on the racetrack, outline the renovation requirements for dirt tracks, address maintenance of dirt racetracks, and provide the criteria that must be met by facilities operating golf courses on the infield.

Racing associations and racing fairs that submitted applications for a race

meeting were inspected and monitored to determine compliance with established safety standards regulations. Racing associations promptly corrected deficiencies noted in the inspections, bringing California's racing facilities into compliance with safety standards.

The backstretch housing inspection program, which complements the track safety inspections, was continued in 2007. The program established standards that provide the basic conditions for habitable rooms on the backside. Each racing association and fair submitting an application for license to conduct a race meeting was inspected and monitored for compliance with

backside housing standards. If a deficiency was noted during an inspection, it was corrected by the industry.

In its commitment to ensuring the safest racetracks for its equine athletes, the Board adopted an amendment to its rules in 2006 requiring the installation of synthetic racing surfaces at all racetracks offering four or more continuous weeks of thoroughbred racing. Synthetic surfaces provide a safer footing than conventional footings.

Hollywood Park was the first California racetrack to install a synthetic race surface in 2006. Three more tracks -- Del Mar, Santa Anita Park, and Golden Gate Fields -- installed synthetic race surfaces in 2007.

# California Horse Racing Information Management System (CHRIMS)

*CHRIMS is a database and a software development and service bureau owned by the California thoroughbred industry. CHRIMS is unique in that it provides services to government agencies, such as the CHRB, Division of Fairs and Expositions, California Authority of Racing Fairs, and the State Legislature, as well as racing associations and fairs, horsemen's organizations, and other subscribers.*

The CHRIMS database includes California wagering and attendance data dating back to 1985 and fulfills many database needs for the industry, including accounting, statistical, management and analytical services, and has been instrumental in helping the California racing industry cope with the demands associated with the rapid growth of simulcast and Advanced Deposit Wagering (ADW). Specialized applications have been developed to enable data technicians to electronically collect handle data and calculate the distribution of takeout based upon California law.

data files include all wagering activity that pertains to California racing

then made available to CHRIMS users.

◆ Information dissemination: CHRIMS has developed various reporting tools that allow users to query the data. Specialized queried data-sets, detailing the complete breakdown of handle by date, site, pool, and type of wagering event, are made available through the CHRIMS reporting tools. System users may query the database across a variety of parameters to obtain consistent, reliable information for accounting purposes, statistical analysis, pari-mutuel receipt confirmation, simulcast settlements, etc.

| Handle Location                        | On Track     | Off Track    | Total CA     | Out of State | Total         |
|--|--------------|--------------|--------------|--------------|---------------|
| License Fees                           | 88,597.69    | 70,436.32    | 170,022.01   | 21,819.22    | 191,838.23    |
| Exotic License                         | 0.00         | 0.00         | 0.00         | 0.00         | 0.00          |
| Breakage                               | 0.00         | 3,415.62     | 3,415.62     | 0.00         | 3,415.62      |
| Minus Draw                             | 0.00         | 0.00         | 0.00         | 0.00         | 0.00          |
| F and F Fund                           | 0.00         | 0.00         | 0.00         | 0.00         | 0.00          |
| License Reduction                      | -7,489.82    | 0.00         | -7,489.82    | 0.00         | -7,489.82     |
| Total License                          | 80,107.87    | 73,851.94    | 160,959.81   | 21,819.22    | 182,779.03    |
| Equine Research Lab                    | 4,879.88     | 3,521.25     | 8,401.13     | 0.00         | 8,401.13      |
| Workers Comp Fund                      | 13,717.52    | 9,827.48     | 23,545.00    | 22,481.47    | 46,026.47     |
| City Tax to State                      | 0.00         | 0.00         | 0.00         | 0.00         | 0.00          |
| City/County Tax                        | 18,433.82    | 11,820.02    | 28,053.84    | 0.00         | 28,053.84     |
| Total City Tax                         | 18,433.82    | 11,820.02    | 28,053.84    | 0.00         | 28,053.84     |
| Prize Fund                             | 2,726.53     | 14,084.80    | 16,811.33    | 0.00         | 16,811.33     |
| Vandalism                              | 7,221.33     | 37,324.89    | 44,546.22    | 0.00         | 44,546.22     |
| Location Fee                           | 2,363.82     | 81,284.71    | 83,648.53    | 0.00         | 83,648.53     |
| Expense Fund                           | 17,031.43    | 88,230.50    | 105,061.93   | 0.00         | 105,061.93    |
| Total Misc Credits                     | 25,341.51    | 225,220.60   | 250,562.11   | 0.00         | 250,562.11    |
| Purses                                 | 712,717.82   | 162,824.22   | 875,542.04   | 120,564.54   | 996,106.58    |
| Exotic Purses                          | 37,246.88    | 0.00         | 37,246.88    | 0.00         | 37,246.88     |
| Charity Purses                         | 0.00         | 0.00         | 0.00         | 0.00         | 0.00          |
| Breakage                               | 20,568.96    | 7,739.05     | 28,308.01    | 0.00         | 28,308.01     |
| Minus Draw                             | 0.00         | 0.00         | 0.00         | 0.00         | 0.00          |
| SBOWD Purses                           | 0.00         | 0.00         | 0.00         | 0.00         | 0.00          |
| Total Purses                           | 379,534.46   | 170,563.27   | 549,997.73   | 120,564.54   | 670,562.27    |
| Client Payments                        | 3,485.93     | 2,464.84     | 5,950.77     | 0.00         | 5,950.77      |
| SBOWD Owners                           | 0.00         | 0.00         | 0.00         | 0.00         | 0.00          |
| Breakdown Awards                       | 25,891.38    | 18,014.61    | 43,905.99    | 7,457.65     | 51,363.64     |
| Total Breakdown Awards                 | 25,891.38    | 18,014.61    | 43,905.99    | 7,457.65     | 51,363.64     |
| Track Commissions                      | 326,282.98   | 165,289.82   | 491,572.80   | 120,562.82   | 612,135.62    |
| Exotic Commissions                     | 0.00         | 0.00         | 0.00         | 0.00         | 0.00          |
| Charity Commissions                    | 0.00         | 0.00         | 0.00         | 0.00         | 0.00          |
| Breakage                               | 8,071.63     | 7,739.11     | 15,810.74    | 0.00         | 15,810.74     |
| Minus Draw                             | 0.00         | 0.00         | 0.00         | 0.00         | 0.00          |
| License Reduction                      | -7,489.82    | 0.00         | -7,489.82    | 0.00         | -7,489.82     |
| Total to Track                         | 381,996.92   | 173,027.75   | 555,024.67   | 120,562.82   | 675,587.49    |
| Commission Guests                      | 0.00         | 0.00         | 0.00         | 981,898.25   | 981,898.25    |
| Phone Fee ADW                          | 0.00         | 0.00         | 0.00         | 0.00         | 0.00          |
| Internet Handle                        | 5,790.00     | 14,833.04    | 18,799.04    | 0.00         | 18,799.04     |
| Internet Handle                        | 0.00         | 0.00         | 0.00         | 0.00         | 0.00          |
| Phone Handle Fee                       | 0.00         | 0.00         | 0.00         | 0.00         | 0.00          |
| Handle from Public Available to Public | 885,270.19   | 888,638.80   | 1,853,913.99 | 1,254,039.99 | 2,908,453.98  |
|  | 4,824,809.41 | 2,822,579.60 | 6,647,389.01 | 5,172,013.60 | 12,219,398.61 |
| TOTAL HANDLE                           | 4,979,884.00 | 3,521,215.40 | 8,501,100.00 | 6,428,553.60 | 14,927,653.60 |

Sample CHRIMS Report

On a daily basis, CHRIMS downloads data such as handle by pool, conventional and exotic takeout, breakage, minus pool, and runner pay, sorted by number of race, location of race, host of race, time of bet, location of bet, and breed of race, from each of the three totalizator companies doing business in North America. Downloads from all four ADW companies licensed in California are also collected and processed on a daily basis.

The basic system operation of CHRIMS occurs in three phases:

◆ Data Acquisition. Each night following the close of wagering, CHRIMS computers in Northern California electronically download (via a file transfer protocol known as "ftp") complete sets of wagering data files from totalizator hubs throughout North America; these

and races wagered upon by California residents. For wagers made on a California wagering system, the data includes detail down to the teller transactions. Similar data downloads are also received from ADW companies.

◆ Data Processing. Each morning, CHRIMS personnel supervise the compilation of tote and ADW data into usable information units (pool by pool, site by site, handle, takeout, breakage, minus pools, and payable to the public). This information is then processed by the application of statutory and contractual takeout distribution formulas. An independent pari-mutuel auditor verifies the downloaded CHRIMS data and calculations. The audited data is

# Laboratory Services

*To protect animal health and uphold the integrity of the racing industry, the California Horse Racing Board requires analysis of post-race blood and urine samples from horses in competition. The Kenneth L. Maddy Equine Analytical Chemistry Laboratory is the authorized equine drug-testing laboratory for California horse racing. The laboratory offers full-service, routine drug testing of over 70,000 samples each year. Program funding comes from a portion of California wagering revenues and racing association support for TCO2 testing. Faculty and staff also develop highly specialized methods to document the effects of certain drugs and other substances on equine performance.*

The CHRHB analyzed 33,475 post-race urine and blood samples, 38,544 TCO2 blood samples and 1,124 out-of-competition blood samples in FY 2006-2007. The cost to the state of California was \$1,895,696.

Urine and blood samples are obtained post-race 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 testing of post-race samples is the backbone of the CHRHB's drug regulation program.

Thoroughbreds are subject to pre-race TCO2 testing to regulate bicarbonate loading, a prohibited practice known as "milkshaking." Harness horse TCO2 testing is done 90 minutes post-race on winners and other horses selected for testing. The CHRHB thoroughbred program is in compliance with ARCI & RMTTC Best Practices recommendations. Pre-race testing for harness racing has already been added for FY 2007-2008.

Out-of-competition (OOC) testing began at Cal Cup in the fall of 2006 and began in earnest in February 2007 when the budget augmentation passed by the Legislature for OOC testing was released to the CHRHB. OOC testing is the linchpin in human sports testing and is absolutely necessary to detect certain prohibited drugs. OOC testing targeted blood-doping agents such as erythropoietin and darb-erythropoietin. Growth Hor-

mone and similar peptide hormones will be future testing targets. The budget augmentation also allows more in-depth analysis of routine samples, which will allow the implementation of comprehensive anabolic steroid testing in FY 2007-2008. In addition, the Maddy Laboratory maintains a portion of every urine sample for retrospective testing should a new test become available. Combined with OOC testing, the CHRHB is positioned to be well prepared for the next generation of performance-enhancing drugs.

