

TELECONFERENCE MEETING
STATE OF CALIFORNIA
CALIFORNIA HORSE RACING BOARD

CALIFORNIA HORSE RACING BOARD HEADQUARTERS OFFICE

1010 HURLEY WAY, SUITE 300

SACRAMENTO, CALIFORNIA

CTBA, ARCADIA, CA;

HOLLYWOOD PARK, INGLEWOOD, CA;

5000 N. PARKWAY CALABASAS, CALABASAS, CA;

23300 WEST OAKLAND AVE., COALINGA, CA;

BAY MEADOWS, SAN MATEO, CA;

SANTA ANITA, ARCADIA, CA;

LOS ALAMITOS STEWARDS OFFICE, LOS ALAMITOS, CA;

DEL MAR SURFSIDE RACE PLACE, DEL MAR, CA

MONDAY, MAY 15, 2006

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KATHRYN S. KENYON, CSR
CERTIFIED SHORTHAND REPORTER
LICENSE NUMBER 13061

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

APPEARANCES

BOARD MEMBERS

Mr. Richard B. Shapiro, Chairperson (via teleconference)

Ms. Marie G. Moretti, Vice Chairperson (via teleconference)

Mr. William A. Bianco (via teleconference)

Mr. John C. Harris (via teleconference)

Mr. Jerry Moss (via teleconference)

STAFF

Mr. Roy Minami, Assistant Executive Director

Mr. Derry Knight, Deputy Attorney General

Ms. Jackie Wagner, Regulations/Legislation Manager

ALSO PRESENT

Mr. Ron Charles, Magna (via teleconference)

Mr. Rick Hammerly, Santa Anita (via teleconference)

Mr. Jack Liebau, Hollywood Park (via teleconference)

Ms. Bernie Thurman, Bay Meadows (via teleconference)

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PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

1 PROCEEDINGS

2 CHAIRPERSON SHAPIRO: This is a special
3 teleconference meeting of the California Horse Racing
4 Board, with one item on the agenda. And that item is
5 to -- one second. I'm pulling out the right file. That
6 is for discussion and action by the Board on the temporary
7 suspension of a list of rules which follows, for the
8 Hollywood Park and Bay Meadows Spring Race Meetings. And
9 in particular, we're focusing on Rule 1606 which is the
10 coupling of horses. And then all the other rules, as I
11 understand it, those rules would need to be either
12 suspended or amended if an action is taken on 1606; is
13 that correct, Roy?

14 ASSISTANT EXECUTIVE DIRECTOR MINAMI: That's
15 correct. The Rules 1420 through 1979.1, those rules would
16 not be suspended in its entirety, only that portion that
17 refers to the coupling.

18 COMMISSIONER HARRIS: If I understand it, if we
19 did uncouple, then you wouldn't have a couple history,
20 which we've had precedent before, that we have a coupled
21 entry, that it was immaterial -- all those other rules
22 become immaterial as far as they relate to coupling.

23 ASSISTANT EXECUTIVE DIRECTOR MINAMI: That's
24 correct.

25 COMMISSIONER HARRIS: Why would we have to change

1 them?

2 ASSISTANT EXECUTIVE DIRECTOR MINAMI: We're not
3 changing the whole rule. All we're doing is making sure
4 that the suspension of the -- that we're not suspending
5 the entire rule, only that portion that relates to
6 coupling.

7 COMMISSIONER HARRIS: Well, we're doing that. But
8 I thought that the way the rules read, you know, as a
9 coupled entry, if there's a scratch, but if we didn't
10 couple the entry, then that is basically not an issue.

11 MS. WAGNER: John -- Jackie Wagner, CHRB staff.

12 Each of the pari-mutuel rules makes reference to
13 each -- each pari-mutuel rule makes reference to how that
14 particular rule handles coupled entries.

15 So if we are going to waive coupling and eliminate
16 coupling, we're going to have to address that language in
17 each pari-mutuel rule that addresses it. So we're just
18 going to also waive that specific subsection for the
19 corresponding rule.

20 COMMISSIONER HARRIS: Well, it just seems like you
21 would have situations where even with the new version of
22 the rule, you couldn't have situations where horses are
23 coupled. And there needs to be a rule on that.

24 CHAIRPERSON SHAPIRO: John, give me an example
25 where a horse -- where if we waive this rule where there

1 would be coupled entries.

2 COMMISSIONER HARRIS: Well, you might have a
3 situation where that would be possible. It depends on how
4 you waive the rule but, one version of the waiving of the
5 rule may be that you, had you really did this if there
6 were not -- a 12-horse field and one or two are owned by
7 the same exact combination of people. Maybe you wouldn't
8 want to waive the rule. Besides, you need the
9 flexibility. I don't see where the coupled language
10 really -- it's probably okay as long as you got a race
11 that a given horse is not coupled.

