

CALIFORNIA HORSE RACING BOARD

1010 Hurley Way, Suite 300
Sacramento, CA 95825
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REGULAR MEETING

of the **California Horse Racing Board (CHRB)** will be held on **Thursday, January 15, 2015**, commencing at **9:30 a.m.**, in the **Baldwin Terrace Room** at the **Santa Anita Park Race Track, 285 West Huntington Drive, Arcadia, California**. The audio portion only of the California Horse Racing Board regular meeting will be available online through a link at the CHRB website (www.chrb.ca.gov) under "Webcasts."

AGENDA

Action Items:

1. **Approval of the minutes of December 18, 2014.**
2. **Executive Director's Report.**
3. **Public Comment:** Communications, reports, requests for future actions of the Board.
Note: Persons addressing the Board under this item will be restricted to **three (3) minutes** for their presentations.
4. Discussion and action by the Board regarding a **report from the California Marketing Committee (CMC) regarding its 2015 marketing and promotion plans pursuant to Business and Professions Code section 19605.73 (b).**
5. Discussion and action by the Board regarding the request from **Galway Downs Training Center in Temecula, California**, to become an authorized training center.
6. Discussion regarding **poorly performing horses racing in California.**
7. Report from the **Medication and Track Safety Committee.**
8. Discussion and action by the Board regarding the proposed amendment to **CHRB Rule 1865, Altering of Sex of Horse, to require horses be scratched by the stewards if the true sex of the horse is not correctly identified in the official program for the race in which the horse is entered and no correction has been announced to the public prior to the acceptance of wagers on the race.**

9. **Closed Session:** For the purpose of receiving advice from counsel, considering pending litigation, reaching decisions on administrative licensing and disciplinary hearings, and personnel matters, as authorized by section 11126 of the Government Code.
 - A. The Board may convene a Closed Session to confer with and receive advice from its legal counsel regarding the pending litigation described in the attachment to this agenda captioned "Pending Litigation," as authorized by Government Code section 11126(e).
 - B. The Board may convene a Closed Session to confer with and receive advice from its legal counsel regarding the pending administrative licensing or disciplinary matters described in the attachment to this agenda captioned "Pending Administrative Adjudications," as authorized by Government Code section 11126(e).
 - C. The Board may convene a Closed Session for the purposes of considering personnel matters as authorized by Government Code section 11126, (a).

Additional information regarding this meeting may be obtained from the CHRB Administrative Office, 1010 Hurley Way, Suite 300, Sacramento, CA 95825; telephone (916) 263-6000; fax (916) 263-6042. This notice is located on the CHRB website at www.chrb.ca.gov. *Information for requesting disability related accommodation for persons with a disability who require aid or services in order to participate in this public meeting, should contact Jacqueline Wagner.

CALIFORNIA HORSE RACING BOARD

Chuck Winner, Chairman
Bo Derek, 1st Vice Chairman
Richard Rosenberg, 2nd Vice Chairman
Steve Beneto, Member
Jesse H. Choper, Member
George Krikorian, Member
Madeline Auerbach, Member
Rick Baedeker, Executive Director
Jacqueline Wagner, Assistant Executive Director

PROCEEDINGS of the Regular Meeting of the **California Horse Racing Board** held at the **Finish Line Room at the Los Alamitos Race Course**, 4961 Katella Avenue, Los Alamitos, California, on **Thursday, December 18, 2014.**

Present: Chuck Winner, Chairman
Bo Derek, 1st Vice-Chairman
Richard Rosenberg, 2nd Vice-Chairman
Madeline Auerbach, Member
Steve Beneto, Member
Jesse H. Choper, Member
George Krikorian, Member
Rick Baedeker, Executive Director
Jacqueline Wagner, Assistant Executive Director
Robert Miller, General Counsel

APPROVAL OF THE MINUTES OF NOVEMBER 19, 2014

Chairman Winner asked for approval of the minutes of the Regular Meeting of November 19, 2014. Commissioner Choper **motioned** to approve the minutes. 2nd Vice-Chairman Rosenberg **seconded** the motion, which was **unanimously carried**.

EXECUTIVE DIRECTOR'S REPORT.

Executive Director Baedeker stated the University of Arizona had held its annual racetrack industry program symposium with a focus on the future of field size. He said the annual foal crop had dropped from its high of 36,000 to its current level of 22,000. He believed the way to fix the field size was to fix the economic engine of the sport. Executive Director Baedeker stated most fans of horseracing were introduced to the sport by someone who already loved it. The sport had gotten more complicated and a phone application should be designed to assist new customers with directions around the tracks, horseracing terminology, and the complexities of horserace wagering. He stated it was encouraging to see that the University of Arizona Race Track Industry Program had 38 young sharp students that wanted to get involved in horseracing.

Executive Director Baedeker said the Board suspended trainer Jose Del La Torre for 38 months and issued a \$160,000 fine; the penalty was a strong statement that the abuse of medications in California horseracing would not be tolerated. He said financials for November 2014 were down compared to 2013 due to one less day of the Breeders' Cup in November; however, the year-to-date was up a little under one percent compared to 2013. Executive Director Baedeker stated he attended a meeting of the Association of Racing Commissioners International where Dr. Rick Arthur, CHRB Equine Medical Director, and Dr. Scott Stanley, Associate Professor, UC Davis, were routinely mentioned in discussions on upcoming issues facing horseracing. He said he wanted to recognize Dr. Arthur for receiving the President's Award, given by the American Association of Equine Practitioners. Executive Director Baedeker stated Racing Officials Accreditation Program (ROAP) had established a hall of fame for stewards for their outstanding contributions to the sport. Darrel McHargue, an active Northern California steward, was chosen for the award from a group of forty candidates. Sherwood Chillingworth, representing ROAP, spoke about Mr. McHargue's career before presenting Mr. McHargue with the Pete Pedersen award. Mr. McHargue stated he was honored to receive the award and thanked the Board for its support over the years.

PUBLIC COMMENT

Kim Lloyd, of Barretts sales, stated there would be a sale on January 26, 2015, and another on February 23rd, 2015. From that point on Barretts sales would take place at the Del Mar race track. He stated one of the reasons for the horse shortage was there was a shortage of horse owners, and he hoped the move to Del Mar would enable Barretts to bring in more owners. Brian Trela, a horse owner, stated Fairplex would be closing as an off-track training facility as of

March 1, 2015, leaving 450 horses without a place to stable. He said he heard that Galway Downs was a possible option and he urged the Board to help make that a reality. Chairman Winner stated all of the various participants, including the Board, were working on finding a solution to the stabling issue. He said he was encouraged that the problem was on its way to being resolved.

DISCUSSION AND ACTION BY THE BOARD REGARDING THE DISTRIBUTION OF RACE DAY CHARITY PROCEEDS OF THE HOLLYWOOD PARK RACING ASSOCIATION IN THE AMOUNT OF \$82,356 TO 7 BENEFICIARIES.