The Maddy Laboratory is accredited by the American Association for Laboratory Accreditation to the international ISO 17025:2005 standards, one of two racing laboratories in the United States so accredited. The Maddy Laboratory utilizes state-of-the-science instrumented LC/MS screening process, which the laboratory introduced to American racing when it opened in 2000. Over 800 drugs are in the identification library at the laboratory, and more are added as their profiles become available.

The CHRHB uses scientific research data to make regulatory decisions. Researchers have evaluated the effects of prescribed medications, unauthorized drugs, and other substances on the performance of horses. Examples include determining the length of time required for clearance of non-steroidal anti-inflammatory medications from a horse's system, potential effects of TCO2 levels on performance, and resi-

due levels of procaine penicillin. Recent research projects in pharmacology and toxicology focus on controlled studies to establish more effective drug treatments, dosages, and clearance times that currently do not exist for many of the hundreds of therapeutic drugs in use. UC-Davis School of Veterinary Medicine faculty also provides consultations with veterinary professionals seeking to better treat their horses and comply with horse-racing rules.

Associated Pathologists Laboratories of Las Vegas performed human drug-test analyses.

The Board contracts with the University of California for the services of the equine medical director (EMD) through the School of Veterinary Medicine at UC-Davis. The EMD advises the board on all aspects of the drug-testing program. The EMD:

- ◆ Reviews, evaluates, and monitors the CHRHB's testing programs of the laboratories.
- ◆ Evaluates security policies and procedures for the reporting of prohibited substances.
- ◆ Recommends types of tests and drugs that need to be tested by the laboratories.
- ◆ Conducts long-range program planning.
- ◆ Recommends policies and programs.

- ◆ Advises on regulations relating to veterinary practices.
- ◆ Monitors policies and procedures relating to the health and welfare of horses in regulated areas.
- ◆ Advises the Board and the Executive Director relative to violations of the rules in the EMD's areas of responsibility.

The following procedures are employed in the collecting, testing, and retention of all specimens except for TCO2 testing, which has different procedures relating to split samples:

1. The owner, trainer, or representative of the horse being tested witnesses the collection of two bloods and one urine sample.
2. A portion of the urine sample is placed in a separate container in front of the witness for retention by the Board as a horsemen's split sample. All

samples are sealed against tampering, also in front of the witness.

3. The portion of the sample designated for analysis, the official sample, is sent directly to the Maddy Laboratory; the second sample, the horsemen's sample, is sent to split-sample storage in Sacramento.

4. All specimen containers are identified only by a unique number, and only the Board's official veterinarian knows the identity of the horse involved. The laboratory does not know the identity of the sample until after the results are reported to the CHRB.

5. Because urine and blood samples from racehorses may be evidence in administrative or criminal proceedings, a strict chain of custody is maintained.

The laboratory reports the presence of any confirmed prohibited substance to the CHRB Executive Director and

EMD, who review the report. CHRB investigators confidentially notify the owner and trainer, who have 72 hours to request that the horsemen's split sample be analyzed at an approved laboratory at their expense and another five days to complete all arrangements for such testing.

If no split sample is requested, the laboratory's test is deemed to be accurate, evidentiary proof of the presence of such prohibited drugs in the test sample and declared a positive. If a split sample is requested, only if the split-sample laboratory confirms the presence of the prohibited substance reported by the official racing laboratory is the test is deemed positive. The matter is then submitted by the CHRB for administrative action.

# Equine Postmortem Program

*The State of California contributes to the health and safety of horses and other racing participants through its continued funding and support of the innovative UC Davis/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, begun in 1990 by the CHRB in partnership with California Animal Health and Food Safety (CAHFS), formally known as California Veterinary Diagnostic Laboratory System, has become a national role model for the racing industry. The actions of this partnership in advance of heightening public concern with the horse-racing industry in the United States are helping to improve the safety and welfare of racehorses.

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

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

Detailed information on each horse is compiled and reported to the CHRB. Various specimens are collected and sent to veterinary scientists in the School of Veterinary Medicine at the University of California at Davis for more in-depth analysis.

Funding for the entire program also is a cooperative effort. The CHRB funds the postmortems while the racing asso-

ciations 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. Many cases of sudden death go undiagnosed, and as a result, CAHFS is concentrating its efforts to determine causes for these losses. 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 proximal sesamoid bone fractures and synthetic racing surfaces.

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, data collected using an instrumented horseshoe indicates that one race surface has lower forces and accelerations on the forelimb hoof than a dirt surface and a turf surface.

Synthetic race surfaces are likely to have an effect on injuries. Initially, injuries may be reduced. However, the types of injuries might change, and changes in other factors that also contribute to injuries (for example, exercise intensity) will modify the effect of race surface on injuries. Synthetic race surface materials are being studied. The computer model of the equine forelimb and simulation of racing gallop are being modified to screen different surface materials for propensity for lower forelimb injuries.

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 301 fatalities was reported during the period 11/10/06 to 11/16/07.*

| Associations                                    | Breed of Horse |    |     |    |    |   | Occurred During |            |     |  |
|---|----------------|----|-----|----|----|---|-----------------|------------|-----|--|
|   | TB             | QH | APP | AR | ST | P | RACE            | TRAIN      | OTH |  |
| <b>Thoroughbred</b>                             |                |    |     |    |    |   |                 |            |     |  |
| Los Angeles Turf Club/SA 12/26/06-4/22/07       | 45             |    |     |    |    |   | 19              | 16         | 10  |  |
| Hollywood Park Racing Assn. 11/10/06-12/18/06   | 11             |    |     |    |    |   | 6               | 5          |     |  |
| Hollywood Park Racing Assn. 4/25/07-7/15/07     | 25             |    |     |    |    |   | 6               | 14         | 5   |  |
| Hollywood Park Racing Assn. 11/7/07-11/16/07    | 3              |    |     |    |    |   | 1               |            | 2   |  |
| Del Mar Thoroughbred Club 7/18/07-9/5/07        | 23             |    |     |    |    |   | 8               | 10         | 5   |  |
| Oak Tree Racing Assn./SA 9/26/07-11/4/07        | 14             |    |     |    |    |   | 7               | 3          | 4   |  |
| Bay Meadows Operating Co. 11/10/06-12/18/06     | 14             |    |     |    |    |   | 7               | 4          | 3   |  |
| Bay Meadows Operating Co. 2/14/07-4/22/07       | 34             |    |     |    |    |   | 19              | 10         | 5   |  |
| Bay Meadows Operating Co. 8/22/07-11/14/07      | 14             |    |     |    |    |   | 5               | 6          | 3   |  |
| Pacific Racing Assn./GGF 12/26/06-2/11/07       | 14             |    |     |    |    |   | 7               | 4          | 3   |  |
| Pacific Racing Assn./GGF 4/25/07-6/10/07        | 18             |    |     |    |    |   | 8               | 7          | 3   |  |
| Pacific Racing Assn./GGF 11/7/07-11/16/07       | 1              |    |     |    |    |   | 1               |            |     |  |
| <b>Harness</b>                                  |                |    |     |    |    |   |                 |            |     |  |
| Sacramento Harness Assn.11/10/06-12/16/06       |                |    |     |    | 0  |   |                 |            |     |  |
| Sacramento Harness Assn.12/28/06-7/28/07        |                |    |     |    | 2  |   | 1               | 1          |     |  |
| Sacramento Harness Assn.9/21/07-11/16/07        |                |    |     |    | 0  |   |                 |            |     |  |
| <b>Quarter Horse</b>                            |                |    |     |    |    |   |                 |            |     |  |
| LA Quarter Horse Racing Assn. 11/10/06-12/17/06 | 5              | 2  |     |    |    | 1 | 5               | 2          | 1   |  |
| LA Quarter Horse Racing Assn. 12/28/06-11/16/07 | 18             | 30 |     |    |    |   | 33              | 7          | 8   |  |
| <b>Fairs</b>                                    |                |    |     |    |    |   |                 |            |     |  |
| Stockton (San Joaquin County) 6/14/07-6/24/07   | 1              |    |     |    |    |   | 1               |            |     |  |
| Pleasanton (Alameda County) 6/27/07-7/8/07      | 2              |    |     |    |    |   | 1               |            | 1   |  |
| Vallejo (Solano County) 7/11/07-7/15/07         | 0              |    |     |    |    |   |                 |            |     |  |
| Santa Rosa (Sonoma County) 7/18/07-8/16/07      | 5              |    |     |    |    |   | 3               | 1          | 1   |  |
| San Mateo (San Mateo County) 8/8/07-8/19/07     | 4              | 1  |     |    |    |   | 3               | 1          | 1   |  |
| Ferndale (Humboldt County) 8/9/07-8/19/07       | 0              |    |     |    |    |   |                 |            |     |  |
| Pomona (Los Angeles County) 9/7/07-9/24/07      | 11             | 1  |     |    |    |   | 4               | 6          | 2   |  |
| Fresno (Fresno District) 10/3/07-10/14/07       | 2              |    |     |    |    |   | 2               |            |     |  |
| <b>Totals</b>                                   | 264            | 34 |     |    | 2  | 1 | 147             | 97         | 57  |  |
| <b>Total Fatalities 301</b>                     |                |    |     |    |    |   | <b>301</b>      | <b>301</b> |     |  |

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

Race fatalities are the fatalities that occur during or subsequent to a race at the listed racetrack. Training fatalities occur during active training. Other fatalities include fatalities from illness or accidents not associated with racing or training. Training and other fatalities include the operating racetrack and all other auxiliary training facilities reporting through the official veterinarian during the association's meet. For example, during the Los Angeles Turf Club/SA meet, training and other fatalities would include occurrences at San Luis Rey Downs, Fairplex Park, and Hollywood Park.

# Horse Racing in California

**H**orse-racing fans everywhere turned their attention to Hollywood Park last summer when Lava Man (front center) charged home in a thrilling stretch duel to narrowly best A.P. Xcellent and win his third consecutive Hollywood Gold Cup. In doing so, he matched the accomplishment of the legendary Native Diver more than 40 years ago. California racing enjoyed many highlights in 2007, as described in the following pages.