12 COMMISSIONER MOSS: You know, my feeling is that
13 the reason we're sort of thinking about doing this is the
14 idea that the person making a bet and finding themselves
15 with a horse they didn't want.

16 And I'm just wondering if there's any real
17 statistics in place of how many times this has actually
18 happened, let's say, since the beginning of the year in
19 the state of California.

20 And maybe we should look at that data to see what
21 has been the history, you know, the actual history of
22 coupled wagering.

23 COMMISSIONER HARRIS: One of the issues, though --
24 I think that was one of the original issues. But I think
25 even a bigger issue for doing it is the ability to have

1 more betting interests in a race. Some of the data that
2 we've seen that shows it significantly helps handle, and
3 would help racing obviously get more handle on the
4 situations by allowing more betting interests. So there
5 are big pluses there.

6 COMMISSIONER MOSS: I definitely agree with that.
7 I'm in favor of that because of that. However, is there
8 anyway we could build in the fact that there should be a
9 minimum of individual interests in a particular race, such
10 as shouldn't there be at least four minimum interests in a
11 race before we listed the rule all together.

12 MR. LIEBAU: Excuse me. This is Jack Liebau.

13 We have proposed that at Bay Meadows and also at
14 Hollywood, if both tracks got a waiver of the rule that
15 there would be a house rule. There would be to have five
16 separate betting interests prior to any uncoupling, so
17 that the uncoupling would, if there are horses in a race
18 and two of them are commonly owned, then that and only
19 then would result in there being six betting interests.
20 We thought it was important that there be five separate
21 betting interests prior to the uncoupling of any horses
22 having common ownership.

23 CHAIRPERSON SHAPIRO: So let me ask a question to
24 clarify a point, Jack.

25 Let's say that -- and I'm just taking a name

1 because he seems to have a lot of horses up north. Let's
2 say it's Hollendorfer, Moss, and Liebau own one horse, and
3 it's Hollendorfer, Harris, and Bianco that own another.

4 MR. LIEBAU: I never get in such good company, but
5 go ahead.

6 CHAIRPERSON SHAPIRO: Okay. Now, in that
7 situation, there is one common owner. As it stands now,
8 would those horses be coupled?

9 MR. LIEBAU: Yes.

10 COMMISSIONER HARRIS: That's the current rules.
11 So there are so many partnerships that it can make a lot
12 of --

13 CHAIRPERSON SHAPIRO: Under what we're talking
14 about, what I just heard you say, Jack, was that so long
15 as there were five other horses, betting interests in a
16 race, in this situation, those two horses where the common
17 link was Hollendorfer would be separated and we would have
18 six betting interests; is that correct?

19 MR. LIEBAU: That's correct, but in the north --

20 THE REPORTER: Excuse me. Who's speaking, please?

21 MR. LIEBAU: -- 40 or 50 percent --

22 DEPUTY ATTORNEY GENERAL KNIGHT: Hello?

23 MR. LIEBAU: -- interests higher percentages.

24 DEPUTY ATTORNEY GENERAL KNIGHT: Jack, can you
25 hold up just a second.

1 Everyone, please identify yourself for the court
2 reporter. It's very difficult for her.

3 CHAIRPERSON SHAPIRO: Sorry. We forgot.

4 That was Jack Liebau speaking before.

5 This is Richard Shapiro speaking.

6 So that's how it would work and basically there
7 would have to be five individual betting interests before
8 it would become effective.

9 MR. LIEBAU: That would have to be a house rule.
10 And we're saying that if it was waived that would be the
11 house rule for Bay Meadows and Hollywood Park. Because I
12 think if you waive -- all the Horse Racing Board can do is
13 waive the rule and not add to it but maybe to --

14 COMMISSIONER HARRIS: I'm not sure. This is John
15 Harris.

16 If you could just waive the rule but with a few
17 caveats. I'm not sure if you can waive the rule or not.

18 VICE CHAIRPERSON MORETTI: Jack, this is Marie
19 Moretti.

20 Are you saying that it would only be per
21 association, per house? Or if we would have a rule that
22 would allow each house to change the rule depending on --

23 CHAIRPERSON SHAPIRO: This is Richard Shapiro.

24 Again, what we're talking about is a temporary
25 suspension only at the current Hollywood Park meeting and

1 the current Bay Meadows meeting. So we would only be
2 talking about those two race meetings and for the duration
3 of their meeting.

4 VICE CHAIRPERSON MORETTI: Right.

5 MR. LIEBAU: Again, Hollywood Park and Bay Meadows
6 are representing to the Board that in the event that the
7 rule would waive, then there would be a house rule in
8 place that would require there to be five betting
9 interests prior to any horses with common ownership.