Chairman Winner stated that he received an email from Jack Liebau, of Hollywood Park, which explained the \$10,000 donation to the University of California. The Bancroft Library at UC Berkeley had agreed to house the collection of Hollywood Park races, and Mr. Liebau felt a donation to defer some of the cost was appropriate. 1st Vice-Chairman Derek **motioned** to approve the request by Hollywood Park to distribute its race day charity proceeds. 2nd Vice-Chairman Rosenberg **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING OF THE LOS ALAMITOS QUARTER HORSE RACING ASSOCIATION (Q) AT LOS ALAMITOS RACE COURSE, COMMENCING DECEMBER 26, 2014 THROUGH DECEMBER 20, 2015, INCLUSIVE.

Executive Director Baedeker stated there were questions regarding the legal structure of ownership of the Los Alamitos Race Course. The parent company was Quarter Horse Racing, Inc. which was wholly owned by Dr. Ed Allred. The subsidiary, the Horseman's Quarter Horse Racing Association (HQHRA) was doing business as the Los Alamitos Quarter Horse Racing Association (LAQHRA). He suggested for future meetings the association should be referred to

as HQHRA d.b.a. LAQHRA. Commissioner Krikorian **motioned** to approve the application for license to conduct a horse racing meeting of HQHRA d.b.a. LAQHRA at Los Alamitos Race Course, commencing December 26, 2014 through December 20, 2015, inclusive. Commissioner Beneto **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD REGARDING THE REQUEST FROM NORTHERN CALIFORNIA OFF TRACK WAGERING INC. (NCOTWINC) TO CONTINUE THE MODIFICATION OF THE DISTRIBUTION OF MARKET ACCESS FEES FROM ADVANCE DEPOSIT WAGERING (ADW) AT A RATE OF 2.9% AS PERMITTED UNDER BUSINESS AND PROFESSIONS CODE SECTION 19604(F)(5)(E) FOR WAGERING CONDUCTED BY THOROUGHBRED ASSOCIATIONS IN THE NORTHERN ZONE.

Joe Morris, of the Thoroughbred Owners of California, stated the 2.9 percent requested rate was the same as in 2014 and was still necessary to fund Northern California Off Track Wagering Inc. (NCOTWINC) for 2015. Commissioner Auerbach **motioned** to approve the request from NCOTWINC to continue the modification of the distribution of market access fees from advance deposit wagering at a rate of 2.9% as permitted under Business and Professions Code section 19604(f)(5)(E) for wagering conducted by thoroughbred associations in the northern zone. Commissioner Krikorian **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD REGARDING THE REQUEST FROM SOUTHERN CALIFORNIA OFF TRACK WAGERING INC. (SCOTWINC) FOR APPROVAL OF THE MODIFICATION OF MARKET ACCESS FEE DISTRIBUTIONS AS PERMITTED UNDER BUSINESS AND PROFESSIONS CODE SECTION 19604(F)(5)(E) FOR ADVANCE DEPOSIT WAGERING (ADW) HOSTED BY SOUTHERN CALIFORNIA THOROUGHBRED ASSOCIATIONS DURING CALENDAR YEAR 2015.

George Haines, of the Southern California Off Track Wagering Inc. (SCOTWINC), stated SCOTWINC was requesting to raise the distribution to 2.9 percent. Joe Morris, of the

Thoroughbred Owners of California, stated the rate for SCOTWINC was 2.4 percent in 2014. The added 0.5 percent was due to a rise in expenses. 2nd Vice-Chairman Rosenberg asked when the Board would receive a financial report on SCOTWINC. Mr. Morris stated the Board received a yearly audit of SCOTWINC within 90 days of the end of the year. Mike Ernst, representing Del Mar, stated 2014 was the first time in many years that showed an increase in inter-track wagering. The increase was due to a leveling out of the customer migration to advance deposit wagering (ADW) and the opening of additional minisatellite wagering facilities. Commissioner Krikorian asked what SCOTWINC's budget was. Mr. Haines stated the 2014 budget was 26 million dollars and the budget for 2015 should be about the same. He said the 0.4 percent increase amounted to \$1.3 million and would make up for the loss in funds from the decrease in brick-and-mortar wagering. Mr. Ernst stated that any excess funds would be returned equally to purses and commissions. Commissioner Auerbach asked if there were ever excess funds to return. Mr. Ernst said funds have been returned in the last four or five years; Del Mar returned about \$280,000 to purses and commissions. 2nd Vice-Chairman Rosenberg asked if the money lent to SCOTWINC by the tracks had been repaid. Mr. Ernst stated SCOTWINC switched from a bank line of credit to an ongoing fund operated by Del Mar and Santa Anita. Commissioner Choper **motioned** to approve the request from SCOTWINC to modify the market access fee distributions as permitted under Business and Professions Code section 19604(f)(5)(E) for ADW hosted by Southern California thoroughbred associations during calendar year 2015. 2nd Vice-Chairman Rosenberg **seconded** the motion, which was **unanimously carried**.

REPORT FROM THE LEGISLATIVE, LEGAL AND REGULATIONS COMMITTEE.

Commissioner Choper stated the Legislative, Legal and Regulations Committee discussed the claim of a foul at the Breeders' Cup. Suggestions for improving the CHRB Rule 1699, Riding Rules, ranged from calling a foul when there was any interference to calling a foul only when a horse was seriously injured. He said the Committee decided there was no rush to develop an amendment and that options would continue to be discussed. 2nd Vice-Chairman Rosenberg stated the draft developed at the stewards meeting was a first draft and would require more adjustments before it could be considered finalized. Chairman Winner asked if camera angle was part of the discussion, specifically adding a camera to the gate. Commissioner Choper said the blimp camera was part of the discussion, but a gate camera was not. Mike Marten, CHRB staff, stated the number of camera angles depended on the race track; however, the issue had been discussed for years. The stewards had been asked if there were any camera angles that if added would be helpful. He said he was planning to discuss with the stewards and the media if a shot like the one provided by the blimp could be added, and he could also ask about a camera on the gate. Chairman Winner suggested Mr. Marten also discuss if there were any other helpful angles that could be added with current technology. 2nd Vice-Chairman Rosenberg stated he was surprised that with all of the rule change suggestions, that none were provided by trainers. Chairman Winner said this was surprising with all of the noise after the decision. Commissioner Choper stated the Committee discussed the Los Alamitos house rule that bars the use of Clenbuterol in quarter horse racing. The Committee agreed the house rule should stand; although there was not agreement on the rationale to do so. 2nd Vice-Chairman Rosenberg said the house rules were private agreements between the trainers and the tracks, but the Board had jurisdiction to review house rules to determine if they conflicted with CHRB rules or were in any