BENOIT PHOTOS

## California Horse-Racing Meetings During 2007

| Thoroughbred Race Meetings — Central & Southern Zones |                     |
|---|---------------------|
| Santa Anita Park                                      | 12/26/06 — 4/22/07  |
| Hollywood Park  | 4/25/07 — 7/15/07   |
| Del Mar   | 7/18/07 — 9/5/07    |
| Santa Anita Park (Oak Tree)                           | 9/26/07 — 11/4/07   |
| Hollywood Park  | 11/7/07 — 12/22/07  |
| Thoroughbred Race Meetings — Northern Zone            |                     |
| Golden Gate Fields                                    | 12/26/06 — 2/11/07  |
| Bay Meadows   | 2/14/07 — 4/22/07   |
| Golden Gate Fields                                    | 4/25/07 — 6/10/07   |
| Bay Meadows   | 8/22/07 — 11/4/07   |
| Golden Gate Fields                                    | 11/7/07 — 12/22/07  |
| Quarter Horse Race Meetings — Statewide               |                     |
| Los Alamitos  | 12/28/06 — 12/23/07 |
| Harness Race Meetings — Statewide                     |                     |
| Cal Expo  | 12/28/06 — 7/28/07  |
| Cal Expo  | 8/01/07 — 12/22/07  |

| Fair Meetings — Statewide |                           |                    |
|---------------------------|---------------------------|--------------------|
| Stockton                  | (San Joaquin Fair)        | 6/14/07 – 6/24/07  |
| Pleasanton                | (Alameda County Fair)     | 6/27/07 – 7/8/07   |
| Vallejo                   | (Wine Country Racing)     | 7/11/07 – 7/15/07  |
| Santa Rosa                | (Wine Country Racing)     | 7/26/06 – 8/6/07   |
| San Mateo                 | (San Mateo County Fair)   | 8/8/07 – 8/19/07   |
| Ferndale                  | (Humboldt County Fair)    | 8/9/07 – 8/19/07   |
| Pomona                    | (Los Angeles County Fair) | 9/7/07 – 9/24/07   |
| Fresno                    | (Fresno District Fair)    | 10/3/07 – 10/14/07 |

## 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

#### Santa Anita Derby and Strong Interest Among Out-of-State Fans Helped Santa Anita Post Gains

### SANTA ANITA PARK

Massive gains in out-of-state handle contributed to Santa Anita Park establishing a record all-source handle during its 85-day winter meet in 2007. And for the first time in 10 years, Santa Anita attracted more than 30,000 fans on five separate occasions, helping to produce an on-track daily average of 9,373 – a 1-percent increase from 2006.

Santa Anita Derby day (April 7) was undoubtedly the highlight of Santa Anita's 70th racing season. On-track attendance was 56,810, which was the biggest Derby crowd since 1984. Total mutuel handle of \$23.9 million represented the fourth-highest all-time Derby day handle and marked an 8.4-percent increase over the previous year.

Average daily all-source handle was up 1 percent (at \$11.8 million) for the entire meet, buoyed largely by consistently strong out-of-state wagering, which offset a 5-percent decline in on-track and California satellite handle caused in part by an unprecedented 11 days without a live Northern California simulcast partner.

“The quality of racing was the best it's been in several years, and that helped contribute to gains out of state,” said Santa Anita President Ron Charles. “To be up in attendance for the second year in a row, particularly coming off a double-digit increase in 2006, was very gratifying. We are committed to putting on a terrific show and getting people back to the track, and we feel that a day at Santa Anita is a great way to create new fans for racing.”

The number of horses participating each day also increased, with field size averaging 8.6 horses per race, marking the second consecutive year the average improved. Charles said, “Our main track held up very well, and we had a consistent, safe surface. Additionally, our turf course was extremely popular with horsemen and fans. We ran 220 turf races this year, and the course was still in great shape.”

On the racetrack, Lava Man became only the third horse in the history of the Santa Anita Handicap to win the race twice. Doug O'Neill continued his dominance of the trainers' ranks for the third straight year by posting an all-time Santa Anita record of 56 victories. Garrett Gomez and Victor Espinoza dead-heated atop the jockey standings with 83 wins each.



BENOIT PHOTO

Tiago and Mike Smith draw away from King of the Roxy (Richard Migliore up) to win the Grade I, \$750,000 Santa Anita Derby.

## HIGHLIGHT

### Oak Tree Offered Breeders' Cup Prep Races, Cal Cup Program in Successful Meet

## OAK TREE

Operating its first meet with the safer Cushion Track racing surface, the Oak Tree Racing Association concluded its 39th season at Santa Anita by posting substantial gains in all-sources mutuel handle over 2006. Out-of-state average daily handle was up 18 percent over the previous year, and average daily total handle for the meet was up 9 percent.

Oak Tree, which had the benefit of running as a live racing simulcast partner during the Breeders' Cup World Championships, also concluded its 31-day meet with an increase in field size, which racetrack executives attributed to the new Cushion Track surface that Magna Entertainment Corp had installed over the summer at a cost of more than \$10 million. Along with other Southern California synthetic surfaces that help prevent injuries, Cushion Track was responsible for a substantive increase in the active horse inventory, resulting in 8.9 runners per race, up from 8.2 in 2006.

Oak Tree, which will play host to Breeders' Cup XXV in 2008, will be the first track to conduct racing's biggest event on a synthetic surface. "We are very happy with the way the Cushion Track has performed here at Oak Tree," said Oak Tree Executive Vice President and Director Sherwood Chillingworth. "The track was safe, it played fair, and the racing was exciting. Speed horses could win and so could closers, and that's what our fans want. This surface has earned the confidence of the horsemen, and we are confident we're going to have a sensational two-day Breeders' Cup event here next year."

Average daily on-track attendance was down 8 percent during the meet; off-track average daily attendance was up slightly (1 percent). On-track average daily handle, which was up 1 percent in 2006, decreased 2 percent.

Oak Tree once again front-loaded its Grade I stakes (11 in two weekends) in order to accommodate the Breeders' Cup, which was run a few weeks later at Monmouth

Park. A meet-high 26,970 attended on September 29 as three Grade I stakes were contested: The Yellow Ribbon, Oak Leaf, and Goodwood.

California Cup XVIII was arguably the high point of this year's meet. An on-track crowd of 25,763 witnessed some of the most competitive racing of the year. Total Cal Cup Day handle of \$16,852,200 was up more than \$2.1 million from the previous year.



BENOIT PHOTO

**Bold Chieftain and Russell Baze, foreground, hold on to win the California Cup Classic at Oak Tree.**

## HIGHLIGHT

### Lava Man Took His 3rd Gold Cup to Match Record as Hollywood Park Posted Solid Gains

## HOLLYWOOD PARK

Handle soared by 8.9 percent in 2007 to a record daily average of \$11,335,575 at Hollywood Park's 63-day spring/summer meet with impressive increases in on-track business over 2006. The record daily average handle, which eclipsed the mark of \$11.1 million set in 2002, included an increase of 1.3-percent on track for an average of \$1,697,597. On-track attendance increased 4.8 percent to an average of 6,443.

"I was pleased by our on-track efforts where the average daily attendance and handle figures were up, especially when, unfortunately, those figures were down off track in Southern California," track president Jack Liebau said. "The increase in Advance Deposit Wagering (27 percent) was certainly important to the overall success of our meet. All and all, we were very pleased with the results."

Friday night on-track business surged, led by CashCall Mile night when an on-track crowd of 14,683 helped generate total handle of \$11,080,256. On-track attendance for the 11 evening programs averaged 9,689, an increase of 32.7 percent from the figure of 7,300 a year earlier. On-track Friday night handle averaged \$1,469,767, a 12.7-percent increase.

The increase in business spiked when a Kentucky Derby Day record \$27.7 million was wagered on May 5, shattering the mark of \$26.7 million — the largest single-day handle in California in 2006. The Derby Day per capita wagering of \$349 helped generate the second-highest handle in Hollywood Park's 68-year history, surpassed only when the track was host to the Breeders' Cup in 1997. A record \$20,774,020 was wagered on Preakness Day, breaking the mark of \$19,178,524 set in 2005.

Lava Man's successful bid to match legendary Native Diver with his third consecutive Hollywood Gold Cup victory generated a Gold Cup record handle of

\$22,058,795, a 44-percent increase from the figure of \$15,292,324 in 2006.

The biggest non-holiday weekday handle in track history came Monday, July 2, when a record four-day Pick Six carryover of \$3,274,505.48 generated a single-day record Pick Six. Thirteen perfect tickets were worth \$576,064.40 each. A father and daughter team had two perfect tickets at Los Alamitos — one on a \$2 ticket and one on a \$4 ticket.

Michael Baze was the leading jockey with 73 wins, while Jeff Mullins and Doug O'Neill tied for leading trainer with 26 wins each.



BENOIT PHOTO

Corey Nakatani and Lava Man prove a nose better than Mike Smith and A.P. Xcellent in winning the Hollywood God Cup for the third consecutive year.

## Handle Increased, Gomez Set National Stakes Record While Leading Hollywood Fall Meet in Southern California Return

Hollywood Park, despite going against a 2006 meet that included the Breeders' Cup simulcast, closed its 32-day autumn meet with average daily handle of \$10.9 million — up 5.1 percent from the figure of \$10.4 million in 2006. On-track attendance averaged 4,944, up 3.6 percent from 2006. The on-track average handle of \$1.3 million was down 4.8 percent from 2006, but excluding Breeders' Cup day, on-track handle was up 1.6 percent.

Garrett Gomez, en route to his second straight title as the nation's leading money-winning jockey, returned from the East Coast to capture his second straight Autumn Meet championship. Gomez also broke Jerry Bailey's 2003 record for stakes wins when he registered his 71st stakes victory of 2007 on Spring Awakening in the Moccasin on November 11. He was the leading rider with five stakes wins at the meeting, including a victory aboard Todd Pletcher-trained Sunriver in the 26th running of the prestigious Hollywood Turf Cup.

Pletcher was one of several Eastern-based trainers with strings at Hollywood Park as the track fielded excellent racing throughout the meeting. The 16th renewal of the Turf Festival was contested over Thanksgiving Weekend with Daytona winning the Hollywood Derby and Precious Kitten capturing The Matriarch — the fourth straight and record eighth victory overall in the Grade I event for Hall of Fame trainer Bobby Frankel.

