

1010 Hurley Way, Suite 300
Sacramento, CA 95825
(916) 263-6000
Fax (916) 263-6042

CALIFORNIA HORSE RACING BOARD

12235 Beach Blvd., Suite 7
Stanton, CA 90680
(714) 890-7001
Fax (714) 890-7006
Contact:
Mike Marten
(714) 890-7004
Cell: (714) 240-1870

CHRB NEWS RELEASE

OCTOBER 14, 2004

COMMISSIONERS THANK WOOD, WELCOME NEW COLLEAGUE

ARCADIA, CA – California’s racing commissioners publicly thanked retiring Executive Director Roy Wood at the monthly meeting Thursday for his 11 years of service with the CHRB and they welcomed Richard B. Shapiro as the seventh member of the Board following his appointment to the CHRB this week by Governor Arnold Schwarzenegger.

This was the last meeting that Executive Director Roy Wood was scheduled to attend prior to his retirement at the end of this year, so Chairman John Harris presented him with a resolution from the Board in recognition of Wood’s accomplishments and detailing how Wood has effectively led the CHRB and the California horse-racing industry through a period of significant change.

In accepting the resolution, Wood thanked all of the current and former racing commissioners for their support, commenting that commissioners “make difficult decisions with honesty and integrity,” but they are not always fully appreciated for their efforts. He also described the CHRB staff as “the greatest group of people I’ve ever worked with in my life.”

Wood continued, “I know a lot of people talk about what’s wrong with horse racing in California and they complain about the problems, but I can tell you, ladies and gentlemen, that California is still the best place in the world to race. I hope California racing continues to grow.”

Shapiro, 51, is the president and owner of Winco Asset Management. He began his career working with Western Harness Racing, becoming president before its sale in 1983.

After being welcomed by Chairman Harris and asked to say a few words about himself, Commissioner Shapiro related, “I have a long heritage in racing. I grew up around thoroughbreds. My grandparents were breeders and were blessed to have Native Diver. My father was president of Western Harness Racing. Today I own a few thoroughbreds. I’ve been sad to see the decline in racing in recent years. I am pleased to be on the Board and in a position to help raise this industry back to where it was several years ago.”

Shapiro replaces former Commissioner Roger Licht, whose four-year term expired July 26. Shapiro’s appointment, which requires Senate confirmation, runs through July 26, 2008.

In other business, the CHRB staff provided an update on the California Performance Review Report, explaining that the report issued in August contains recommendations to streamline and reorganize government services. The CHRB is among the many boards and commissions that would be abolished, with its responsibilities transferred to a proposed new agency.

Chairman Harris asked industry representatives how they feel about this proposal and whether they intend to get involved in the process. Harris urged them to carefully evaluate the CPR. He said the industry, rather than the Board, needs to express any concerns about the impact of CPR recommendations on their operations. Craig Fravel, executive vice president of the Del Mar Thoroughbred Club, responded by requesting a timetable of the anticipated CPR process and indicating that racing executives would be meeting to “discuss alternatives.”

The Board approved licenses for race meets at Santa Anita Park, Los Alamitos, and Cal Expo, but the approvals were anything but routine as the racing commissioners made statements of intent and imposed conditions on the licenses designed to address various problems and concerns discussed during the licensing process.

Most of the discussion involved the applications submitted by the Los Alamitos Quarter Horse Racing Association, which operates Los Alamitos Race Course, and Capitol Racing, LLC, which operates a harness meet at Cal Expo in Sacramento. The two night-racing industries have had ongoing disputes for many years involving a wide range of issues, some of which have led to lawsuits, at least one of which is still in litigation.

One of the most complicated issues involves the exchange of signals between the two meets and resulting financial obligations. This dispute led to Los Alamitos designating one area at the facility at which patrons may wager on races from Cal Expo. No such restriction applies to harness signals imported from out-of-state. Representatives of Capitol Racing asked the racing commissioners Thursday to impose a condition on the Los Alamitos license requiring equal treatment of the signals from Cal Expo and other jurisdictions.

In approving the Los Alamitos license from December 26, 2004, through December 18, 2005, the commissioners did not strictly impose the condition requested by Capitol, but Chairman Harris announced that the license was being approved “with the understanding that (this matter) could be reviewed at some future meeting.” He also indicated plans for an informational meeting at which all commissioners could be provided with the complete history of this and related disputes between the two night industries.

When the commissioners next considered and ultimately approved Capitol’s request for a harness meet in Sacramento from January 7 through July 30, 2005, the quarter-horse industry requested conditions on that license relating to a promised financial audit report of Capitol’s business operation and whether Capitol could satisfy all of its financial obligations if it were to lose the lawsuits. Capitol owner Steve Bieri indicated that in the worst-case scenario, his association could fall \$1 million short of meeting its liabilities. Chairman Harris said the Board requires more financial information in order to determine what any actual shortfall might be.

Commissioner Shapiro suggested that Bieri provide a bond or irrevocable letter of credit to cover any excess potential liability. Bieri already has a \$1 million bond filed with the CHRB. He agreed to increase that bond or to obtain a letter of credit for an additional \$1 million. He also agreed to provide the required financial audit by December 31. After receiving the audit report, the Board will determine if the additional \$1 million guaranteed by Bieri would be adequate.

The Los Angeles Turf Club application for a thoroughbred meet at Santa Anita Park from December 26, 2004, through April 18, 2005, differed from the dates allocation approved by the Board earlier this month by requesting to race on two additional Wednesdays that had been scheduled to be dark following Monday holidays.

Santa Anita President Jack McDaniel said the two extra days (January 19, following the Martin Luther King, Jr. holiday, and February 23, following Presidents' Day), were preferable to an alternative for raising revenue suggested by Commissioner Jerry Moss and Chairman Harris to simply add additional races to programs rather than adding complete days.

The Board approved Santa Anita's request – lengthening the meet from 83 days to 85 days – conditioned upon an eventual agreement between Santa Anita and the two horsemen's organizations (the Thoroughbred Owners of California and California Thoroughbred Trainers) indicating that the two Wednesday programs would be in the best interests of racing.

Hollywood Park requested permission to continue an experiment that led to reduced scratches in 2003. This pertained to the time that horses scratched by the official veterinarian must wait until they can race again. The traditional time such horses spend on the "vet's list" is five days, but when Hollywood Park extended that period to 10 days in 2003, far fewer horses were scratched. The Board approved Hollywood Park's request for the upcoming fall meet.

Commissioner William Bianco said he would be presenting the recommendations of the Ad Hoc Security Committee for consideration at the December 2 meeting of the Board in Inglewood. Chairman Harris took the opportunity to remind the racing associations that the CHRB will be considering requiring more comprehensive security commitments in order to enhance the integrity of racing, and there could be additional costs associated with those security upgrades.

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