10 DEPUTY ATTORNEY GENERAL KNIGHT: This is Derry
11 Knight.

12 Can I just make a suggestion? If you do waive the
13 rule, you can waive it with conditions. So you could
14 waive it with one of the conditions being the commitment
15 that Mr. Liebau is making, as an example.

16 MR. CHARLES: This is Ron Charles.

17 Can I make a suggestion? I made it at the Board
18 meeting.

19 Because of both Bay Meadows and Hollywood Park
20 being owned by the same group, it just seems, it is so
21 important that we get -- whether they be house rules or
22 how we're going to implement this -- get it right. As I
23 had mentioned at the meeting, I would love to see at least
24 one meeting with all the racing secretaries and whoever
25 else, management, wanted to participate so that we all

1 felt pretty comfortable going forward. Because if this is
2 successful it will move forward. But if everybody isn't
3 involved and we don't get everyone's input, and for
4 whatever the reason the rule isn't successful because of
5 an oversight, it just seems like we would want to put our
6 best foot forward by having all of the racing secretaries,
7 and input from the other racetracks.

8 COMMISSIONER HARRIS: This is John Harris.
9 Basically, that's what we're getting here. I think we
10 want input, but we're just going forward on an
11 experimental basis.

12 MR. CHARLES: What I'm hearing, though, is I'm
13 hearing five wagering interests.

14 Right now, the TOC rule is -- and it's the rule
15 that's currently out there -- you have to have six
16 wagering interests for a non-claiming race and seven for a
17 claiming race. So what you, at the very least, would have
18 to do is would be to continue those numbers and then you
19 would have to increase that, considering you have to keep
20 it at six and seven. And hopefully this -- I think the
21 whole purpose of this or the primary purpose is to
22 increase field size.

23 MR. LIEBAU: Ron, this is Jack Liebau.

24 I think the rule you're referring to is buying the
25 association to card those races. There's no rule that

1 says that an association can't card a race with less,
2 whether it be a match race or whatever.

3 MR. CHARLES: That's exactly right. But if there
4 is a race with six entries or seven entries, that race
5 must be used.

6 MR. LIEBAU: Right.

7 COMMISSIONER HARRIS: That's a separate issue
8 though, really.

9 MR. CHARLES: All I want to do is -- you know, the
10 amount of wagering issues -- I guess it would happen more
11 down south than in the north -- I'd hate to see, you know,
12 one guy have half the field. If Hollendorfer had, you
13 know, three different betting interests, you know, and
14 then you would have -- you are saying five other than
15 Hollendorfer?

16 MR. LIEBAU: This is Jack Liebau again.

17 Just to explain the rule, the house rule that
18 we're proposing, it would be that no trainer can have more
19 than three horses in the race. As you probably know, this
20 was the case that Santa Anita already tested with respect
21 to maiden allowance races. And so we're saying that we
22 would not allow uncoupling to result in a trainer having
23 more than three separate betting interests.

24 MR. CHARLES: That house rule at Santa Anita and
25 what was proposed was that race needed eight entries,

1 eight wagers -- I mean, seven wagering entrants instead of
2 the six, so that it would help increase the field, so that
3 one guy wouldn't have half the field.

4 MR. LIEBAU: Well, I don't know. Ron we're just
5 talking about doing something on an experimental basis. I
6 mean, whatever happens with an experimental time would be
7 valuable input for the future.

8 MR. CHARLES: Jack, it's the only reason I'm
9 saying, why not have, you know, our racing office and Del
10 Mar's and the other people just for an hour or two sit
11 down, go over everything. Because you also have, you
12 know, a matter of preference as to who gets in, as was
13 discussed, you know. After a horse has -- after an owner
14 might have two entries, he then would be first horse out
15 after 12 or 14, whatever that is.

16 MR. LIEBAU: I think -- Ron, maybe you're at a
17 disadvantage. Maybe -- Bernie Thurman, I think,
18 transmitted the proposed rule. And it does, in fact, say
19 that. That anybody that has common ownership, they would
20 have to prefer one over the other and they will, only
21 with -- in other words, they aren't going to be able to
22 knock any other owner out of the race.

23 COMMISSIONER HARRIS: Even if there's no -- would
24 have to be exact ownership --

25 MR. LIEBAU: Right. We really aren't worried too

1 much about that at Bay Meadows.

2 MR. CHARLES: I know, but it certainly could
3 happen at Hollywood.

4 And I guess my concern is we just get it right the
5 very first time going out.

6 CHAIRPERSON SHAPIRO: This is Richard Shapiro.

7 I agree that if we're going to do this, I think we
8 have to carefully make sure that we have the latitude for
9 everybody to sit down and understand exactly what this
10 means in terms of how it deals with whatever is in the
11 horsemen's agreement, with the TOC that we're not creating
12 a problem there.