way unreasonable. Robert Miller, CHRB Counsel, stated that acceptance of the Los Alamitos house rule did not give carte blanche to any association to impose any house rule it wished. He said the Los Alamitos house rule could be compared to a private toll road imposing a reduced speed limit on a state highway with a state speed limit of 55 miles per hour. Chairman Winner asked what would happen if the toll road wanted to increase its limit to 85. Mr. Miller said that would be a conflict. Commissioner Choper said not necessarily. Chairman Winner stated the rule was not in conflict as long as it was within the existing state limits. Mr. Miller said that was correct. Commissioner Choper said the issue was when the house rule was inconsistent with the purpose of the regulatory rule. He stated you had to find out what it had in mind when it passed the official rule. Executive Director Baedeker said the Los Alamitos house rule furthered the intent of the CHRB rule. Commissioner Krikorian asked if the CHRB rule needed to be changed to resolve the contradiction with the house rule. Commissioner Choper said the conflict could exist between the state and house rules as long as there was sufficient notice before there was any type of sanction. Chairman Winner said the house rule was a private agreement between the track and the trainer. He said Los Alamitos could keep a trainer from stabling there if there was a violation of a house rule, but the Board could not sanction a trainer based on the Los Alamitos house rule. Mr. Miller said that was correct. Commissioner Auerbach asked if an association could impose fines for violation of house rules. Commissioner Choper said as long as the possible fines were specifically stated in the house rule. Commissioner Beneto asked if the Los Alamitos house rule in question banned a trainer in violation of a house rule. Dr. Ed Allred, of Los Alamitos, stated Clenbuterol had evolved into a replacement for testosterone. He said without being able to hair test or keep the house rule prohibiting Clenbuterol, he would not be able to provide an honest race, and would therefore stop doing so. Executive Director Baedeker

asked if the Pacific Coast Quarter Horse Racing Association (PCQHRA) was supportive of the house rule. Dr. Allred stated that it was. 1st Vice-Chairman Derek asked if there was anything else the Board could do to help with the issues at Los Alamitos. Dr. Allred said the Board needed to let Los Alamitos keep the house rule; that in itself would be enough to stop the Clenbuterol abuse. Commissioner Beneto asked if a horse tested positive for Clenbuterol, was the trainer ruled off the track. Dr. Allred said in all likelihood the trainer would no longer have stalls. He said there could be mitigating circumstances with security issues; however, if there was a pattern of abuse the trainer would be ruled off. Commissioner Choper stated another issue brought up at Committee was the right of the trainer in violation of a house rule to a hearing. He said Dr. Allred was willing to participate in a hearing on the specific violation in question. Mr. Miller stated the hearing should take place before the Board of Stewards. Commissioner Choper stated the fourth item the Committee discussed involved the Governing Procedures over hearings for medication violations involving revocation or non-revocation penalties. He said it was determined that the hearing should be before the stewards or a hearing officer as opposed to an administrative law judge.

DISCUSSION AND ACTION BY THE BOARD REGARDING THE REQUEST FROM THE LOS ALAMITOS RACE COURSE AND THE PACIFIC COAST QUARTER HORSE RACING ASSOCIATION, TO SUSPEND THE USE OF CLENBUTEROL FOR QUARTER HORSES AT LOS ALAMITOS RACE COURSE FOR 12 MONTHS, PURSUANT TO THE PROVISIONS OF CHRB RULE 1844.1, SUSPENSION OF AUTHORIZED MEDICATION.

Dr. Rick Arthur, Equine Medical Director, stated there were 13 Clenbuterol violations at Los Alamitos in 2014, and suspending use of Clenbuterol for a year would give the Board and the Quarter Horse industry the opportunity to look at available alternatives. He said any new

regulation would likely involve hair testing. Dan Schiffer, of the Pacific Coast Quarter Horse Racing Association (PCQHRA), stated the PCQHRA supported the suspension of Clenbuterol use. 1st Vice-Chairman Derek **motioned** to approve the request from the Los Alamitos Race Course and the Pacific Coast Quarter Horse Racing Association, to suspend the use of Clenbuterol for quarter horses at Los Alamitos Race Course for 12 months. Commissioner Choper **seconded** the motion, which was **unanimously carried**.

DISCUSSION BY THE BOARD REGARDING ALLOWING HORSES TO RUN WHICH HAVE BEEN GELDED SINCE THEIR LAST START BUT NOT DESIGNATED AS SUCH IN THE OFFICIAL PROGRAM.

Executive Director Baedeker stated the issue of horses being gelded without being designated as such in the official program, was discussed at the stewards meeting. He said it was unfair to the wagering public as a gelded horse performed better, and the effect of gelding the horse could change the outcome of a race. He said proper notification of gelding was more important today with the popularity of multiple race wagers. Commissioner Auerbach stated the only fair way to deal with the issue was to scratch any horse that did not submit proper notification of being gelded. She said doing so would prevent the possibility that someone might choose to not properly notify because the potential advantage in wagering outweighed the loss of paying a fine. Chairman Winner stated in some cases notice was properly submitted; however, because of a mistake in the racing office, the horse's gelded status was not put in the official program. He said scratching such a horse would penalize the trainer for someone else's mistake. Commissioner Auerbach stated Chairman Winner made a good point, but she did not see a way around it. Chairman Winner said he agreed. Executive Director Baedeker recommended the issue should go back to Committee to give the stakeholders adequate opportunity to organize a

position. 2nd Vice-Chairman Rosenberg asked when would the information on the horse being gelded need to be provided to prevent it from being scratched. Mike Marten, CHRB staff, stated the information would need to be submitted before the closing of the pools on any applicable wager. He said there was also a suggestion to not scratch the horse, but to allow it to run for purse money only. 2nd Vice-Chairman Rosenberg stated he had read that Equibase or Equiline was changing its procedure to put whether a horse was gelded into its system. Commissioner Auerbach said any such system would have the same issue receiving the proper information. Mr. Marten said it all came down to the gelding being properly reported. Executive Director Baedeker stated the stewards did not have the ability to determine quickly enough if the error of not properly informing that the horse was gelded was the fault of the trainer or the racing office. Commissioner Auerbach said that was why scratching the horse, regardless of fault, was the fairest way to deal with the issue. 1st Vice-Chairman Derek stated she agreed. Chairman Winner said the issue would go back to Committee. Commissioner Auerbach stated she was concerned about how licenses were approved conditioned on the submission of outstanding items, and then when the items were later submitted, the Board did not get a chance to review them. She said she would like applications to be complete before submission to the Board. 1st Vice-Chairman Derek said it was an ongoing issue. Commissioner Beneto agreed. Chairman Winner also agreed it would be better if applications were complete. He stated another option was for staff to submit outstanding items to the Board once they were received. Robert Miller, CHRB Counsel, stated discussion on outstanding items was not on an agenda item; however, the Board was hiring an attorney who would be responsible for making sure applications were complete before being submitted to the Board. Commissioner Auerbach said it was not fair that Board decisions were based on incomplete applications.