Frankel's hand was felt throughout the 32-day meeting as he unveiled Stonerside Stable's exceptional 2-year-old filly Country Star in the \$431,500 Hollywood Starlet. The daughter of 2003 Belmont Stakes winner Empire Maker set a Cushion Track record of 1:40.54 for 1 1/16 miles under jockey Rafael Bejarano while winning her second straight Grade I race in only her third start.

While Pletcher and Frankel were the leading stakes trainers at the meeting, John Sadler was easily leading trainer — his first title.



BENOIT PHOTO

Spring Awakening provides jockey Garrett Gomez with his 71st stakes win of the year, eclipsing Jerry Bailey's record of 70 set in 2003. The victory came in the \$100,000 Moccasin Stakes, Sunday, November 11, 2007, at Hollywood Park.

## HIGHLIGHT

### Polytrack Helped Reduce Serious Injuries Among Horses Racing at Del Mar

## DEL MAR

The magical word at Del Mar for the 2007 racing season was Polytrack, which was installed early in the year at a cost of \$9 million. Del Mar reduced its catastrophic horse injuries during the summer by more than 50 percent over the improved, safer surface, prompting Dr. Rick Arthur, the CHRB equine medical director, to say, "In terms of reduction of injuries, and especially catastrophic injuries, the Del Mar meet on Polytrack is the best meeting we've had in California in many, many, many years. It is very encouraging to see what has unfolded."

Times were slower on the near-white surface that consisted of fine sand, rubber, carpet fiber, and wax, but the horse players adjusted (the final percentage of winning favorites was about average), the trainers learned how to train on it, and the jockeys learned to ride it, feeling safe all the way. Field size went up slightly (from a race average of 8.5 in 2006 to 8.6, including a final week rise to 9.6).

### Student Council took the Pacific Classic as Quality Racing Continued to Help Boost Business

The track's usually robust mutuel action came on strong and finished with a total handle of \$601,356,177 (for a daily average of \$13,985,027), the second-highest numbers ever recorded at Del Mar. Other business highlights included a single-day handle mark of \$24,667,351 for its August 19 Pacific Classic Day card and a new Opening Day (July 18) attendance number of 42,842, the second-largest crowd in track history. Del Mar completed its season with a daily average fan count of 16,719, far and away the highest on-track number of any race meet in California. Since 2000, the seaside course has seen its attendance numbers rise by 17 percent, going counter to a national trend that has seen most tracks headed the opposite way.

The \$1-million Pacific Classic, the track's premier event, was won by upsetter Student Council. Youngster Michael Baze was Del Mar's riding champ for the first time with 50 firsts to his credit. The powerful stable of Doug O'Neill earned its third seaside training crown with 23 trips to the winner's circle. The meet's top owner by money won was Millennium Farms.

The Del Mar Thoroughbred Club, which since 1970 has run the live race meeting on the fairgrounds at Del Mar, pays "rent" to the state of California and makes a payment of the total of food and beverage net income realized during the summer. In 2007 those numbers — \$7.56 million for rent and \$5.99 million for food and beverage — totaled out at a record \$13.54 million.



BENOIT PHOTO

Jockey Richard Migliore is all grins after guiding Student Council to an upset victory in the \$1 million Pacific Classic at Del Mar.

## HIGHLIGHT

### 2007 Was a Year of Experiments for Fairs, Including ‘Go Green’ and Wine Country Racing

## THE CALIFORNIA FAIRS

In an experiment to offer fans and horsemen more racing at premier fair facilities, Vallejo and Santa Rosa partnered to create the combined Solano Sonoma Wine Country Race Meet, 18 days of which were run at Santa Rosa. This experiment allowed horsemen more access to turf racing and gave fans more time to combine racing with the “destination” of Sonoma County. Fewer race days didn’t make Vallejo less active. Fairs came together to offer horsemen displaced during the installation of Golden Gate Fields’ synthetic track a place to train. Significant improvements were made to the Vallejo backstretch area and gave horsemen a central location to ship from.

The Big Fresno Fair joined the Alameda County Fair in making racing at their facilities a venue for bringing solutions to environmental problems. Both Fairs have initiated solar panel installations on the grandstands and barns that, in the future, will provide not only enough energy to power the fairgrounds, but enough energy to help power the surrounding communities. All fairs have implemented small changes to “go green” for the long term health of our environment.

Traditional Fair programs continued, such as out-of-state horse recruitment, race track safety and maintenance improvements, the standardization of purses, a performance purse for each runner, and a circuit-long starter series that distributes bonus money to both owners and trainers.

## HIGHLIGHT

### Stockton Ran Without Overlap and Business Improved Dramatically

## STOCKTON

For the first time since 1986 the Stockton wagering product ran as the sole signal in Northern California. As a condition for running without overlap, the Stockton meet was reduced from 10 days to nine. Despite reducing the meet by one day, attendance increased from 39,466 in 2006 to 40,570 in 2007. The Northern California and out-of-state handle, without ADW wagering figured in, leapt from \$14.1 million in 2006 to \$23.8 million in 2007. On-track handle increased from \$1.7 million to \$2.3 million, while ADW handle increased 50 percent, from \$2.87 million to \$4.3 million.

Without Stockton having to share the Northern California pool of runners, field size increased dramatically. The number of thoroughbred races increased to 73 from 70 despite one less day of racing, and thoroughbred field size increased from 6.89 in 2006 to 7.86 in 2007. Overall field size, including mixed-breed racing, increased from 6.8 to 7.6.

On closing day, the inaugural running of the Forrest White Stakes generated enough entries to be split into two \$45,000 stakes. Trainer Jerry Hollendorfer and jockey Russell Baze were triumphant in both runnings with charges Double Action and Another Kris.

John E. Martin was leading trainer with 10 wins, while Carlos Silva was leading jockey with 11 wins.

## HIGHLIGHT

### Business Remained Strong At Fairplex Following Record-Breaking 2006

## FAIRPLEX PARK

Fairplex Park's 2007 meet was memorable as handle for the meet reached \$109,635,696, the track's third highest in its 69-year history, and for a remarkable number of achievements and milestones reached during the 16-day session. Among them, Doug O'Neill racked up his 1,000th career win, with Meetmeinthewoods, and Martin Pedroza recorded his 500th Fairplex Park career win with Johnny Smith.



**A WINNING COMBINATION** — Patrons who are attracted to the Los Angeles County Fair by the amusement park and other typical fair activities can also enjoy horse racing, which has no additional admission charge.

Other significant events included the dedication of the Stutes' Sports Bar & Grille in recognition of the Stute family, a racing institution and mainstay of racing at Fairplex; a celebration of O'Neill's accomplishments in a special ceremony; and the induction of trainer Jerry Fanning, another Southern California veteran, into the Fairplex Park Hall of Fame.

The meet offered 17 stakes races, including the marquee Ralph M. Hinds Pomona Invitational Handicap, won by Plug Me In. Pedroza finished on top with 35 wins and secured his 10th jockey title overall; Tyler Baze made it a horse race all the way, finishing with 31 wins. O'Neill captured his fifth title in the last six years to top the trainer standings.

Attendance for the meet was 192,831, down 7 percent from 2006, while handle declined 4 percent from the record-breaking handle established in 2006. Daily average handle was \$6,852,231, also a 4-percent decrease from the previous year. Per capita totals showed a 3-percent increase in 2007. Fairplex traditionally ranks among the top 10 percent of all North American racetracks in average daily handle and purses paid.

Equine Manager Paul Ryneveld, after finishing his first year at Fairplex Park, said he was proud of the way the meet progressed, and he said, "The real success of the meet rested in the participation from our horsemen and jockey colony. With 8.5 starters per race, up from 8.3 in 2006, we gave the horseplayers a compelling product to wager on. This was definitely the type of meet we can build upon."

## HIGHLIGHT

### Fair Business Remained Strong as Circuit Moved to Pleasanton

## PLEASANTON

Racing at Pleasanton showed handle increases across the board. The amount of money wagered by fans in Northern California and those out of state and through ADW during the 11-day meet exceeded \$39 million. On-track handle increased 11 percent over 2006, and all-source live handle on the Pleasanton product increased 3 percent. Money generated through ADW increased 30 percent, from \$4.2 million in 2006 to \$5.5 million in 2007.

With a total of 727 thoroughbred runners in 2007 compared to 688 in 2006, runners per race increased slightly from 7.07 to 7.17.

Pleasanton made several capital improvements in 2007, including significant upgrades to the jockeys' quarters and the new Trackside Terrace.

The leading trainer was Jerry Hollendorfer with eight wins, while the leading jockey was Russell Baze with 15 wins.

## HIGHLIGHT

### Vallejo and Santa Rosa Joined to Offer 23 Days of Wine Country Racing

## VALLEJO/SANTA ROSA

Just two years after installing its turf course, Santa Rosa joined with Vallejo to produce 23 days of Solano Sonoma Wine Country Racing. This one-year experiment started with five days of racing in Vallejo and then moved to Santa Rosa for 18 days of racing. All total, Northern California and out-of-state handle topped \$62 million, while on-track handle generated \$7.3 million and all-source live handle without ADW brought in \$52 million. ADW handle during Wine Country Racing totaled \$9.5 million.

A total of 1,459 thoroughbreds ran during the combined meet, resulting in an average of 7.8 runners per race.

In 2007, the Solano County Fair served as an auxiliary stabling venue while Golden Gate Fields installed its synthetic surface.

## HIGHLIGHT

### Two Career Milestones Marked Shorter San Mateo County Fair Meet

## SAN MATEO

Two long-time California trainers achieved milestone victories during the 2007 San Mateo County Fair meeting at Bay Meadows. Art Sherman recorded his 2,000th training victory when Oneanwin won the fourth race at the fair on August 12, a day in which Sherman swept races two through five for a training grand slam. The very next day, Armando Lage notched career victory No. 1,000 when his 3-year-old colt Son Montuno won the fourth race at the fair.

Average daily handle in Northern California was up 0.2 percent for the San Mateo County Fair, which raced one less day in 2007 than in prior years. A downturn in out-of-state wagering resulted in an overall decline in average daily all-source handle of 3.1 percent.

Sherman was leading trainer with 11 wins, and Russell Baze took leading jockey honors with 15 wins.

