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CHRB NEWS RELEASE

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Chairman Shapiro Resigns from Board

ARCADIA, CA – Richard B. Shapiro, a member of the California Horse Racing Board since October 14, 2004, Chairman of the Board for the last three years, and recently reappointed by Governor Arnold Schwarzenegger to a new four-year term, unexpectedly announced his resignation during the monthly Board meeting Monday at Santa Anita Park.

“I have been honored and gratified that the Governor appointed me to this position and has reappointed me and encouraged me to continue for another four years,” Chairman Shapiro read from a prepared statement. “But the time has come for me to leave the Board. Let me be very clear: This decision is mine and mine alone. No one has asked me to do this; to the contrary, I have been asked to stay. But this is a personal decision I have pondered for many months and I have decided it is time for me to move on” He added, “Following today’s meeting, I will be submitting my letter of resignation to the Governor’s Office effective tomorrow, December 16.”

Vice Chairman John Harris said he was saddened by the news. “Richard has been an inspiration. He is the best chairman I can recall. He has worked tirelessly for the industry.”

Commissioner Jesse Choper said, “I feel that your dedication, efforts, and accomplishments have been absolutely extraordinary for someone who serves on a Board of this sort.”

Commissioner David Israel said he appreciated the chairman’s mentoring and leadership, adding, “The amount of hours you’ve put into this, along with your heart and soul, have been evident to me these last few months.”

As the meeting progressed, speaker after speaker thanked Chairman Shapiro for his many contributions and acknowledged the countless hours he has donated in public service working for the betterment of horse racing. Service on the CHRB is voluntary. Commissioners receive a per diem of \$100 for attendance at meetings.

Hard work has been the chairman’s trademark since his initial appointment in 2004 when he pushed to strengthen drug testing and enforcement efforts, tackled tough financial integrity issues involving jockey health and welfare benefits, and familiarized himself with California horse-racing operations. Industry leaders, CHRB executives and employees, stewards, and others with background knowledge became used to receiving e-mails early in the morning and late at night asking them to explain some particular law, regulation, program, policy, or procedure.

One of his first acts as chairman in 2006 was to acknowledge and address the unacceptable number of catastrophic injuries to horses racing in California. As a first step, he led the push for the installation of synthetic surfaces at the major thoroughbred racetracks in the state. And given the possible closures of Bay Meadows and Hollywood Park, he formed a strategic planning committee and urged the industry to develop both short-term and long-range plans for the possible transfer of racing and stabling to other locations.

The list of critical matters receiving his intense personal attention included stricter penalties for medication violations, reform of the Advance Deposit Wagering (ADW) program, restructuring of the California racing calendar, particularly the northern fairs, and through his participation in national organizations, addressing racehorse

safety matters and other critical issues facing all racing jurisdictions in North America.

In his prepared statement, the Chairman Shapiro looked back over the last four years and also offered his current assessment of horse racing in California: “I have now proudly been a member of this Board for over four years. At my very first meeting, I stated that the racing industry was an industry that had provided me in my youth great memories and joy, and that passion has never left me. To this day, I still feel the same way. But I said that I was saddened to see the transformation that had occurred over the years, including the decline of on-track attendance. The sport had given way to the demands required by generating wagering revenues to support its existence. What I didn’t really know four years ago, that I know today, is how disadvantaged we in California are due to our inability to secure additional sources of revenue streams to support the sport we all love. Our backs are up against the wall to find means and methods to rebuild a viable nationally competitive environment in California.

“Over the last four years, I believe the Board has been progressive and worked hard in a variety of aspects to improve the state of racing in California. Some of our good intentions have in fact proved beneficial, and in spite of our best efforts, some have not panned out as well as we would have wished. But none of our efforts were done without the sole desire of supporting the industry, the game, and trying to improve the state of racing in California.

“The most noteworthy of our actions clearly has been the conversion of engineered tracks at our major venues. I admit the results have been mixed, but I feel that they still show promise, and with more science, time, and technology, I remain hopeful that it will lead to safer racing surfaces that will protect the tens of millions of dollars invested in horses each year by horse owners and breeders. We have to continually be mindful that the horses and riders must be protected at all costs.

“Four years ago, California was thought to have unlevel playing fields for bettors, and that our efforts were not transparent. Today, I believe most people believe that we are transparent, fair, and have the best testing – nationally known to protect the integrity of the game. We have adopted strict but fair rules and penalties to ensure this level playing field; we test more horses; we have eliminated “milkshaking;” we have abolished the use of anabolic steroids; and we continue to push all stakeholders to look at the common goal, not their own self-interests.

“But the truth is the economics of the game and the fundamentals of how we do business in his new age of Internet and off-track wagering has demanded that we reform our business model to remain competitive. The Racing Board cannot be the solution to reforming the structure of the industry. We can enforce the laws, create rules, and regulate the business, but we are powerless to rewrite the business model. As we have seen one major racetrack lost to a different, more profitable use, and another threatened to suffer the same fate, it is time to reinvent how racing in California can exist looking forward. The old models will not endure; we need to all realize the old way of doing business has to change.

“This doesn’t mean I want to wave goodbye to racing; to the contrary, I still want to dedicate myself to improving the industry, the public perception of the industry, the vibrancy of the game, the economics, and to rebuild it. We need to show the public we are a caring, honest, hard-working industry with a game that can provide entertainment and enjoyment at part of our national pastime. We need to restructure the economics, so that owners, trainers, breeders, and racetrack operators and owners can economically benefit from the industry. These are difficult challenges, but let’s face it, we have no choice but to find the solutions for the tens of thousands of people employed in the business and the millions of fans that want to partake in what the industry has to offer.”

Chairman Shapiro stated afterwards that he hopes to find some place within the industry to continue these efforts as an industry advocate helping business stakeholders develop the tools and plans to improve horse racing.

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