**DISCUSSION BY THE BOARD REGARDING THE CHRB STATUS REPORT
CONCERNING THE RODENTICIDE INVESTIGATION.**

Dr. Rick Arthur, Equine Medical Director, stated the sudden death investigation of the Baffart equine sudden death cases included testing for the presence of anticoagulant rodenticides. The presence of anticoagulant rodenticide was discovered well below what was considered toxic, and at the time, was not considered important. He said since then seven other horses with idiopathic hemorrhage have had traces of anticoagulant rodenticides also well below what was typically considered to be toxic levels. Dr. Arthur stated it was now believed there was an association between the anticoagulant rodenticides and idiopathic hemorrhage in equine sudden death. He said Jeff Salmon, Safety Steward, was assigned to investigate for a source of the anticoagulant rodenticide. Mr. Salmon stated five backside inspections at five different racetracks with instances of sudden death from internal bleeding occurred between December 2012 to September 2014. He said five of the cases were thoroughbred horses, the other two were ponies; all of the horses died during or after exercise. He said that in all the cases a large amount of blood, ten to fifteen liters, was found in the abdominal cavity. Mr. Salmon stated the rodenticide found in five of the cases was bromadiolone or brodifacoum, a "second generation" rodenticide that was very toxic and stayed in the horses system for four to twelve months. He said bromadiolone was used by vendors who held the pest control contracts at Santa Anita, Golden Gate Fields, and Del Mar. The vendors placed the bait stations far away from the horses on the perimeter of the stables; however, stable employees moved the bait to locations to where they thought it would be more effective. Executive Director Baedeker stated in some cases the employees were taking the bait out of the stations and using it another way. Mr. Salmon said that was correct, the bait stations were secure, but they could be broken into. He said that the bromadiolone or brodifacoum could be purchased online and the employees could have essentially initiated their own pest control

program. Mr. Salmon said alternative methods of pest control had not yet been identified so a complete ban of second generation rodenticides was not recommended. Mr. Salmon stated the recommendation was to develop and implement a comprehensive barn cleanup and eradication program, which included informing employees of the risks of rodenticide misuse. He suggested one idea was to rotate horses in barns allowing for direct treatment in empty barns when possible. Commissioner Choper suggested Mr. Salmon work with the California Thoroughbred Trainers to get the word out to the trainers and the other employees. Executive Director Baedeker stated a program could solve the problem but only if it had consequences to the associations if the program was not followed. Chairman Winner stated the issue should go to Committee to discuss and develop consequences, and the informing employees part of the program should begin immediately. Mr. Salmon said that part of the program had already started. Chairman Winner thanked all of the people who worked on determining the cause of the equine sudden deaths. Commissioner Krikorian asked if blood tests could be done to find the presence of rodenticide to prevent sudden death. Dr. Arthur stated the low levels were not found in the blood, only concentrated in the liver. Anti-coagulating tests could be done; however, the tests would probably not show the low levels being discussed. He said it was a combination of the low levels of rodenticide and something else, such as high blood pressure or acid base balance changes, brought on by exercising that together caused the sudden death. 1st Vice-Chairman Derek stated it did not seem that horses and anticoagulant rodenticides were compatible in a living situation. She said she would approach the issue at Committee aggressively, seeking stiff penalties for misuse of the rodenticides. Commissioner Krikorian asked who covered the cost of the pest control programs. Dr. Arthur stated it was the responsibility of the associations. He said there was much less of a problem with rodents at the

Santa Anita backside before the feral cats were removed. Chairman Winner said the cats worked for rodents but the cat food attracted possums, which carried equine protozoal myeloencephalitis (EPM). Commissioner Beneto described a bait trap he liked that was used by Sacramento County for rodent control on the levies. Dr. Arthur stated the Committee would get advice from experts in rodent control to see if there were any effective alternatives to the anticoagulant rodenticides. 1st Vice-Chairman Derek stated she would like to see the anticoagulant rodenticides banned. Chairman Winner asked how was it that the Baffert horses that died were all at Hollywood Park, but the investigation did not find that the anticoagulant rodenticide in question was used at Hollywood park. Dr. Arthur stated only one of the Baffert cases had rodenticide. Mr. Salmon stated it was a “1st generation” anticoagulant rodenticide found in the Baffert horse, so Hollywood Park was left out of the investigation.

MEETING ADJOURNED AT 11:44 A.M.

A full and complete transcript of the aforesaid proceedings are on file at the office of the California Horse Racing Board, 1010 Hurley Way, Suite 300, Sacramento, California, and therefore made a part hereof.

Chairman

Executive Director

CALIFORNIA HORSE RACING BOARD

JANUARY 15, 2015
REGULAR BOARD MEETING

There is no board package material for Item 2

CALIFORNIA HORSE RACING BOARD

JANUARY 15, 2015
REGULAR BOARD MEETING

There is no board package material for Item 3

STAFF ANALYSIS
DISCUSSION AND ACTION BY BOARD REGARDING A REPORT FROM
THE CALIFORNIA MARKETING COMMITTEE (CMC)
REGARDING ITS 2015 MARKETING AND PROMOTION
PLANS PURSUANT TO BUSINESS AND PROFESSIONS CODE SECTION
19605.73(b)

Regular Board Meeting
January 15, 2015

ISSUE

The California Marketing Committee (CMC) is presenting to the Board the proposed 2015 Budget Summary.

BACKGROUND

Business and Professions Code section 19605.73(a) states Thoroughbred racing associations, fairs, and the organization responsible for contracting with thoroughbred racing associations and fairs with respect to the conduct of racing meetings, may form a private, statewide marketing organization to market and promote thoroughbred and fair horse racing, including, but not limited to, establishment and maintenance of an Internet Website featuring California thoroughbred and fair racing, the establishment and administration of players incentive programs for those who wager on thoroughbred association and fair races, and promotional activities at satellite wagering facilities to increase their attendance and handle. While the promotional activities at satellite wagering facilities shall be funded by the marketing organization, they shall be implemented and coordinated by representatives of the satellite wagering facilities and the thoroughbred racing associations or fair then conducting a live race meet. The CMC is that organization.

Business and Professions Code section 19605.73(b) requires the CMC' to annually, on November 1, submit a written report to the Board on a statewide marketing and promotion plan for the upcoming calendar year. In addition, the organization shall annually present to the Board at the Board's November meeting a verbal report on the statewide marketing and promotion plan for the upcoming year. The plan shall be implemented as determined by the organization. In addition, Business and Professions Code section 19605.73(b) also states that from the amount that would normally be available for commissions and purses, an amount not to exceed 0.25 percent of the total amount handled by each satellite wagering facility shall be distributed to the CMC. The amounts initially distributed to the CMC shall be 0.2 percent of the total amount handled by satellite wagering facilities for thoroughbred and fair meetings only. The amount distributable to the CMC may be adjusted by the Board, in its discretion. However, the adjusted amounts may not exceed an aggregate of 0.25 percent of the total amount handled by satellite wagering facilities for thoroughbred and fair meetings only. The promotion funds that are not expended in the year in which they are collected may be expended in the following year. If promotion funds expended in any one year exceed the amount collected for that year, the funds expended in the following year shall be reduced by the excess amount.

Business and Professions Code section 19605.73(c) also requires the CMC on a quarterly basis, to submit to the Board a written report that accounts for all receipts and expenditures of the promotion funds for the previous three months.

ANALYSIS

The overall 2015 CMC proposed budget has a six percent increase from the 2014 budget. The 2015 budget plan continues to focus on five areas: Product Enhancement, Significant Player Program, Satellite Marketing, Cal Racing Website, and Administration. Last year the approved 2014 CMC budget eliminated Pick Six Promotions and New Mini Satellites Support. This year CMC strategic focus is limited to two specific areas: Product Enhancement and Handle Generation.

In addition, CMC plans to reduce Significant Player Program spending by 75 percent and increase spending on Product Enhancement by 86 percent.