## HIGHLIGHT

### Rain Hurt Business But Fresno Built for the Future

## FRESNO

In 2007, the Big Fresno Fair implemented an ambitious plan to produce an environmentally friendly racing experience. More than \$5 million was invested to install 14,000 solar panels – most on the grandstand roof – to produce electricity. A total of 1,159 trees were planted around the racing surface, while grass was planted and two miles of sprinklers were installed in the infield to reduce the production of dust and the amount of water needed from the track water trucks. More than \$230,000 was invested in the racing surface to help make the track “weather friendly,” and cushioned recycled rubber flooring was installed throughout the paddock.

Two days of rain hampered the Big Fresno Fair’s 11-day meet, resulting in a decrease in all-source live handle. However, out-of-state handle was up 13 percent and money wagered through ADW was up 10 percent.

John F. Martin was leading trainer with 15 wins. Ricky Frazier led all jockeys with 20 wins.

## HIGHLIGHT

### Ferndale Posted Strong Gains as Fans Appreciated Larger Fields

## FERNDALE

Business was booming in Ferndale with a total of \$4.2 million wagered over the 10-day meet, not including ADW handle. On-track handle jumped 8 percent, and pari-mutuel totals were up in other categories, including a 39-percent increase in out-of-state handle and a 47-percent gain in ADW handle.

Ferndale was well supported by horsemen. Total runners increased from 483 in 2006 to 506 in 2007 and produced a 5-percent increase in the average runners per race.

Otto Arriaga won 18 races to claim his first-ever Ferndale jockey title. Karen Haverly won her second straight training title by saddling eight winners.

## HIGHLIGHT

### Jockey's Milestone, Charmo Victory, Topped Racing Highlights at Golden Gate Fields

## GOLDEN GATE

Golden Gate Fields unveiled its new \$10 million Tapeta racing surface late in 2007, and the initial results and reviews all were extremely encouraging. Tapeta, an all-weather synthetic surface designed to make racing safer for both horses and humans, proved very popular with horsemen, who showed their appreciation for the surface at the entry boxes. Average field size during the first 20 days of racing was 8.4 runners. Average field size the previous year was 6.9 runners. The influx of entries made the Golden Gate cards attractive to handicappers across the nation.

Total handle for the 2007 winter meet, a 32-day season held November 7 through December 22, was up 9 percent over corresponding dates in 2006 when racing was conducted at Bay Meadows. The total handle at Golden Gate Fields, including on-track, the Northern California simulcast network, the out-of-state wagering, and Advance Deposit Wagering (ADW), was \$132,230,881. The major increase came in out-of-state wagering, which grew by 16 percent. ADW grew by 8.1 percent.

The first major stakes contested on the Tapeta surface was the \$150,000 All American, a 1 1/8-mile race that was won by McCann's Mojave. Trained by Steve Specht, ridden by Frank Alvarado, and owned by Mike Willman, McCann's Mojave took the All American in 1:50.04. The Tapeta surface crowned its first equine millionaire on December 1 when Somethinaboutlaura won the Pacific Height Stakes, collecting a paycheck of \$45,000, pushing her career earnings to \$1,053,865. Trained by Jerry Hollendorfer and ridden by Russell Baze, Somethinaboutlaura won the 1 1/16-mile Pacific Heights by a half-length over Swiss Current in 1:44.93. Somethinaboutlaura was one of five winners ridden by Baze that afternoon.

Hollendorfer put on a show November 24, when he saddled five winners, equaling the Northern California record for most victories on a single card by a trainer.



VASSAR PHOTO

Somethinaboutlaura, with Russell Baze up, wins the Pacific Heights Stakes at Golden Gate Fields — a victory that gained her millionaire status.

## HIGHLIGHT

### Racing Action and Visits by Riding Greats Helped For Memorable Meets at Bay Meadows

## BAY MEADOWS

Big victories by California-breds, the unveiling of a potential star, an outstanding riding feat, and a gathering of racing greats for charity were all part of the racing scene at Bay Meadows in 2007. The historic Bay Meadows Handicap, the oldest continuously run stakes in California, provided one of the highlights as Now Victory, trained by Dean Pederson and owned in partnership by John Harris and Per Antonsen, scored a wire-to-wire shocker at odds of 31-to-1.

Another California-bred, the outstanding mare Somethinaboutlaura, improved her record on the main track at Bay Meadows to 6 for 6 when she captured the Luck Be A Lady Handicap. And trainer Greg Gilchrist unveiled the very promising filly Indyanne as she won her career debut by 10 lengths and then came back to win the Bay Meadows Debutante Stakes by six lengths.

Russell Baze, the winningest jockey in North American racing history, displayed how he obtained that lofty title by riding 11 winners in two days at Bay Meadows. Baze, who had 9,933 career victories as of Dec. 3, 2007, went 5 for 6 on October 17 and 6 for 8 on October 18. Baze, along with fellow Hall of Famers Laffit Pincay, Jr. and Pat Day, raised money for the Northern California division of the Racetrack Chaplaincy of America when they visited with fans at Bay Meadows on September 30. The trio signed autographs in exchange for donations to the RCTA, which provides for the spiritual, emotional, physical, and social/educational needs of horse racing's vast workforce.

During 2007, Bay Meadows conducted racing during different periods than during the prior year. Live racing was conducted from February 8 through April 22, and from August 22 through November 4, a total of 100 days, five fewer than in 2006. Due in part to the popularity of Friday Alive cards and infield family events, average on-track attendance and handle increased by 32.9 percent and 12.8 percent, respectively, compared to similar time frames when racing was conducted at

either Bay Meadows or Golden Gate Fields during the prior year. Advance Deposit Wagering continued to grow, generating \$571,197 a day of the total daily average handle of \$4,499,342.

The handle and attendance numbers for the winter-spring meet were \$236,004,089 and 305,882, respectively, while handle totaled \$213,930,160 in the fall and attendance reached 319,202.



VASSAR PHOTO

Now Victory wins the 75th running of the Bay Meadows Handicap under jockey Frank Alvarado.

## HIGHLIGHT

### Strong Meet at Los Alamitos Was Headed by Four Rich Stakes and Stellar Performances

## LOS ALAMITOS

Los Alamitos enjoyed a record year, as more than \$277 million from all sources was handled on the 202-night meet – up 5 percent from 2006 – and the quarter horse highlights included four races with guaranteed purses of \$1 million or more. The Los Alamitos Two Million Futurity topped the list, as it was the richest race of any breed contested in California for the fourth consecutive year. Los Alamitos also carded the \$1,130,000 Ed Burke Memorial Futurity, \$1,202,700 Golden State Million Futurity, and \$1 Million Champion of Champions.

The average single-night handle from all sources was \$1,380,776+. The on-track attendance was up slightly, about one percentage point higher than in 2006, while the on-track handle dipped 2 percent. Telephone wagering on Los Alamitos races increased 9 percent in 2007, while field sizes remained strong throughout the year with the average race featuring eight starters.

The Orange County oval had four different \$2 million nights in handle, headed by the Bank of America Challenge Championships, with handle of \$2,375,988. That figure was only \$3,124 away from equaling the national quarter horse record set at Los Alamitos in 2003. The season-high attendance figure for the meet was recorded on July 14, when an estimated 12,000 people enjoyed an 11-race program.

Blues Girl Too became the richest female in quarter horse racing history and only the second sprinter to go over the \$2 million mark in career earnings by winning the \$1 million Champion of Champions. Blues Girl Too, trained by 24-year-old Joe Bassett, broke Los Alamitos' most hallowed track record in the process, as she eclipsed the 440-yard mark set by the legendary Dash For Cash in the 1976 Champion of Champions when she blazed in :21.132.

The future remains bright at Los Alamitos, with the most notable developments being the announcement that the 2009 Los Alamitos Super Derby will be guaranteed at \$1 million. This will be the fifth race at the Orange County track with an annual purse of \$1 million or more, making Los Alamitos the only racetrack in the nation with five races worth \$1 million or more. The track is also the home of the

Los Alamitos Equine Sale, California's top quarter horse yearling sale. The sale was expanded from two days to three in 2007, and it was highlighted by a record number of consignments along with the sale of the stallion Make It Anywhere for \$230,000.



LOS ALAMITOS PHOTO

Blues Girl Too won the Champion of Champions by daylight on the way to breaking Dash For Cash's 31-year-old track record at 440 yards.

## HIGHLIGHT

### Cal Expo Board Approves Continued Harness Racing Into 2008

### Business Increased During Winter-Spring Meet and Into the Summer

## HARNESS RACING

The Cal-Expo board of directors in 2007 voted in favor of Sacramento Harness Association (SHA) continuing to operate a standardbred meet for a third year through July of 2008, prompting Dave Elliot, assistant general manager of racing for Cal Expo, to say the “vote assured the continue operational success of SHA for the future.”

SHA president Ralph Scurfield said in praise of the Cal Expo board, “The vote certainly helped stabilize the industry. With this uncertainty behind us, we can now move forward with Cal-Expo and the California Harness Horsemen’s Association and focus on continuing to grow the industry. That’s what we’re looking to do.”

After two years of operating racing at Cal Expo, business continued to improve for SHA in 2007. For the first seven months of 2007, the on-track attendance increased over the previous year by almost 16 percent. During that same period, telephone wagering was up 21.3 percent, while out-of-state wagering increased by 12.7 percent. Additionally, the on-track handle went up 1.3 percent, while the total handle increased by 1.4 percent.

“In these challenging economic times for racing, it’s refreshing to see the on-track handle, attendance, as well as the total handle go up at a venue that is not supported by slots or poker,” said Dick Feinberg, SHA general manager.

In October, SHA announced a purse increase at Cal-Expo – raising the minimum purse to \$2,500 for all \$2,000 claiming races and the minimum purse to \$2,700 for all \$3,000 claiming races. Additionally, in the Open one, two, and three classes, anytime there was a large field, the purse was raised \$1,000.

The California Sire Stakes program, for the second year in a row, offered a Horse Incentive Program in which horses that have raced in pari-mutuel races in other jurisdictions received between \$1,000 and \$2,500 upon racing at Cal-Expo. The specific amount depended on what class the horse had raced prior to arriving at Cal-Expo and whether the horse would be under the care of a California trainer.

On the racing front, the talented trotter Hitchiker continued his dominating sweep over his fellow state-breds by winning his 11th straight Sires Stakes. On November 17, driver Luke Plano recorded his 1,000th career driving victory.

Chris Schick, the first general manager for SHA and long a part of California harness racing, was honored in the winner’s circle by family, friends, employees and horsemen, who expressed their appreciation for his years of dedicated hard work to California harness racing. His replacement, Feinberg, another veteran of California horse racing, returned to California from Florida to take the position.