13 I would hate to see that if we have five betting
14 interests and we go to six but three are from the same
15 trainer. I think that would be a problem.

16 UNIDENTIFIABLE MALE: That could be a problem now.
17 If there's a --

18 THE REPORTER: Excuse me. Who's speaking?

19 ASSISTANT EXECUTIVE DIRECTOR MINAMI: Please
20 identify yourselves, please.

21 COMMISSIONER HARRIS: -- a question of two to
22 three. In certain races you're going to have two. In
23 certain races, you're going to have three for a trainer?

24 CHAIRPERSON SHAPIRO: Ron or Jack, how is it
25 currently, now, with trainers? Are they allowed to have

1 more than two horses in a race, and if so, what type of
2 race does that happen with now?

3 MR. LIEBAU: This is Jack Liebau. And Ron could
4 speak to this.

5 But during my tenure at Santa Anita, the rule was
6 first put in that with maiden allowances races, the
7 trainer could have three horses. And I think that had to
8 be seven betting interests. And the first race we ran, I
9 will just tell you that everybody, those people other than
10 Mathur (phonetic), who had three horses in a race went
11 crazy.

12 The horse race was run -- won by Mandela's
13 (phonetic) horse. And that horse went on to win the
14 Juvenile Breeders Billion, would not have been ready to go
15 and would not have had an opportunity a run in that race.

16 MR. HAMMERLY: This is Rick Hammerly.

17 Currently, in our completed meet, in our -- we
18 have in our agreement that three horses can be entered
19 from a single trainer and maiden allowances races only.

20 UNIDENTIFIABLE MALE: Straight maidens only.

21 MR. HAMMERLY: Only special.

22 COMMISSIONER HARRIS: I think we want to keep that
23 rule the way it is and not have a maximum of two in any
24 race from a trainer, not to just confuse things more.
25 Because a lot of the comments we got were negative about,

1 you know, multiple. I think they really were multiple
2 trainers, but I don't think we really found examples that
3 there's been any, you know, illegal-type things happening.

4 MR. LIEBAU: I would suggest that we get to help
5 the north, if you go ahead and maybe just do it at Bay
6 Meadows. And, you know, I'm sure that there will be
7 lessons learned from that that will be helpful to the
8 people in the south.

9 No matter what you do, there's going to be -- you
10 know, quirks that are going to arise and they are going to
11 be addressed later.

12 COMMISSIONER HARRIS: Is there some way --

13 MR. HAMMERLY: Richard, this is Rick Hammerly
14 again, and everyone.

15 Has there been any discussion to the fact that if
16 somebody starts taking advantage of this rule, meaning
17 currently we have some problems, sometimes when a trainer
18 enters two horses with two separate owners to make races
19 go. Now, are they going to be able to enter the same
20 owner to make a race go, if they start taking advantage of
21 this meeting, entering two and then scratching one, not
22 really caring, because it's the same owner?

23 Has there been any thought to what kind of
24 penalties might be assessed if this is repeated over a
25 length of time?

1 MR. LIEBAU: This is Jack Liebau.

2 In the north, you know, we have -- unfortunately,
3 we have raises with five. And that's why we were going to
4 require that there be five separate betting interests
5 prior to any horses with common ownership being uncoupled.

6 MR. HAMMERLY: I understand that. But where we
7 come -- I don't care if there's five, six, seven, eight,
8 nine, or ten. If they're entering two or scratching
9 one --

10 MR. LIEBAU: We're back down to five.

11 COMMISSIONER HARRIS: We have that problem all the
12 time really. I think that's just a bet scratch problem
13 that we need to solve.

14 UNIDENTIFIABLE MALE: That could increase the
15 problem is what Rick's saying.

16 UNIDENTIFIABLE MALE: Instead of having two
17 separate owners now with the same trainer, they can have
18 the same owner. They can put two horses in, check the
19 race out, and we got one owner that says, you know what,
20 scratch the one that doesn't fit and then they scratch
21 them. This could be a -- open the door for a problem.
22 All's I'm saying is, has there been any discussion as to
23 what type of penalties might be assessed?

24 CHAIRPERSON SHAPIRO: This is Richard Shapiro.

25 No, there isn't been any discussion, to my

1 knowledge, about that. I hear what you're saying and I
2 think there probably should be something that we should
3 try to do, so that if a trainer does this more than once
4 or that he is -- his entry would be refused. I mean what
5 would your suggestion be, Rick?

6 MR. HAMMERLY: We've tried to have the stewards at
7 least call these people in and at least, you know, let
8 them know that they are not -- we're not akin (sic) to
9 having them do this over and over. It would be something,
10 you know, where the horse scratches and gets double --
11 double the days on the list. Or, you know, there's got to
12 be some type of penalty out there to dissuade this. I'm
13 not saying it's going to happen, but I would just like to
14 have something in place ahead of time, because it's
15 happening now, without the common ownership. And now,
16 like I said, it just makes it very easy for someone to
17 take advantage of the situation.