CMC's 2014 vs. 2015 Budget			
	2014	2015	% change
Product Enhancement	725,000	1,350,000	86%
Significant Player Program	730,000	180,000	-75%
Satellite Marketing	120,000	120,000	0%
Cal Racing Website	67,500	85,000	26%
Administration	<u>182,000</u>	<u>192,000</u>	5%
TOTAL	<u>1,824,500</u>	<u>1,927,000</u>	6%

RECOMMENDATION

Staff recommends the Board hear from the CMC representatives on its marketing and promotion, and its receipts and expenditures plans.



California Marketing Committee
2015 Budget Summary
January 5, 2015

OVERVIEW

The California Marketing Committee (CMC) is a statewide organization formed to market and promote Thoroughbred horse racing pursuant to Business and Professions Code Section 19605.73. The CMC is funded by 0.25 percent of the total amount handled by each satellite wagering facility. Statute requires that CMC members include two representatives each from Thoroughbred racing associations, Thoroughbred horseman and from Fairs. The current board members of the CMC are as follows:

- Craig Dado, Chairman and Southern Thoroughbred track representative
- Tom Ludt, Northern Thoroughbred track representative

- Joe Morris, Thoroughbred Owners of California representative
- Mike Wellman, Thoroughbred Owners of California representative

- Chris Korby, California Authority of Racing Fairs representative
- Kelly Violini, California Authority of Racing Fairs representative

The CMC meets regularly and encourages industry participation. The CMC has established marketing and racing subcommittees that include members from various racing associations and Fairs as well as horseman groups. In addition, the CMC works collaboratively with many additional industry representatives to solicit ideas and concepts that will promote California Thoroughbred racing and enhance our product. These groups and representatives include all Thoroughbred racing associations, California Authority of Racing Fairs (CARF), Thoroughbred Owners of California (TOC), California Thoroughbred Trainers (CTT), California Thoroughbred Breeders' Association (CTBA), racing executives and facility marketing personnel, CHRIMS, SCOTWinc, NCOTWinc.

Since its inception in 1999, the CMC has served as an industry forum and funding source for a wide variety of statewide marketing initiatives and programs designed to promote and enhance Thoroughbred racing in California.

It is important to note that changes in legislation substantially reduced the funding available to CMC. For example, as recently as 2004, the CMC received funding of over \$5.7 million; the 2015 budget reflects projected funding of approximately \$1.7 million.

The reductions in funding have made it increasingly important that CMC use available funds for targeted programs designed to have specific impacts. In past years, for example, the CMC has funded a wide array of projects from statewide branding campaigns to track media matching to television replay shows. The strategic focus of the CMC for 2015 is limited to two specific areas:

- 1) Product Enhancement (increased quality and quantity of horses in California)
- 2) Handle Generation

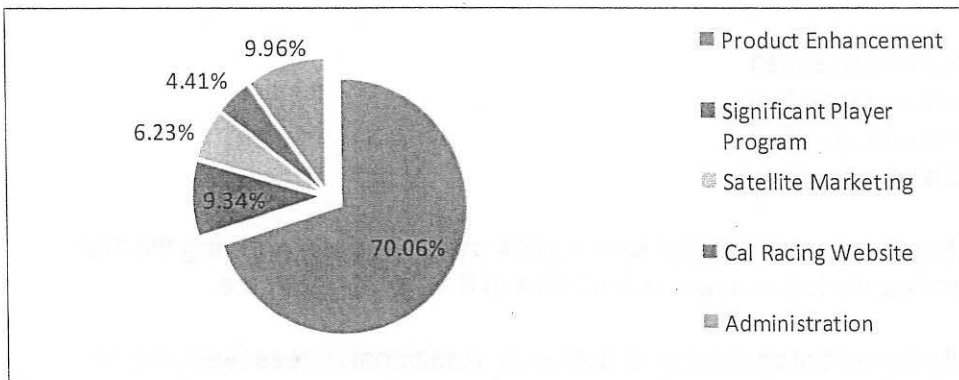
2015 BUDGET

California Marketing Committee

	Budget
Product Enhancement	1,350,000
Significant Player Program	180,000
Satellite Marketing	120,000
Cal Racing Website	85,000
Administration	192,000
TOTAL	1,927,000
Projected Fund Generation	1,728,540
	(198,460)
Projected Accumulated Surplus	200,000
	1,540

Product Enhancement Line Item Detail	
So Cal Ship N Win	550,000
Two-Year-Old Stakes Supplements	175,000
Golden State Series	250,000
So Cal Track Recruitment	150,000
No Cal Track & Fair Recruitment	225,000

2015 Budget Allocation



2015 PROGRAM SUMMARIES

Product Enhancement

A very clear correlation exists between field size and handle. As foal crops continue to decrease throughout the country, the competition among national racing circuits for horses to maintain and increase field size has never been more fierce. Further, with current conditions in the Midwest, the CMC believes it is a pivotal moment to attract new horses to California while retaining our current headcount. Therefore, the CMC is again investing significant resources to enhance the California racing product statewide. Four CMC supported programs work collaboratively in an effort to stabilize and increase field sizes, while striving to deliver the best possible racing product to our fans.

Product Enhancement funding for 2015 will focus on the four following programs:

- 1) Southern California Ship N' Win
- 2) Two-Year-Old Stakes Program
- 3) Golden State Series
- 4) Horse Recruitment

1. The "Ship N' Win" Program which has been hugely successful at Del Mar will be launched Southern California wide in Spring 2015 in financial partnership with the Southern California track associations and the TOC.

Del Mar's prosperous program has attracted hundreds of out-of-state racehorses the past four summers:

- 2011; 107 horses recruited and qualified
- 2012; 137 horses recruited and qualified
- 2013; 148 horses recruited and qualified
- 2014; 187 horses recruited and qualified

It should be noted that the 187 horses recruited to Del Mar in 2014 made 297 starts during the Del Mar season and contributed significantly to the average field size of 8.8 horses per race.

Wagering studies indicate handle is correlated directly to field size. Additional horses feed handle, which in turn feeds purses, making the "Ship and Win" program a positive in all regards.

Given the success of the Del Mar Ship N' Win Program, the CMC believes it makes sense to implement a year-round program that will benefit the industry throughout the year.

\$550,000* is budgeted for Southern California Ship N' Win

*This amount will be supplemented by funds from the Southern California race track associations and the TOC.

2. The Two-Year-Old Stakes Program was launched in 2012 and continues for 2015. The program was designed to create and expand racing opportunities in California for two-year-olds, particularly turf opportunities. In addition horsemen have used these well-timed opportunities to prepare for the Breeders' Cup Championship Turf events.