## Simulcast Facilities by Location

The following represents pari-mutuel handle and attendance figures for California's simulcast facilities. Racetracks that offer simulcast wagering include combined pari-mutuel handle for live racing and simulcast wagering.

### **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 2006-07 were \$30,564,089 wagered by 158,855 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 2006-07 were \$13,718,352 wagered by 49,140 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 2006-07 were \$1,764,880 wagered by 4,254 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 2006-07 were \$11,081,525 wagered by 45,959 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 2006-07 were \$9,757,983 wagered by 27,797 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 2006-07 were \$14,276,399 wagered by 134,048 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 2006-07 were \$5,990,617 wagered by 9,088 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 2006-07 were \$181,724,871 wagered by 967,950 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 2006-07 were \$4,717,699 wagered by 22,377 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 2006-07 were \$2,731,550 wagered by 8,522 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 2006-07 were \$14,467,124 wagered by 72,752 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 2006-07 were \$38,676,192 wagered by 112,890 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 2006-07 were \$7,709,019 wagered by 25,881 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 2006-07 were \$21,680,803 wagered by 105,617 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 2006-07 were \$45,109,952 wagered by 200,664 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 2006-07 were \$52,741,300 wagered by 220,629 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 2006-07 were \$24,766,969 wagered by 144,043 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 2006-07 were \$24,857,144 wagered by 108,322 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 2006-07 were \$60,244,394 wagered by 220,199 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 2006-07 were \$151,961,697 wagered by 562,440 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 2006-07 were \$10,236,577 wagered by 41,385 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 2006-07 were \$80,405,904 wagered by 304,098 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 2006-07 were \$328,677,934 wagered by 1,271,590 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 2006-07 were \$50,243,572 wagered by 156,728 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 2006-07 were \$117,989,950 wagered by 438,050 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 2006-07 were \$395,340,926 wagered by 1,473,177 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 2006-07 were \$246,746,768 wagered by 813,189 patrons.

### **Cabazon, 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 2006-07 were \$16,386,643 wagered by 75,713 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 facility was closed for renovations in FY 2006-07.

### **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 2006-07 were \$19,088,250 wagered by 88,036 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 and attendance in FY 2006-07 were \$21,855,398 wagered by 85,391 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 2006-07 were \$10,462,101 wagered by 37,418 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 2006-07 were \$24,931,768 wagered by 102,196 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 \$4,378,778,214 for FY 2006-07. 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 on behalf of the State of California \$38 million from all pari-mutuel sources.*

**L**icense 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 15.72 percent for thoroughbred race meets, 16.04 percent for quarter-horse meets, 17.43 percent for harness meets, and 16.47 percent for fair meets.

The takeout on exotic wagering pools (all pools that are not win, place, or show) is 21.11 percent for thoroughbred meets, 21.44 percent for quarter-horse meets, 21.99 percent for fair meets, and 23.90 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 CHRB, 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 totalizer 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.

## Charity Days

*California horse-racing associations have distributed many millions of dollars to worthwhile charities over the last 69 years. Their donations in the last fiscal year totaled \$861,602.*

**B**y 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.

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, and Bay Meadows Foundation.

## Uncashed Pari-mutuel Tickets

*Winning pari-mutuel tickets can be cashed 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 2006-07 racing year totaled \$1,890,974.

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)

| FY 2006-07  | TB             | QH               | HH               | Fairs         |
|---|----------------|------------------|------------------|---------------|
| Los Angeles Turf Club                             | \$403,736      |                  |                  |               |
| Hollywood Park Spring-Summer                      | 246,654        |                  |                  |               |
| Del Mar Thoroughbred Club                         | 303,328        |                  |                  |               |
| Oak Tree Racing Assn.                             | 104,235        |                  |                  |               |
| Bay Meadows Racing Assn.                          | 102,629        |                  |                  |               |
| Pacific Racing Assn.                              | 80,681         |                  |                  |               |
| Hollywood Park Fall                               | <u>121,881</u> |                  |                  |               |
| Thoroughbred Total                                | \$1,363,143    |                  |                  |               |
| Los Alamitos Quarter Horse Racing Assn.           |                | <u>\$145,081</u> |                  |               |
| Quarter Horse Total                               |                | \$145,081        |                  |               |
| Sacramento Harness Racing                         |                |                  | <u>\$103,132</u> |               |
| Harness Total                                     |                |                  | \$103,132        |               |
| CARE  |                |                  |                  | \$ 188,333    |
| Los Angeles County Fair                           |                |                  |                  | <u>91,285</u> |
| Fairs Total                                       |                |                  |                  | \$ 279,618    |
| Total to State from unclaimed pari-mutuel tickets |                |                  |                  | \$ 1,890,974  |

## Occupational Licenses and Fees

July 1, 2006, through June 30, 2007

| Type of License                             | Fee | Issued | Total              |
|---|-----|--------|--------------------|
| Multiple Ownership*                         | 300 | 11     | 3,300              |
| Horse Owner-Open Claim                      | 250 | 22     | 5,500              |
| Officer/Director/Partner                    | 200 | 0      | 0                  |
| Horse Owner                                 | 150 | 4,033  | 604,950            |
| <hr/>                                       |     |        |                    |
| Trainer, Assistant Trainer                  | 150 | 403    | 60,450             |
| Harness Horse Driver                        | 150 | 46     | 6,900              |
| Jockey/Apprentice Jockey                    | 150 | 119    | 17,850             |
| Jockey Agent                                | 150 | 27     | 4,050              |
| <hr/>                                       |     |        |                    |
| Racing Official/Manager of Association      | 150 | 128    | 19,200             |
| Bloodstock Agent                            | 150 | 14     | 2,100              |
| Veterinarian                                | 150 | 46     | 6,900              |
| Association Employee                        | 75  | 293    | 21,975             |
| Valet/Custodian/Attendant                   | 75  | 11     | 825                |
| <hr/>                                       |     |        |                    |
| Pari-mutuel Employee/Tote                   | 75  | 618    | 46,350             |
| Horseshoer                                  | 75  | 47     | 3,525              |
| Exercise Rider/Pony Rider                   | 75  | 344    | 25,800             |
| Misc. Employee/Stable Agent Vendor          | 75  | 459    | 34,425             |
| Security Guard                              | 75  | 158    | 11,850             |
| Stable Foreman                              | 75  | 84     | 6,300              |
| <hr/>                                       |     |        |                    |
| Authorized Agent                            | 25  | 785    | 19,625             |
| Replacement License                         | 15  | 439    | 6,585              |
| Annual Groom/Stable Employee<br>(Original)  | 35  | 563    | 19,705             |
| Annual Groom/Stable Employee<br>(Renewal)   | 20  | 1,464  | 29,280             |
| <b>Total fees generated to General Fund</b> |     |        | <b>\$1,066,345</b> |

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

\* Includes partnership registrations

## Fines Imposed in FY 2006-07

### Thoroughbred Meetings — Central & Southern Zones

| Location       | Rulings | Imposed  | Inclusive Dates    |
|----------------|---------|----------|--------------------|
| Del Mar        | 79      | \$16,300 | 7/19/06 – 9/6/06   |
| Santa Anita    | 21      | 5,775    | 9/27/06 – 10/29/06 |
| Hollywood Park | 35      | 10,550   | 11/1/06 – 12/18/06 |
| Santa Anita    | 65      | 26,760   | 12/26/06 – 4/22/07 |
| Hollywood Park | 44      | 22,025   | 4/25/07 – 6/30/07  |

### Thoroughbred Meetings — Northern Zone

|             |    |         |                     |
|-------------|----|---------|---------------------|
| Golden Gate | 19 | \$9,800 | 8/24/06 – 10/15/06  |
| Bay Meadows | 27 | 15,900  | 10/18/06 – 12/18/06 |
| Golden Gate | 22 | 20,850  | 12/26/06 – 2/11/07  |
| Bay Meadows | 23 | 68,350  | 2/14/07 – 4/22/07   |
| Golden Gate | 29 | 9,475   | 4/25/07 – 6/10/07   |

### Quarter-Horse Meetings — Statewide

|              |    |          |                      |
|--------------|----|----------|----------------------|
| Los Alamitos | 90 | \$27,450 | 7/1/06 – 12/17/06*   |
| Los Alamitos | 86 | 32,275   | 12/28/06 – 06/30/07* |

### Harness Meetings — Statewide

|          |     |         |                    |
|----------|-----|---------|--------------------|
| Cal Expo | 52  | \$9,700 | 7/30/06 – 12/16/06 |
| Cal Expo | 115 | 28,800  | 12/28/06 – 6/30/07 |

### Fair Meetings — Statewide

|            |    |         |                    |
|------------|----|---------|--------------------|
| Pleasanton | 8  | \$2,500 | 6/28/06 – 7/9/06   |
| Vallejo    | 8  | 2,650   | 7/12/06 – 7/24/06  |
| Santa Rosa | 14 | 11,400  | 7/26/06 – 8/7/06   |
| San Mateo  | 5  | 900     | 8/9/06 – 8/23/06   |
| Ferndale   | 0  | 0       | 8/10/06 – 8/20/06  |
| Pomona     | 10 | 2,500   | 9/8/06 – 9/25/06   |
| Fresno     | 8  | 2,500   | 10/4/06 – 10/15/06 |
| Stockton   | 3  | 900     | 6/14/07 – 6/24/07  |

\* Although the 2006 Los Alamitos meet ran from 12/26/05 through 12/16/06, and the 2007 meet ran from 12/28/06 through 12/23/07, this chart contains data only from 7/1/06 through 6/30/07.