18 MR. CHARLES: This is Ron Charles.

19 It's probably the largest concern from an entry
20 standpoint of bogus entries, increased bogus entries that
21 again, would be one issue that the whole group could deal
22 with. It would just seem logical that the racing
23 secretaries can sit down, come up with something that
24 everyone understands. And again, that can be done in an
25 hour or two.

1 MR. LIEBAU: I guess we're going to have another
2 meeting of the Horse Racing Board to waive the rule.

3 This is Jack Liebau. I'm sorry.

4 I really appreciate the concern that's going,
5 again, to the integrity of racing, that's being voiced by
6 Magna Entertainment.

7 What I would like to suggest is that we just waive
8 it with respect to Bay Meadows and see what happens and
9 hopefully gaining by our experience, and identifying.

10 MR. HAMMERLY: You have the right idea. I
11 think --

12 THE REPORTER: Who's speaking please?

13 ASSISTANT EXECUTIVE DIRECTOR MINAMI: Identify
14 yourself.

15 MS. WAGNER: Who's speaking?

16 MR. HAMMERLY: Rick Hammerly again.

17 MR. LIEBAU: This is Jack Liebau.

18 I don't have any problem with collaborating with
19 all the racing secretaries with respect to whether the
20 rule, house rule that we are proposing should be changed
21 one way or the other.

22 As far as the concern about horses being entered
23 in a race or scratched, I mean, you know, in order to make
24 a race go, that's not a new advance. I mean, that's
25 happening on a daily basis practically. We've been

1 dealing with that for years.

2 UNIDENTIFIABLE MALE: That why I say, there's no
3 penalty set up. It's never been discussed. This is maybe
4 a chance to talk about that issue.

5 UNIDENTIFIABLE MALE: I think we're on the same
6 page. All I'm saying is, I would like to move ahead with
7 it. If we get the racing secretaries to meet, if we could
8 waive the rule under the provision that the racing
9 secretaries would meet, we would go forward with the house
10 rule for both Bay Meadows and Hollywood Park. Once
11 everybody -- once the other races all had input, because
12 we all want this rule to succeed. And it just seems like
13 one meeting with the racing secretaries would enhance the
14 probability.

15 UNIDENTIFIABLE MALE: We're in total agreement.

16 DEPUTY ATTORNEY GENERAL KNIGHT: Chairman Shapiro,
17 this is Derry Knight. I --

18 COMMISSIONER HARRIS: Starting today, at least
19 dealing with Bay Meadows, and the whole scratch rule is a
20 big problem. It's really irrespective of this whole
21 issue. And I would like to move that we give the chairman
22 the authority to waive the rule for only the Bay Meadows
23 meeting subject to any field having at least five betting
24 interests, before any uncoupling takes place.

25 MR. CHARLES: This is Ron Charles.

1 I think we need to move forward with it at both
2 the north and the south at the same time. Get it right.
3 Let's try it. We think we have it down right after the
4 racing secretaries meet. We try it. If we see we have
5 some flaws, we address them, but let's go in and let's do
6 it north and south.

7 Just to do it in the north, I got to tell you, I
8 have cause for concern.

9 COMMISSIONER MOSS: This is Jerry Moss.

10 I agree with you, Ron. So I would just change
11 what John said to make a motion to have this for Bay
12 Meadows and Hollywood Park this meet, and have the racing
13 secretaries meet and offer some suggestions in the very
14 near future.

15 DEPUTY ATTORNEY GENERAL KNIGHT: This is Derry
16 Knight.

17 Can I just -- before you move forward with that
18 motion, can I comment, what I'm concerned with is I think
19 what Commissioner Harris said, a motion like he made is
20 fine, where he puts the conditions on it. But to defer
21 the conditions to this committee, it is really more than a
22 waiver of the rule. And that would be -- I don't think
23 you have the authority to do that.

24 CHAIRPERSON SHAPIRO: Derry, this is Richard
25 Shapiro.

1 Let me try to do this in two steps. First of all,
2 Roy, our agenda for our May 25th meeting is going out
3 today; is that correct?

4 ASSISTANT EXECUTIVE DIRECTOR MINAMI: It went out
5 this afternoon.

6 CHAIRPERSON SHAPIRO: All right. We could -- We
7 could approve this the way John Harris said in both the
8 north and the south wherein the chairman could waive the
9 rule and they could start immediately; correct?

10 ASSISTANT EXECUTIVE DIRECTOR MINAMI: Well, the
11 Board's waiving the rule.

12 CHAIRPERSON SHAPIRO: Okay. That's not what John
13 said, but that's fine. The Board is waving the rule.

14 COMMISSIONER HARRIS: We're waiving the rule, but
15 can we delegate to the chairman some legal rule as far as
16 exactly how the rule is going to be implemented?