- June Santa Anita
\$25,000 CMC supplement each
 - Landaluce Stakes, \$150,000
 - Hollywood Juvenile Championship, \$150,000
- September Del Mar
\$25,000 CMC supplement each
 - Oak Tree Juvenile Fillies (Turf), \$100,000
 - Oak Tree Juvenile (Turf), \$100,000
- October Santa Anita
\$25,000 CMC supplement each
 - Surfer Girl Stakes (Turf), \$100,000
 - Zuma Beach Stakes (Turf) \$100,000
- October Golden Gate Fields
\$25,000 CMC supplement
 - The Pike Place Dancer Stakes (Turf), \$100,000

\$175,000 is budgeted for Two-Year-Old Stakes Program

3. The Golden State Series remains a critical component of the CMC Product Enhancement efforts. The Golden State Series, launched in 2012, is a long-term initiative to encourage California breeding by introducing new stakes and offering purse enhancements. Per the CTBA, the program has contributed to some key positive indicators of note:

- Number of mares bred in 2014 was up 12%.
- For the first time in two decades, California will pass Florida to become the second largest foal producing state.
- In 2014, 815 two-year-olds were nominated for the series and eight horses paid the \$25,000 supplement fee.

\$250,000 is budgeted for Golden State Series

4. Horse Recruitment efforts continue to be an important component in both Southern and Northern California race meets. Horse Recruitment complements other programs supported by the CMC. All recruitment activities must be approved by the CMC Racing Committee, which is made up of TOC and track racing executives.

Santa Anita and Del Mar will focus on recruitment for graded stakes races to increase field size and field quality.

Golden Gate Fields and the Fairs will focus on Arizona and Northwest recruitment to increase their horse population via shipping incentives paid to the owner and trainer after a first start. The Fairs will continue with their starter program by providing a \$300 payment to the owner or trainer for a first start and \$150 payment for a second start. All payments are made via paymaster accounts.

\$150,000 is budgeted for Southern California Recruitment and \$225,000 is budgeted for Northern California Recruitment

Significant Player Program

The Significant Player Program is an incentive program for players who wager a minimum of \$20,000 per calendar month. New for 2015, the CMC will reward all players statewide who reach the monthly minimum with a 1% reward. Santa Anita, Del Mar and Golden Gate Fields in partnership with the TOC will expand the program by offering reward incentives tiered strategically and targeted specifically to their on-track wagering patrons.

This program continues to allow us to identify and stay connected with our most valuable players as well as attract players to our pools who may be wagering elsewhere.

From January 1 through December 31, 2014 over 105 players have participated in the program with over \$54 million in participating wagers. This correlates to approximately \$2.1 million generated in track commissions and \$2.5 million generated in purses. In addition, approximately \$3 million is generated for other industry programs such as stabling and vanning, workers' compensation support, and CHRB support.

\$180,000 is budgeted for the Significant Player Program

Satellite Marketing

Handle generated at California satellite facilities is a significant portion of total handle and, as such, it is important to communicate with and reward the loyal satellite fan base.

In 2014, statewide handicapping tournaments were launched at 21 participating facilities. The tournaments were designed to increase wagering interest at the local level. The tournaments were open to all California fans, both on- and off-track. 2014 saw over 700 player entries over 4 tournaments with 40 players qualifying for and participating in the tournament finals. Three players from the finals were awarded all-expense paid entries to the NTRA/DRF National Handicapping Championships in Las Vegas in late January. In 2015, the aim is to continue to expand participation in the tournaments, as both player and facility feedback has been positive.

The CMC satellite marketing program supports promotions at 31 sites which include 19 fair facilities, 4 tribal casinos and 9 mini-satellite wagering facilities. In addition to the handicapping tournaments, 2015 promotions will include statewide satellite giveaways designed to keep fans connected to the host tracks.

In 2006, the CMC implemented a statewide frequent fan tracking system, CalRacing Club, at fair satellites. Members of CalRacing Club receive every seventh admission free (Lucky 7) and participate in targeted facility specific promotions. The CalRacing Club currently has 13,771 active members that have made 1.75 million site visits using their card since the program's inception.

\$120,000 is budgeted for Satellite Marketing

CalRacing.com

CalRacing.com, which is considered one of the most useful websites in racing, is funded and operated exclusively by the CMC. The free live video and race replays appeal to fans, owners, and trainers alike. Other highlights of the site include an interactive, statewide facility map with direct links to California tracks, satellites, mini satellites and casinos; a California trainer database; and a statewide searchable stakes schedule. The site continues to receive positive feedback as the centralized source for California racing.

In the past year, the site has received over 420,000 unique visitors, up nearly 16% from prior year. Live video and race replays are consistently the top pages visited with an average of 1.8 million page views each in the past year. People are accessing the site via desktop, smart phones and tablets alike and the site maintained a 23% new visitor attraction rate for 2014.

For the past 3 years, Breeders' Cup has allowed CalRacing.com to live stream the two-day event from Santa Anita without interruption.

\$85,000 is budgeted for CalRacing.com

Administration

Administrative expenses include Directors and Officers insurance, Accounting services and Auditing, Operating expenses, Legal expenses, and Staff Salary and Benefits.

Staff responsibilities include:

- Consult with and manage agencies and firms on marketing, advertising and other projects.
- Manage all billings, budgets, forecasts and reconciliation.
- Coordinate with tracks, horseman, Fairs and industry organizations on CMC budgets and programs including the launch and ongoing operation of the statewide handicapping tournaments.
- Supervise CHRIMS regarding significant player program and database management.
- Supervise SCOTWinc. on CMC accounts payable and accounts receivable.
- Work with accounting firm on year-end audit and tax documents.
- Organize and coordinate all items related to the board and board meetings including location and agenda details, meeting minutes and follow-through on agenda action items.
- Maintain office, phone and email correspondence and records management.
- Work with legal and insurance firms on items related to the CMC board and programs.
- Respond to technical support messages and other inquiries from CalRacing.com.
- Update and upload stakes races on CalRacing.com as they are available.
- Update CalRacing.com web displays as race meets change.
- Monitor CalRacing.com trainer signups verifying licensed trainers, activating their trainer page, uploading their photos, monitoring their bio updates.
- Respond to advertising sales inquiries. Writing contracts and insertion orders, initiating invoicing, collecting ads and inserting into the ad server software.
- Respond to CalRacing.com patron inquires and support questions.
- Maintain other sections of CalRacing that require updating.

\$192,000 is budgeted for Administration

STAFF ANALYSIS
DISCUSSION AND ACTION BY THE BOARD REGARDING THE REQUEST FROM
GALWAY DOWNS TRAINING CENTER IN TEMECULA, CALIFORNIA TO BECOME AN
AUTHORIZED TRAINING CENTER

Regular Board Meeting
January 15, 2015

BACKGROUND

Business and Professions Code section 19440 provides that the Board shall adopt regulations for the control of horse racing. Article 3.5, Track Safety Standards, of the Board's Rules and Regulations describes in detail the provisions that any association, fair or training facility must comply with to be used for timed and reported workouts. Within Article 3.5, Rules 1471. General Provisions and Conditions, 1472. Rail Construction and Track Specifications, 1473. Renovation of Dirt Racetrack and 1474. Maintenance of Dirt Racetrack addresses the requirements to be granted the status of an authorized training center.

ANALYSIS

Galway Downs, located in Temecula, CA has requested permission to operate as an auxiliary training facility. In addition to operating as a training facility, Galway Downs will also conduct timed workouts. CHRB backside and trackside inspections have been conducted and Galway Downs is in compliance with all applicable regulations.

