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CHRB NEWS RELEASE

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BOARD BEGINS REVIEW OF ADW PROGRAM

ARCADIA, CA – Striving to improve the Advance Deposit Wagering (ADW) system, California racing commissioners heard testimony Thursday from many of the principal interests as a prelude to more extensive deliberations that would involve the California Legislature.

CHRB Chairman Richard B. Shapiro, for one, questions whether the California horse-racing industry is receiving maximum benefit from ADW, despite annual increases in wagering via ADW providers. The question is timely because the law authorizing ADW is currently set to sunset as of January 1, 2008, and the Legislature will be considering legislation this year to eliminate the sunset provision.

After four full years of operation, ADW has shown steady, encouraging growth in California. In the last fiscal year, the three ADW providers – Youbet.com, TVG, and XpressBet – collectively handled more than \$450 million in telephone and Internet wagers placed by account holders in California and those in other jurisdictions who placed wagers on California races. This represented an increase of nearly \$100 million from the previous year, or 27 percent.

Shapiro stated, “While I appreciate the growth in handle, the issue to be studied is where is that growth coming from, and is it in fact benefiting the owners, trainers, and track operators. The net benefit is the real issue to be studied. We need to make ADW as profitable as possible for all interests, including the ADW companies, yet ensure it serves the purpose for which I believe it was intended – growing our business as a whole.

“This past week, I met with Senator Dean Florez, the chairman of the Senate Governmental Organization Committee, and we discussed jointly convening a meeting of the industry representatives to continue a meaningful dialogue about the best way to shape ADW. The discussion will include evaluating whether exclusive agreements (between one ADW provider and a racing association) are in the best interests of California horse racing, among other issues. I am very pleased that Senator Florez is interested and willing to participate in this discussion.”

The testimony Thursday showed widely divergent views on the proper course for ADW, with some speakers indicating that exclusivity is the best business model to promote growth and investments in television programming, while others testified that eliminating exclusivity would result in increased competition among ADW providers, better products and services, and increased revenue to the industry.

“Whatever we eventually decide to do,” said Shapiro after listening to about 90 minutes of testimony, “our intent will be to get purses up. If we can improve our ADW system and increase revenue to the industry, we will increase purses and we will attract more horses to race in California. That should be the goal of everyone.”

In other business, the Board began the process of revising the CHRB rule pertaining to racetrack specifications in order to facilitate the installation of wax-coated or polymer, Polytrack-type racing surfaces at California racetracks. The existing rule contains a provision requiring a slope specification, principally for drainage purposes, which may not be appropriate for the new types of synthetic surfaces currently being considered for installation at most California tracks.

Vice Chairwoman Marie Moretti stressed the importance of maintaining quality control over any new surfaces installed at racetracks in order to ensure the safety of horses and riders and to provide as much consistency as possible from track to track.

Craig Fravel, vice president of the Del Mar Thoroughbred Club, urged the Board to expedite the rule change, so there would be no delay if the 22nd District Agricultural Association decides to install Polytrack at Del Mar and receives other necessary governmental approvals in the near future.

Commissioner William Bianco, who chairs the CHRB Medication Committee, reported on progress made at the Medication Committee meeting to develop the final language for drug substance classifications and penalty guidelines, which are based on recommendations of the Racing Medication and Testing Consortium. He said more meetings will be held to gather input from all interested parties, particularly trainers, owners, and veterinarians, and those informational meetings will be heavily publicized to ensure maximum attendance and dialogue.

The Board approved for public notice its intent to repeal the rule requiring the coupling of horses owned by the same person, as recommended by Commissioner Jerry Moss, chairman of the CHRB Pari-Mutuel Operations Committee. Moss said the committee had received complaints about bettors being stuck with the other half of the entry following the late scratch of the part of the entry that they really liked. Of all the suggested remedies, Moss said he favored the suggestion to just do away with entries altogether.

Commissioner John Harris voiced his support and added, “I think we need to get good comments back from fans and the racing industry on this proposal before it is formally adopted, but it should help increase the number of betting interests in some races, while allowing fans the opportunity to bet only on the part of a common ownership they wish to wager on. We are already allowing trainers to have uncoupled entries, so this is not that big of a change.”

The public will have 45 days to comment on the proposed repeal of Rule 1606, and the matter will return to the Board for a public hearing, most likely the March 23 meeting in Albany.

Dr. Ronald Jensen, who recently retired from the position of equine medical director for the CHRB, is continuing to serve the Board and the industry by developing a pilot project for the implantation of microchips in horses racing in California. Last year he submitted a proposal to state and federal agricultural authorities, who approved a grant for \$97,500, or half the estimated cost of the pilot project. Dr. Jensen advised the commissioners Thursday that the California horse-racing industry has donated the balance of the money, \$97,500, guaranteeing the project will proceed as planned this year.

The Board authorized the Bay Meadows Foundation to distribute \$46,500 in charity racing day proceeds to 20 beneficiaries and authorized Hollywood Park Racing Charities to distribute \$194,375 to 25 beneficiaries.

Shapiro reported that he and Executive Director Ingrid Fermin met with representatives of the Racing Commissioners International during the annual racing symposium in Arizona last month and discussed California's ongoing efforts to develop procedures to ensure that horses carry their assigned weight in races and to fully inform the public about the weight horses actually carry. He said RCI would consider the matter when board members meet in March, and they will be encouraged to adopt national procedures based on the California model.

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