17 CHAIRPERSON SHAPIRO: Right. That's where I was
18 headed. And what I'm trying to see is if we could put
19 this on to our agenda for the 25th, which is only ten days
20 away, and in the intervening period have the racing
21 secretaries get together -- let them come up with a plan
22 that outlines exactly how many entrants there must be, how
23 many independently trained horses there must be, work out
24 these rules. And then as a Board, we can adopt it or not
25 adopt it, formally on the 25th. But in the interim we

1 could start this and simply, if there's a request, make
2 the request as it's currently done. Could we not do that?

3 DEPUTY ATTORNEY GENERAL KNIGHT: Derry Knight.

4 The only concern I have, Chairman Shapiro, is if
5 you have the conditions, like, for example the five-horse
6 minimum, that's not a problem. But if you're deferring to
7 the committee, I think that's inappropriate.

8 CHAIRPERSON SHAPIRO: I'm not deferring it to
9 committee.

10 What I'm trying to say is that what I've heard in
11 this discussion is there needs to be some quote unquote
12 house rules. And so let the racing secretaries and
13 whoever is interested get together and work out how to
14 make sure that it comes out the right way, and bring it
15 back on the 25th and we would formally adopt it with
16 conditions, and those conditions would be brought forth by
17 the industry.

18 COMMISSIONER HARRIS: I think what the racing
19 secretaries need to focus on is the best scratch in
20 general. But this is such a small piece of the problem,
21 and that's what they would need to do is make some
22 recommendations to just prevent scratches. But that's
23 thought really the whole problem here.

24 CHAIRPERSON SHAPIRO: Right. But as it relates to
25 this problem, if there are concerns from racing

1 secretaries or -- I want to make sure that, you know,
2 Hollywood Park and Golden Gate or Bay Meadows and Santa
3 Anita that they are all working -- and Del Mar -- are
4 working in concert here to make sure that if we do this
5 experiment, we do it the way it would work.

6 MR. LIEBAU: Yeah, but this experiment only
7 relates to the meets that are presently running at Bay
8 Meadows and at Hollywood Park.

9 CHAIRPERSON SHAPIRO: Richard Shapiro, again. I
10 agree with that --

11 MR. LIEBAU: We are more than willing --

12 CHAIRPERSON SHAPIRO: Let me finish, Jack.

13 What I'm saying is, we're using these as a beta
14 case to where if it works there, we're going to continue
15 it, I'm guessing, throughout the year in other places. So
16 we want to make sure the experiment is done right.

17 MR. CHARLES: This is Ron Charles.

18 That's where I am. If we're going to do it, let's
19 do it right. Let's not make a mistake and blow the whole
20 process because we didn't do a little more due diligence
21 for one more meeting with the racing secretaries.

22 We believe we took our best shot at getting it
23 right, so that the other racetracks could also benefit by
24 the rule change, as opposed to making a mistake and then
25 it kills it for everybody else.

1 CHAIRPERSON SHAPIRO: In the interim --

2 COMMISSIONER HARRIS: We need to do something.

3 CHAIRPERSON SHAPIRO: In the interim, I would
4 suggest that we -- do we not have the power now on a
5 case-by-case basis to waive this rule? I know that I did
6 it before, when there was a stakes race, Jack -- I think
7 it was at Bay Meadows. It was California Derby?

8 MS. THURMAN: This is Bernie Thurman. It was the
9 El Camino Derby.

10 CHAIRPERSON SHAPIRO: Oh, El Camino Derby, sorry.

11 So couldn't we continue to do it on that basis
12 until the 25th? Could we could do that, Bernie?

13 MS. THURMAN: I'm not sure if the rule doesn't
14 say, it's only for a stake race that you have that right.

15 CHAIRPERSON SHAPIRO: Derry, do you know that?

16 DEPUTY ATTORNEY GENERAL KNIGHT: Well, you can
17 waive the rule pending your -- again, the only concern I
18 have is that you don't waive it and then the conditions of
19 the waiver are left to some other committee.

20 As long as you specify what the conditions are,
21 you can waive the rule now pending further action of the
22 Board on the 25th.

23 CHAIRPERSON SHAPIRO: Well, that would appear then
24 to accomplish the goal where it could immediately go into
25 effect, but it's done on a case-by-case basis. And then

1 on the 25th, we could adopt it as a full Board. And the
2 racing secretaries could get together with the Racing
3 Association and work out whatever issues need to be worked
4 out so that everyone is comfortable moving forward.

5 DEPUTY ATTORNEY GENERAL KNIGHT: Derry Knight.
6 Commissioner, what do you mean by case-by-case
7 basis? That's the part that is troubling me.