To date, the Del Mar Turf Club, The Los Alamitos Quarter Horse Racing Association and The Pacific Racing Association have submitted letters indicating they will accept works from Galway Downs. As an authorized training facility, Galway Downs will come under the jurisdictional oversight of the CHRB.

Galway Downs is working to fulfill the requirements of the items listed in document CHRB-30B; Requirements for Approval to Operate an Auxiliary Stabling Area or Authorized Full Time Training Facility.

RECOMMENDATION

This item is presented for Board discussion and action.

STATE OF CALIFORNIA
CALIFORNIA HORSE RACING BOARD
REQUIREMENTS FOR APPROVAL TO OPERATE AN AUXILIARY STABLING AREA OR
AUTHORIZED FULL TIME TRAINING FACILITY
CHRB-30B (Rev 9/08)

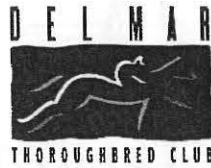
The California Horse Racing Board's requirements for approval to operate as an auxiliary stabling area or authorized full-time training facility are as follows:

1. The facility premises must be secure; that is, enclosed by perimeter fencing and guarded against unauthorized entry of unlicensed or disqualified persons, and against the unauthorized removal of any racehorse stabled at the facility. The premises must be patrolled during hours of darkness for security and fire detection purposes.
2. All persons within the facility engaged in any racing occupation must possess a valid California Horse Racing Board occupational license. Horses stabled at the facility must be eligible to compete at a California race meeting, be properly registered, properly identified, and not be in the care of, custody of, or owned by a disqualified person. A record must be maintained of the entry and departure of unlicensed visitors to the facility and of all racehorses stabled at the facility.
3. The buildings of the facility must meet the Board's fire prevention standards and have been inspected within the preceding twelve months by the fire authority having jurisdiction, with a fire clearance letter from that fire authority provided to the Board.
4. Every auxiliary stabling or full time authorized training facility shall post in its stable and backstretch worker housing areas the fire regulations applicable on its grounds. The notices shall be in English and Spanish, and posted no more than 100 feet apart or as approved by the local fire authority. No person shall violate the posted fire regulations. The facility shall also post:
 - a. Its emergency evacuation plan, which shall state the nearest exit in case of fire or other emergency.
 - b. The location of the nearest fire alarm box.
 - c. The telephone number of the fire department or other pertinent instructions as to the method for reporting a fire in the area.
5. The racecourse at the facility must have been surveyed and properly marked with the prescribed distance poles. During established training hours, there must be a track attendant on duty with immediate access to a communication or telephone system for emergency use.
6. An ambulance and properly qualified attendants shall be available at all times during training and workout hours, OR the facility may submit an Emergency Procedures Plan for accidents to the Executive Director for approval. The Emergency Procedures Plan shall include the following:
 - a. A list of two emergency medical services used by the facility and two alternative services if the primary services are not available, including response times.
 - b. Names of facility employees trained in basic first aid and holding current CPR certification.

STATE OF CALIFORNIA
CALIFORNIA HORSE RACING BOARD
REQUIREMENTS FOR APPROVAL TO OPERATE AN AUXILIARY STABLING AREA OR
AUTHORIZED FULL TIME TRAINING FACILITY
CHRB-30B (Rev 9/08)

- c. Type and location of communication equipment used to contact emergency medical services.
 - d. Locations where emergency telephone numbers for ambulance, fire, and police services will be posted in public view.
7. The services of an official clocker must be obtained and a regular schedule posted as to the day(s) and times during which recorded workout services are available. Any official clocker at the facility shall record only those workouts actually observed and must identify each horse for which an official workout is being recorded.
 8. The facility cannot be established for any exclusive use; that is, the facility must be open to licensed trainers having eligible racehorses in their care. This does not preclude facility management from exercising lawful discretion as to the persons or horses permitted access to the facility.
 9. Facility management must provide the Board with documented evidence of their surety for Workers' Compensation and for general liability.
 10. In the case of Thoroughbreds, the racecourse of the facility must be accessible to the Daily Racing Form so that official workouts held at the facility will be included in the past performance record for the respective horses.
 11. Facility management and all persons permitted access to the secured stabling facility must be notified (by a sign or other direct method) that by entering the facility, consent is given to the Board to search his/her assigned stabling premises, personal belongings, and vehicle.
 12. Facility management must agree to comply with all Board rules and regulations relating to the conduct and operation of a stable area.
 13. Facility management must agree to comply with all Board rules and regulations relating to Track Safety Standards.

If you believe your facility meets the established requirements, or can be brought into compliance within a reasonable period of time, contact the Chief Investigator, at the headquarters office, and arrange for a site compliance inspection at a mutually convenient time. Following the inspection, your request for approval as an auxiliary stabling area or authorized full-time training facility will be presented before the Board for consideration.



January 7, 2015

Mr. Rick Baedeker
Executive Director
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95825

Mr. Baedeker,

On behalf of the Del Mar Thoroughbred Club ("DMTC"), please accept this correspondence as confirmation that DMTC approves accepting recognized workouts from Galway Downs.

Regards,

A handwritten signature in black ink, appearing to read "Josh Rubinstein". The signature is fluid and cursive.

Josh Rubinstein
Chief Operating Officer

cc: Jackie Wagner, CHRB
Tom Robbins



4961 Katella Avenue, Los Alamitos, CA 90720

714-820-2800 • www.losalamitos.com

January 6, 2015

Brad McKinzie
Vice-President, General Manager
Los Alamitos Racing Association
Los Alamitos, CA

Mr. Rick Baedeker
Executive Director
California Horse Racing Board
Sacramento, CA

Dear Mr. Baedeker,

On behalf of Los Alamitos Racing Association and Los Alamitos Race Course I would like to inform the California Horse Racing Board that our association is fully in favor of accepting recognized works from Galway Downs.

Please feel free to contact me with any questions regarding this approval.

Sincerely,

Brad McKinzie
Los Alamitos Racing Association

Golden Gate Fields

January 7, 2015

Rick Baedeker, Executive Director
California Horse Racing Board
1010 Hurley Way Suite 300
Sacramento, CA 95825

Re: PRA Support of Galway Downs Training Center

Dear Rick:

Pacific Racing Association (dba) Golden Gate Fields is hereby informing the California Horse Racing Board that it approves Galway Downs as an authorized thoroughbred training center and thus will accept timed workouts from Galway Downs.

Pacific Racing Association's acceptance of Galway Downs as an authorized thoroughbred training center is contingent upon Galway Downs' compliance with CHRB rules and that the individuals employed to time such workouts are in compliance with any and all necessary CHRB requirements.

Sincerely,



Calvin J. Rainey
Vice President and General Manager

Cc: Frank DeMarco, Jackie Wagner, Joe Morris, Alan Balch

STAFF ANALYSIS
DISCUSSION REGARDING POORLY PERFORMING HORSES
RACING IN CALIFORNIA

Regular Board Meeting
January 15, 2015

BACKGROUND

The stewards at Santa Anita recently informed two trainers that horses in their care each were being given one last chance to improve their performance before being barred from racing in California. One of the horses, which was later scratched from the race, had won just one of 43 career starts – the lone win dating back to June 2012 in a maiden race at Golden Gate Fields. Since then, the horse had finished no better than fourth, beaten by more than 13 lengths in each of its most recent three starts when it finished last or next to last in races at Los Alamitos (TB) and Santa Anita. The other horse had started just seven times in straight maiden and \$50,000 maiden claiming company, always trailing from start to finish, typically beaten by more than 30 lengths. It again broke poorly and trailed in its final California start. These two incidents raised questions about policies in place at California racetracks concerning horses performing poorly due to an apparent lack of talent, as opposed to those with health problems.