## 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, 2006 through June 30, 2007

|   | Detail      | Total               |
|---|-------------|---------------------|
| <b>Revenue To Fair &amp; Expo</b>                       |             |                     |
| Pari-mutuel License Fees, Fund 0191:                    |             |                     |
| 0.63 percent — total handle                             | \$8,953,947 |                     |
| 1.00 percent — fair handle                              | 1,216,552   |                     |
| Escheat of unclaimed warrant                            | 0           |                     |
| Section 19620-A   | 265,000     |                     |
| Section 19620-B   | 13,668,000  |                     |
| Total 0191 Fund   |             | \$24,103,499        |
| Simulcast Wagering Fees, Fund 0192:                     |             |                     |
| Simulcast Wagering                                      | 11,154,660  |                     |
| Other regulatory, licenses, and permits — purses        | 1,338,502   |                     |
| Total 0192 Fund   |             | 12,493,162          |
| <b>Revenue To General Fund</b>                          |             |                     |
| Horse racing licenses                                   | 638,608     |                     |
| Breakage  | 0           |                     |
| Fines & Penalties                                       | 292,145     |                     |
| Unclaimed Pari-mutuel Tickets                           | 188,333     |                     |
| Unclaimed Pari-mutuel Tickets (Racetrack Security Fund) | 486,695     |                     |
| Occupational Licenses                                   | 1,150,910   |                     |
| Miscellaneous Income                                    | 100         |                     |
| Total General Fund                                      |             | 2,756,791           |
| <b>Wildlife Restoration</b>                             |             |                     |
| Horse racing licenses                                   |             | 0                   |
| Racetrack Security                                      |             | 1,423,000           |
| CA Animal Health and Food Safety UC Davis               |             | 2,468,294           |
| <b>Total Revenue</b>                                    |             | <b>\$43,244,746</b> |

## 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 2006-07 racing year, there were 3,139 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 2006-07 racing year, the total amount paid for claiming of horses was \$50,191,925, resulting in sales tax revenues of \$4,030,283.

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 2006-07 racing year, \$6.7 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 2006-07 totaled \$173,481,943.

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 2006-07 totaled \$170,038,461. In addition, \$16,286,236 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.



## 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. 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.

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.

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 2006-07, \$14,422,337 was generated from the wagering handle. The CTBA is authorized to deduct 5 per-

cent 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 2006-07, the program generated \$1,166,655.

### Quarter-Horse Breeders Program

Pacific Coast Quarter Horse Racing Association, as the recognized breeders organization, received \$606,296 from the pari-mutuel handle to fund its program in FY 2006-07. 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.

### Paint Breeders Program

The Paint breeders awards received \$2,979 for the breeders program in FY 2006-07.

### Arabian Breeders Program

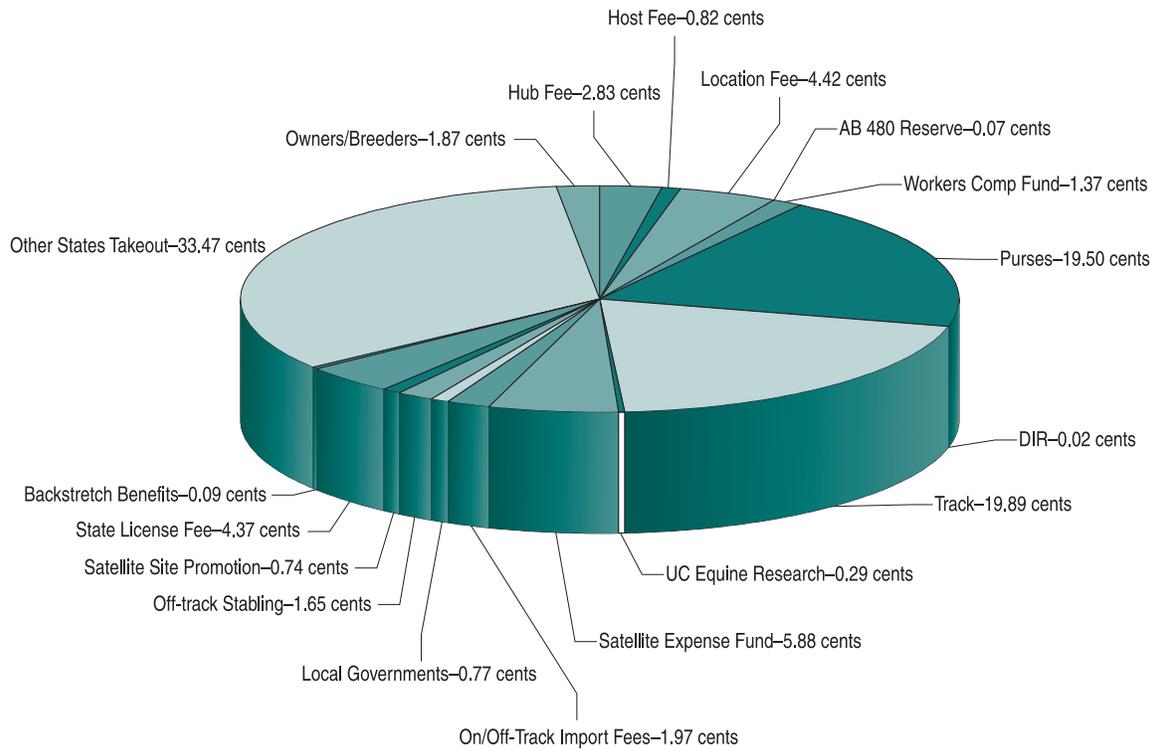
The California Arabian horse breeders awards received \$52,353 for the program during FY 2006-07.

### Mule Breeders Program

The California mule breeders awards received \$35,587 for the program during FY 2006-07.

# 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 \$4,378,778,214 was wagered by fans of California racing during FY 2006-07, and of that money 80.1 percent (\$3,506,710,923) was returned to winning ticket holders.*

Prior to simulcast wagering in 1985, virtually all of the wagering on California's races was at the track, but today "on-track" bets make up only 16.2 percent of wagers placed (\$709 million). Off-track betting within the state provides more than 30 percent of the handle (\$1.33 billion). The balance comes from out-of-state and Advance Deposit wagers (\$2.33 billion).

Patrons failed to cash \$6.5 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. This totaled 11,562,739 in FY 2006-07.

Of the \$4.3 billion wagered, \$872 million, or 19.9 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 \$170 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 \$173.5 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 \$38 million from pari-mutuel wagering. Of this money, \$638,608 went to the General Fund for budgeted operating revenues for state programs.

The allocation of the California Horse Racing Board budget (\$10,392,000) 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 (\$14,422,337), standardbreds (\$1,166,655), quarter horses (\$606,296), paints (\$2,979), Arabians (\$52,353), and mules (\$35,587).

## 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 \$6.7 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 \$17.2 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 \$272.3 million.

## EQUINE RESEARCH

A mandated deduction goes to the University of California for equine research. Last year the total for equine research was \$2.5 million.

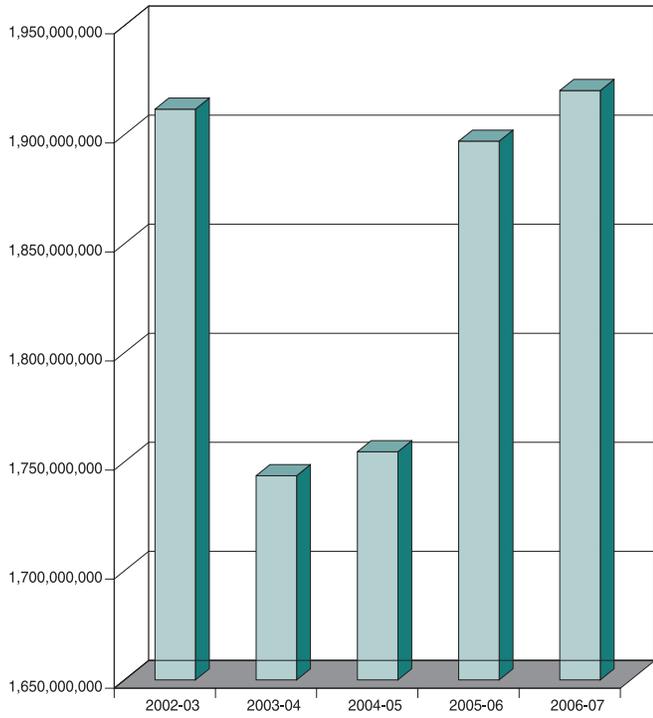
## SIMULCAST FEES

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.

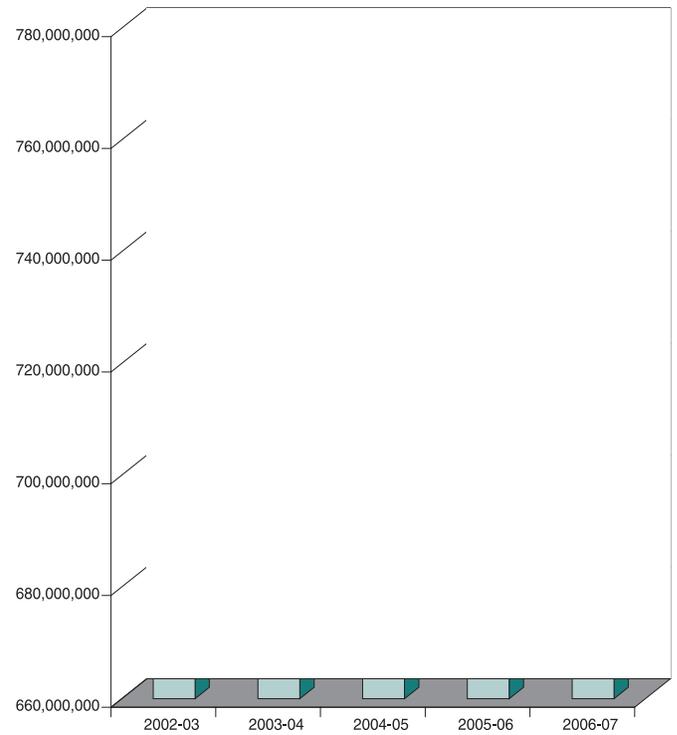
These funds received a total of \$102.2 million last year:

|                          |                |
|--------------------------|----------------|
| Stable and Vanning Fund: | \$14.4 million |
| Promotion Fund:          | \$6.4 million  |
| Expense Fund:            | \$51.2 million |
| Guest Site Fees:         | \$30 million   |