8 CHAIRPERSON SHAPIRO: Let's say that they take
9 entries tomorrow at Bay Meadows, and they have a race
10 where there are six entrants but two of them have a common
11 ownership. They can call up and say, "Will you waive the
12 coupling rule on that particular race?"

13 ASSISTANT EXECUTIVE DIRECTOR MINAMI: This is Roy.
14 If you use Jack's conditions, then they would be
15 allowed to uncouple those horses.

16 COMMISSIONER HARRIS: I think we need kind of
17 overall conditions but maybe subject to a -- if you see
18 it's not working, then stop it. But it would be
19 cumbersome to call you overnight --

20 DEPUTY ATTORNEY GENERAL KNIGHT: This is really
21 not something that's set up for a case-by-case basis. I
22 think if you're going to waive a rule, it needs to be
23 across the Board. That's what the whole point of the
24 rules are; they are rules of general application. If
25 you're going to waive the rule, you can't waive it and

1 then allow somebody to un-waive it, in my judgment anyway.

2 MR. CHARLES: This is Ron Charles.

3 I certainly agree with that, Derry.

4 CHAIRPERSON SHAPIRO: So can we waive the rule now
5 and then on the 25th, after the racing secretaries meet,
6 and if there's somebody that wants to say that there are
7 two applicants who put conditions on the way we waive the
8 rule, can we do that?

9 DEPUTY ATTORNEY GENERAL KNIGHT: Absolutely.

10 CHAIRPERSON SHAPIRO: Let's do that then.

11 If that's the case, I think, Jerry, you made a
12 motion which was to waive the rule both for northern and
13 Southern California, 1606, and all of the other listed
14 rules as they pertain to this matter. And we can waive
15 that rule, providing there are five separate betting
16 interests.

17 Is there a second?

18 COMMISSIONER HARRIS: I will second. Separate
19 betting interests even if you didn't waive the rule.

20 CHAIRPERSON SHAPIRO: That's correct.

21 MR. LIEBAU: Prior to the uncoupling.

22 VICE CHAIRPERSON MORETTI: Can someone repeat the
23 entire sentence so that I know exactly what we're --

24 There are two people that have added to it, so,
25 Richard, if you don't mind, maybe you can just read the

1 entire motion.

2 CHAIRPERSON SHAPIRO: The motion is to waive Rule
3 1606 and all of the other related rules that pertain to
4 coupling such that the racing associations will be able to
5 uncouple commonly-owned horses that have five betting
6 interests not including the uncoupled horse, for the
7 period of the current Bay Meadows and Hollywood Park
8 meetings.

9 VICE CHAIRPERSON MORETTI: Okay.

10 MR. HAMMERLY: This is Rick Hammerly.

11 So Jack, according to the language, you can never
12 use a five-horse field if two of them have the same owner.

13 MR. LIEBAU: No. I can certainly use them. I
14 can't uncouple.

15 MR. HAMMERLY: Not according to the language. The
16 language said, you have to have five prior to the extra
17 horse, prior -- that's why we want a house rule to that
18 effect.

19 UNIDENTIFIABLE MALE: We've got to have the rule.
20 You can never use a five-horse deal no matter what.

21 MR. LIEBAU: No, no, no. Rick, Rick, Rick, Rick,
22 what the rule says or what it's intending to say is that
23 after you have five separate interests you can then
24 uncouple. If you have -- as long as you have five
25 separate interests, you then can uncouple to get a sixth.

1 But if you have five separate interests in there, you
2 don't uncouple if there's no common ownership.

3 CHAIRPERSON SHAPIRO: That's correct.

4 MR. HAMMERLY: I understand that.

5 CHAIRPERSON SHAPIRO: That's absolutely correct.

6 So I believe there's a motion by Jerry. I think
7 there's a second by John; is that correct?

8 COMMISSIONER HARRIS: Yes.

9 CHAIRPERSON SHAPIRO: Okay. All those in favor --
10 Roy you're going to -- is there any more discussion?

11 UNIDENTIFIABLE MALE: Can somebody be in charge of
12 putting together the meeting with the racing secretaries,
13 so by the 25th we speak with one voice?

14 UNIDENTIFIABLE MALE: We will undertake to do
15 that. Martin will get that done.

16 ASSISTANT EXECUTIVE DIRECTOR MINAMI: Okay.
17 Mr. Chairman, this is Roy.

18 Jackie has to read into the record part of these
19 rules for exactly what we're doing.

20 CHAIRPERSON SHAPIRO: Jackie, read.

21 MS. WAGNER: For the record, we are going to be
22 waiving rule 1954.1, subsection H, like Henry; Rule 1957,
23 subsection J; 1959 subsection D, like David; 1976
24 subsection E, like Edward; 1976.8, subsection D, like
25 David; 1976.9 subsection C1; 1977 subsection C; 1978,

1 subsection E; 1979, subsection C; and 1979.1, subsection
2 C.