Racing secretaries do occasionally bar horses from competing on their circuits, particularly maidens that are repeatedly non-competitive. But when that does not occur, the stewards sometimes step in, as in the two cases at Santa Anita.

On California's thoroughbred circuits, any time a horse is eased, distanced or beaten over 30 lengths, the horse is placed on the Stewards' List and needs a five-eighths work before it can re-enter. If a horse has been eased, distanced or beaten over 30 lengths more than once, the stewards may decide to ban the horse from running. This is not a hard and fast rule. The stewards will consider various factors, such as whether the horse is dropping in class, switching distance, or racing on a different surface. Stewards place greater restrictions on horses that are considered a danger to others. Those that continually break poorly or repeatedly bleed go on separate lists.

Illustrating the sometimes difficulty of evaluating form, a horse won a race at Santa Anita on January 3, 2015 at odds of 87-1 after losing two of its recent starts by margins of 27 ½ lengths and 29 ½ lengths, just under the arbitrary margin of 30 lengths.

In all cases where the stewards have concerns about a horse's performance, they instruct the examining veterinarians and others at the receiving barn, saddling paddock, and on the racetrack during warm-ups to give the horse extra scrutiny.

RECOMMENDATION

This item is presented for discussion.

CALIFORNIA HORSE RACING BOARD

JANUARY 15, 2015
REGULAR BOARD MEETING

There is no board package material for Item 7

STAFF ANALYSIS
DISCUSSION AND ACTION BY THE BOARD REGARDING THE
PROPOSED AMENDMENT TO CHRB RULE 1865, ALTERING OF SEX OF HORSE,
TO REQUIRE HORSES BE SCRATCHED BY THE STEWARDS IF THE TRUE SEX OF
THE HORSE IS NOT CORRECTLY IDENTIFIED IN THE OFFICIAL PROGRAM
FOR THE RACE IN WHICH THE HORSE IS ENTERED AND
NO CORRECTION HAS BEEN ANNOUNCED TO THE PUBLIC PRIOR TO THE
ACCEPTANCE OF WAGERS ON THE RACE

Regular Board Meeting
January 15, 2015

CHRB Rule 1865 states in part: (d) A trainer who enters a horse, or who causes a horse to be entered on his behalf, is responsible for ensuring that the true sex of the entered horse is listed on its certificate of registration on file in the racing office. (1) If the true sex of a horse is not correctly identified in the official program for the race in which the horse is entered, the trainer of the horse shall be subject to a minimum fine of \$1,000."

In 2007, the stewards issued 44 rulings against trainers who had not reported the gelding of horses by entry time for their first race after the operation. In 2014 there were eight such violations.

In some cases, information about a gelded horse is not made public until the horse reaches the receiving barn or even the saddling paddock – meaning some multi-race pools (e.g. Pick Six) may already have closed.

When the Board considered this problem in 2008, one option was to increase the penalty to a minimum fine of \$1,000 for a trainer if the true sex of the horse was not listed in the official program. A second option was to scratch the horse. After a discussion of both proposed amendments, the Board opted to increase the fine to \$1,000. In December 2011 the Board discussed the matter again. The California Thoroughbred Trainers (CTT) stated it would research each 2011 violation of Rule 1865 to determine what went wrong with the reporting process. The CTT committed to working with horsemen to reduce the number of violations. When the Medication and Track Safety Committee reviewed the matter again in April 2012, the consensus was to allow stakeholders to continue to work together to resolve the issue.

Commissioner Auerbach expressed concern at the December 2014 Board meeting that the betting public is not being adequately protected when there are late announcements of horses being gelded. She suggested one possible solution would be to not allow the horse to run. She cited the need for more public discussion in addressing this matter. Chairman Winner referred the matter to the Medication and Track Safety Committee for further review.

A staff analysis of the most recent 13 violations of Rule 1865 determined the following:

- Six were first-time starters
- Five were returning from long layoffs

- One was making his first start in California. (This horse had been racing as a colt at Gulfstream Park even after he was gelded.)
- One was castrated at a CHRB facility but the practicing veterinarian did not report it to the official veterinarian and the trainer did not report the castration to the horse identifier and racing office as required.

The equine medical director, Dr. Rick Arthur, cautions that it is not always apparent whether a horse is a gelding or has small or retained testicles. In some cases it is necessary to tranquilize a horse to palpate the testicles or do ultrasound. In rare cases blood testing is required (for testosterone). According to Dr. Arthur, there always will be unusual situations that cannot be sorted out on race day.

This matter was placed on the agenda for the January 14, 2015 meeting of the Medication and Track Safety Committee.

RECOMMENDATION

Staff recommends the Board hear from the Medication and Track Safety Committee.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 15. VETERINARY PRACTICES
PROPOSED AMENDMENT OF
RULE 1865. ALTERING OF SEX OF HORSE

Regular Board Meeting
January 15, 2015

1865. Altering of Sex of Horse.

Any alteration to the sex of a horse from the sex as recorded on the certificate of foal registration or the eligibility certificate or other official registration certificate of the horse shall be reported to the racing secretary and the official horse identifier if the horse is entered to race at any race meeting.

(a) If a racehorse is gelded or castrated on the premises of a licensed racing association, or other facility under the jurisdiction of the Board, the trainer shall report the alteration within 72 hours.

(b) If a racehorse is gelded or castrated off the premises of a licensed racing association, or other facility under the jurisdiction of the Board, and the horse has been previously entered to race at any race meeting in this State, the owner and/or trainer shall report the alteration at the time the horse is next entered to race.

(c) A report of gelding or castration will include the name of the veterinarian performing the alteration and the date of the alteration, and shall be recorded on the official registration certificate and the official horse identification record of the horse.

(d) A trainer who enters a horse, or who causes a horse to be entered on his behalf, is responsible for ensuring that the true sex of the entered horse is listed on its certificate of registration on file in the racing office.

(1) If the true sex of a horse is not correctly identified in the official program for the race in which the horse is entered and no correction has been announced to the public prior to the acceptance of wagers on the race, the horse shall be scratched by the stewards.

(1) (2) If the true sex of a horse is not correctly identified in the official program for the race in which the horse is entered, the trainer of the horse shall be subject to a minimum fine of \$1,000.

(2) (3) Deviation from the minimum fine in subsection (d)(1) of this regulation is appropriate if the trainer can demonstrate mitigating circumstances. Mitigating circumstances may include, but are not limited to:

(A) Errors made by other parties in recording information correctly provided by the trainer.

Authority: Sections 19420, 19440, 19460 and 19562,
Business and Professions Code.

Reference: Sections 19420, 19562 and 19661,
Business and Professions Code.