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CHRB NEWS RELEASE

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BOARD ADOPTS REVISED PENALTY GUIDELINES

SAN MATEO, CA – The California Horse Racing Board has re-approved regulations establishing strict penalty guidelines for medication violations and related drug classifications that apply to all licensees, including trainers, horse owners, and veterinarians.

During the regular monthly business meeting on Thursday, March 27, the Board revised the language of regulations it had previously approved, this time in order to comply with recommendations of the Office of Administrative Law, which reviews regulatory changes for all state agencies, and to address industry concerns.

The penalty guidelines call for stewards, hearing officers, or administrative law judges to issue a minimum one-year suspension to any trainer found responsible for a Category A violation, a category that includes drugs with the highest potential to affect performance and that have no generally accepted medical use in the racing horse. Repeated offenses call for even longer suspensions or permanent license revocation, and fines up to \$100,000 to the owner and trainer.

“I believe we are making a huge stride forward,” said CHRB Chairman Richard B. Shapiro during the course of the discussion. He said the substantial fines and/or penalties called for by the guidelines should make enough of an impact to “make a positive difference and help the game.”

The penalty guidelines contain specific language allowing licensees to present evidence of “mitigating circumstances,” which if persuasive could convince hearing officers to either reduce or eliminate penalties altogether. The investigator or deputy attorney general representing the CHRB will have the opportunity to present “aggravating circumstances” in an effort to increase the penalty.

Owners of horses in the more serious cases (Class 1, 2, and 3 drugs) would in all instances lose any purse money. And under the new regulations, the horses involved could face sanctions, such as not being permitted to compete for several months and being subject to additional drug testing at the owner’s expense.

The regulations establish five drug classifications and four penalty categories. The more than 800 drug substances that can be detected by the Board’s official testing laboratory – the Ken Maddy Laboratory at U.C. Davis – all are listed among the five classes and assigned to a penalty category based on their therapeutic value, appropriate usage, potential for environmental and dietary contamination, and ability to influence the outcome of a race.

The Board will continue to file complaints against the trainers of horses that exceed the regulatory threshold of 37.0mm1/1 for total carbon dioxide (TCO2). The new penalty guidelines will provide additional deterrents for readings over 39.0mm1/1. Repeat violations at the higher levels could result in suspensions of six months to a year. And in addition to losing the purse in all TCO2 violations, an owner with repeated violations also could be fined up to \$20,000.

In other business, Chairman Shapiro formally announced that Commissioner Marie Moretti had submitted a letter to Governor Arnold Schwarzenegger informing him of her decision to resign her commission effective March 31, 2008. In that letter, Commissioner Moretti thanked the Governor for the opportunity to serve in his administration as a member of the Board and explained, "After more than eight years on the Board, I believe it is time to let someone else have the opportunity to serve."

Commissioner Moretti was first appointed to the CHRB by Governor Gray Davis on October 22, 1999, and most recently was reappointed by Governor Schwarzenegger through January 1, 2010. Her 8½ years on the CHRB was the longest tenure of any racing commissioner in at least the last 30 years.

"This is a loss for all of us in the industry," said Chairman Shapiro. "We all wish to express our gratitude and appreciation to Marie. She is a very insightful and caring person, who did a lot to benefit the industry."

Continuing with the regular agenda, design and development plans for a new simulcast facility that will open later this year in San Mateo were described in detail by Chris Carpenter, general manager of the San Mateo County Event Center, and Chris Korby, executive director of the California Authority of Racing Fairs.

The project involves renovating an existing 16,000-square-foot building at the Event Center, adjacent to Bay Meadows Race Track, with optional plans for additional space if there is sufficient demand and funding. Carpenter said the facility would be completed by late-August and would be available to provide a seamless transition if Bay Meadows closes as expected following the San Mateo County Fair meet this summer.

Chairman Shapiro expressed appreciation to the San Mateo County Fair for its efforts and responsiveness to timely fill the void that would result with the closure of Bay Meadows by providing a wagering alternative for fans in the area and serving the needs of the community.

The Board approved for public notice four proposed regulations relating to the coupling of horses for wagering purposes, restricting heel-nerved horses from racing, scratching or issuing minimum fines when recently gelded horses are not so identified in the official program, and creating a one-time, non-claiming option for horses returning from extended layoffs. After the public comment periods, the Board will conduct a public hearing for each of the proposed regulations before voting on final adoption. Details on how to provide public comment are provided on the CHRB website (www.chrb.ca.gov) under the prompts "Horse Racing Rules" and "Rules Noticed to the Public." These proposed regulations will be posted on the website later this month.

The coupling change would allow for horses partly owned by the same person to race as separate wagering interests if there are different partners in the ownership and the horses have different trainers.

The Board instructed staff to prepare a draft amendment to prohibit horses having a posterior digital neurectomy (heel nerved) from racing in California. The rule would set a specific date after which a horse could not undergo this surgical procedure and still race.

The gelding change provides for two options, either of which could be approved by the Board for final adoption. One option is to fine the trainer \$1,000 if proper procedures are not followed to identify horses that have been gelded. The other option is to scratch the horse if the official program does not correctly identify a horse as having been gelded since its last start.

The claiming-race change would allow horses returning from layoffs of at least 180 days to run in claiming races in which they could not be claimed, provided they are entered at a claiming level at least as high as their last race. This change is designed to encourage owners to give their horses needed time off.

The Board approved license applications for the Hollywood Park meet (April 23 through July 13) and the Golden Gate Fields meet (May 13 through June 22), the latter subject to the resolution of one matter in the horsemen's agreement.

Representatives of the Pari-Mutuel Employees Guild and three of the companies providing Advance Deposit Wagering services in California provided an update on the status of negotiations pertaining to the option for certain classifications of ADW workers to decide if union representation is desired. After a lengthy public discussion, the parties moved to a private room to continue their negotiations, and then hours later they returned to the Board meeting to indicate they had moved closer to a resolution and that negotiations would continue in coming weeks.

During a discussion of the Sacramento Harness Association, which ceased operations last month and made way for harness racing operated by and at Cal Expo, the Board learned that SHA left behind considerable debt. After being assured that SHA was making good on a commitment to satisfy its obligations to horsemen's purses, the commissioners asked the deputy attorney general serving as Board counsel to help them determine what their role should be, if any, in addressing ongoing issues with creditors. Pointing to the SHA matter, Chairman Shapiro said the Board needs to develop minimum net worth standards for racing associations submitting applications for license. The Board directed staff to begin that process.

The Board discussed the current administrative practice of CHRB investigators and stewards resolving financial disputes among licensees. Some commissioners believe the time consumed by financial complaints could be better spent handling other important matters. The commissioners asked the industry to come up with alternatives that would take some of the burden off stewards. This matter will continue to be addressed at future Board meetings.