3 ASSISTANT EXECUTIVE DIRECTOR MINAMI: Okay. I
4 will call the role. Harris?

5 COMMISSIONER HARRIS: Yes.

6 ASSISTANT EXECUTIVE DIRECTOR MINAMI: Moretti?

7 VICE CHAIRPERSON MORETTI: Yes.

8 ASSISTANT EXECUTIVE DIRECTOR MINAMI: Moss?

9 COMMISSIONER MOSS: Yes.

10 ASSISTANT EXECUTIVE DIRECTOR MINAMI: Shapiro?

11 CHAIRPERSON SHAPIRO: Yes.

12 ASSISTANT EXECUTIVE DIRECTOR MINAMI: 4-0.

13 CHAIRPERSON SHAPIRO: All right. Now --

14 COMMISSIONER BIANCO: I'm voting yes too.

15 ASSISTANT EXECUTIVE DIRECTOR MINAMI: Mr. Bianco,
16 are you on?

17 COMMISSIONER BIANCO: I'm voting yes.

18 ASSISTANT EXECUTIVE DIRECTOR MINAMI: Okay. Thank
19 you.

20 UNIDENTIFIABLE MALE: Can I just ask one question.

21 Does it need to be in that language that how --
22 the length of this waiver, just Bay Meadows and Hollywood
23 Park?

24 CHAIRPERSON SHAPIRO: Yes, this is an experiment
25 that we want to review. And that's why we specifically

1 made it for these two race meetings. We can also continue
2 to if we deem it was beneficial and we'll talk action
3 again. And we should probably remember to agenda it so
4 that in the meeting that -- the meeting that immediately
5 precedes this, we can get a report from Bay Meadows,
6 Hollywood Park to let us know how it's going.

7 MR. HAMMERLY: Richard, this is Rick Hammerly
8 again.

9 When will it be deemed successful or a failure,
10 how far after the meet? As you know, Del Mar starts two
11 days after Hollywood.

12 CHAIRPERSON SHAPIRO: Well, that's why I'm
13 suggesting that we probably -- let me look at -- we look
14 at June 22nd is our meeting. Perhaps we could get an
15 update on June 22nd at our CHRB meeting. We'll ask for an
16 update and see how it's been going and how many times it's
17 occurred.

18 Bernie, can you keep statistics or something for
19 us.

20 MS. THURMAN: Absolutely. And that will help for
21 the racing fairs as well.

22 CHAIRPERSON SHAPIRO: I think that would be great.

23 Now, Roy, are we going to come back and put
24 this -- so that we make sure the racing secretaries meet
25 and we're going to deal with these conditions, can we send

1 out a revised agenda that adds this item to the agenda?

2 ASSISTANT EXECUTIVE DIRECTOR MINAMI: Yes, I will
3 do that today.

4 CHAIRPERSON SHAPIRO: Okay.

5 COMMISSIONER HARRIS: Just so I'm clear, this is
6 just for thoroughbred meeting?

7 CHAIRPERSON SHAPIRO: It's just these two race
8 meetings. Only those two race meetings.

9 COMMISSIONER HARRIS: I think with me going
10 forward, we haven't done anything going forward, but you
11 could have an option going forward, if some association
12 just didn't want to do it, they couldn't be forced to do
13 it. It's just an option.

14 COMMISSIONER MOSS: John, it's Jerry again. We
15 know that harness racing doesn't want to be a part of
16 this.

17 COMMISSIONER HARRIS: That's fine.

18 COMMISSIONER MOSS: We're just doing it for these
19 two meetings for the time being.

20 MR. CHARLES: This is Ron Charles again.

21 I believe the racing fans are -- if they don't
22 like it, we will certainly hear from them.

23 //

24 //

25 //

1 CHAIRPERSON SHAPIRO: All right. Is there
2 anything else that we need to cover?

3 Not being any, I will adjourn the meeting.

4 Thanks, everybody.

5 (Thereupon the California Horse Racing
6 Board, Teleconference Meeting adjourned at
7 1:38 p.m.)

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1 CERTIFICATE OF REPORTER

2 I, KATHRYN S. KENYON, a Certified Shorthand
3 Reporter of the State of California, do hereby certify:

4 That I am a disinterested person herein; that
5 the foregoing California Horse Racing Board,
6 Teleconference Meeting was reported in shorthand by me,
7 Kathryn S. Kenyon, a Certified Shorthand Reporter of the
8 State of California, and thereafter transcribed into
9 typewriting.

10 I further certify that I am not of counsel or
11 attorney for any of the parties to said meeting nor in any
12 way interested in the outcome of said meeting.

13 IN WITNESS WHEREOF, I have hereunto set my hand
14 this 20th of May, 2006.

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