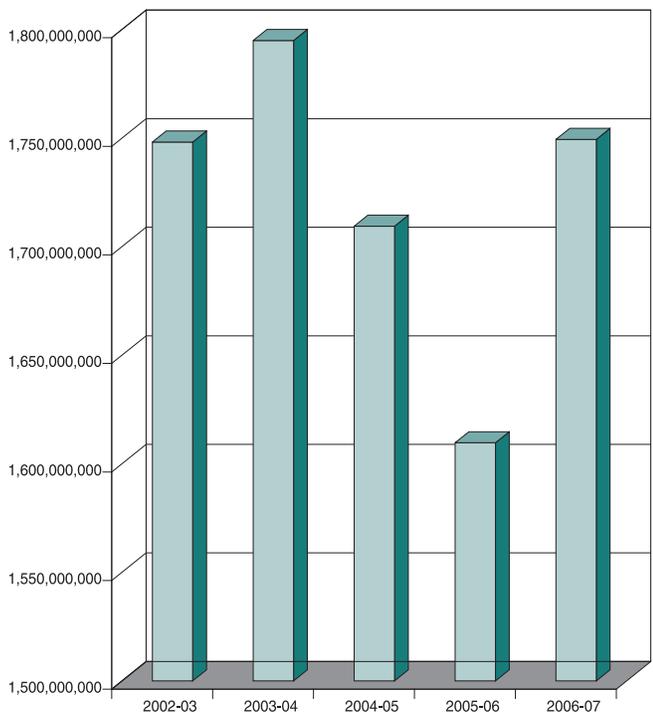
### Total Handle Off Track & ADW



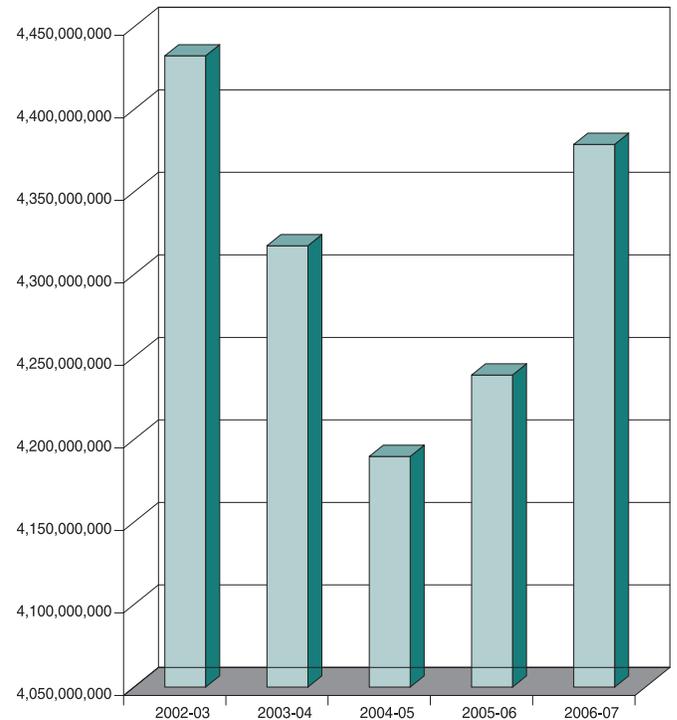
### Total Handle On Track



### 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. These funds 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; Pacific Coast Quarter Horse Racing Association for quarter 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, 2006*

| <b>REVENUES COLLECTED</b>                    | <b>2006</b>         |
|--|---------------------|
| Administration fees                          | \$482,543           |
| Race administration fees                     | 63,945              |
| Membership dues                              | 16,445              |
| Cal-Bred Registry fees                       | 18,610              |
| Investment income                            | 40,132              |
| Sale costs reimbursement                     | 25,000              |
| AQHA Grant                                   | 15,000              |
| Other income                                 | 2,260               |
| Total revenue                                | 663,935             |
| <b>EXPENSES PAID</b>                         | <b>2006</b>         |
| Administrative salaries and related expenses | 204,167             |
| Professional services                        | 92,115              |
| General operating expenses                   | 98,300              |
| Race and awards expenses                     | 54,830              |
| Insurance expenses                           | 47,982              |
| Memorial Funds                               | 750                 |
| Legal expense                                | 20,893              |
| Chaplaincy expense                           | 15,000              |
| Worker's compensation supplement             | 15,000              |
| Depreciation                                 | 205                 |
| Total expenses                               | 549,242             |
| <b>Increase To Fund Balance</b>              | <b>114,693</b>      |
| <b>Beginning Fund Balance</b>                | <b>888,327</b>      |
| <b>Ending Fund Balance</b>                   | <b>\$ 1,003,020</b> |

# California Thoroughbred Trainers

*Statements of Activities for the years ended December 31, 2005 and 2006*

|                                   | 2005               | 2006                   |
|-----------------------------------|--------------------|------------------------|
| <b>Revenues</b>                   |                    |                        |
| Track revenues                    | \$754,119          | \$720,227              |
| Recreation hall income            | 685,243            | 727,348                |
| Interest income                   | 14,772             | 31,718                 |
| Track fees                        | 64,656             | 144,723                |
| Other                             | 94,000             | 30,000                 |
| <b>Total revenues</b>             | <b>1,612,790</b>   | <b>1,654,016</b>       |
| <b>Expenses</b>                   |                    |                        |
| <b>Program services:</b>          |                    |                        |
| Recreation hall                   | 655,475            | \$690,542              |
| Backstretch programs              | 121,091            | 112,796                |
| Membership services               | 84,130             | 84,902                 |
| Contributions                     | 7,070              | 19,195                 |
| <b>Total program services</b>     | <b>867,766</b>     | <b>907,435</b>         |
| <b>Supporting services:</b>       |                    |                        |
| Salaries and employee benefits    | 535,487            | 574,189                |
| General office expenses           | 46,955             | 44,905                 |
| Professional and outside services | 59,302             | 65,877                 |
| Insurance                         | 11,828             | 11,964                 |
| Depreciation                      | 14,298             | 15,579                 |
| Repairs and maintenance           | 2,563              | 2,083                  |
| Meetings and conventions          | 8,019              | 16,880                 |
| Travel – mileage reimbursement    | 5,803              | 5,650                  |
| <b>Total supporting services</b>  | <b>684,255</b>     | <b>737,127</b>         |
| <b>Total expenses</b>             | <b>1,552,021</b>   | <b>1,644,562</b>       |
| Change in net assets              | 60,769             | 9,454                  |
| Net assets at beginning of year   | 952,183            | 1,012,952              |
| <b>Net assets at end of year</b>  | <b>\$1,012,952</b> | <b>\$ 1,022,406.00</b> |

# Arabian Racing Association of California

*Statement of Activities and Changes in net assets  
for the year ended December 31, 2006*

| ACTIVITY                                  | 2006             |
|---|------------------|
| <b>Revenue and Support:</b>               |                  |
| Owners' and breeders' awards              | \$64,937         |
| Track administration fees                 | 77,762           |
| Membership                                | 3,240            |
| Race sponsorship                          | 3,000            |
| Other                                     | 6,083            |
| Total                                     | 155,022          |
| <b>Expenses:</b>                          |                  |
| Owners', breeders', and stallions' awards | 52,498           |
| Breed representative                      | 52,058           |
| Race sponsorship payments                 | 64,995           |
| Legal and accounting                      | 8,857            |
| Promotion                                 | 10,873           |
| Convention, awards, and trophies          | 6,670            |
| Other                                     | 5,982            |
| Total                                     | 201,933          |
| Increase in net assets                    | (46,911)         |
| <b>Net Assets, Unrestricted:</b>          |                  |
| Beginning of year:                        | 206,942          |
| <b>End of year</b>                        | <b>\$160,031</b> |

# Thoroughbred Owners of California

*Statements of Activity for the years ended June 30, 2006 and 2007*

|   | 2006               | 2007                |
|---|--------------------|---------------------|
| <b>Unrestricted Revenues and Gains:</b>           |                    |                     |
| Proceeds from racetracks                          | \$1,502,000        | \$1,500,000         |
| Contributed office space                          | 56,000             | 56,000              |
| Investment income, net                            | 39,000             | 52,000              |
| Other   | 3,000              | 36,000              |
| <b>Total unrestricted revenue and gains</b>       | <b>1,600,000</b>   | <b>1,644,000</b>    |
| <b>Unrestricted Expenses:</b>                     |                    |                     |
| Consulting  | 211,000            | 268,000             |
| Newsletter  | 99,000             | 107,000             |
| Seminars  | 67,000             | 82,000              |
| Board and member meetings                         | 48,000             | 77,000              |
| Donations   | 67,000             | 35,000              |
| Management and general                            | 1,076,000          | 1,216,000           |
| <b>Total unrestricted expenses</b>                | <b>1,568,000</b>   | <b>1,785,000</b>    |
| <b>Changes in unrestricted net assets</b>         | <b>32,000</b>      | <b>(141,000)</b>    |
| <b>Unrestricted net assets, beginning of year</b> | <b>1,290,000</b>   | <b>1,322,000</b>    |
| <b>Unrestricted net assets, end of year</b>       | <b>\$1,322,000</b> | <b>\$ 1,181,000</b> |

# American Mule Racing Association

*Statement of Revenues, Expenses, and Other Changes in Net Assets—Cash Basis  
for the years ended December 31, 2005 and 2006*

|   | 2005             | 2006             |
|---|------------------|------------------|
| <b>Revenue and other support:</b>           |                  |                  |
| California Authority of Racing Fairs        | \$62,263         | \$40,009         |
| Fairplex                                    | 13,945           | 3,824            |
| Futurities                                  | 9,075            | 11,600           |
| Other income                                | 6,886            | 4,417            |
| Membership                                  | 1,350            | 1,975            |
| Interest                                    | 4,250            | 5,399            |
| Cal-Bred fees                               | 769              | 990              |
| <b>Total revenue and other support</b>      | <b>98,538</b>    | <b>68,214</b>    |
| <b>Expenses:</b>                            |                  |                  |
| Program expenses                            |                  |                  |
| Owner promotion                             | 23,975           | 32,050           |
| Breed representative                        | 12,000           | 12,876           |
| Racing sponsorships                         | 1,000            |                  |
| Futurities                                  | 7,600            | 12,825           |
| Award fees                                  | 6,967            | 6,102            |
| Other program expenses                      | 439              | 567              |
| Racing stats book                           | 313              | 161              |
| Open race subsidy                           |                  | 5,878            |
| Jockey mount fees                           | 32,660           | 13,690           |
| Total program expenses                      | 84,954           | 84,149           |
| Supporting expenses                         |                  |                  |
| General and administrative                  | 16,679           | 24,359           |
| Total supporting expenses                   | 16,679           | 24,359           |
| <b>Total expenses</b>                       | <b>101,633</b>   | <b>108,508</b>   |
| Change in net assets                        | (3,095)          | (40,294)         |
| Unrestricted net assets, beginning of year  | 175,167          | 172,072          |
| <b>Unrestricted net assets, end of year</b> | <b>\$172,072</b> | <b>\$131,778</b> |

# California Harness Horsemen's Association

*This statement was not received in time for publication.*