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## CALIFORNIA HORSE RACING BOARD



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CHRB NEWS RELEASE

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# REVIEW OF CHRB ACTIONS AND DISCUSSIONS 4-15-10

ARCADIA, CA – The California Horse Racing Board conducted its regular meeting Thursday, April 15, at Santa Anita Park. Chairman Keith Brackpool presided. Vice Chairman David Israel and Commissioners Jesse Choper, John Harris, and Richard Rosenberg were in attendance. During the meeting:

- Striving to bring all California simulcast wagering facilities up to minimum standards, the racing commissioners instructed staff to work with the industry in the development of new rules to provide the Board with increased jurisdiction over the continuing operations of the 32 wagering facilities within racetracks, fairs, and Indian casinos in the state.

Existing rules give the Board significant authority in the licensing process for new simulcast facilities and when there is extensive remodeling at existing locations. However, the CHRB inspectors who visit each location annually are limited to enforcing CHRB rules pertaining to the protection of the wagering public and maintaining the peace within each facility. The Board's rules currently do not specify minimum standards for tables, parking, concessions, and other aspects of customer service and the facility itself.

“The issue of concern for the Board is (the need for) a continuing standard because there is a huge variance depending upon which facility you go to,” explained Chairman Brackpool. “We are directing staff to establish a set of minimum standards, which should include a period of time to fix any problem. If they do not fix the problem, the issue can be brought back before the Board for a hearing to consider revocation of the license.”

Commissioner Choper said, “We certainly ought to make very clear what criteria we want observed” by CHRB inspectors. Commissioner Harris cautioned that while improving facilities is a worthy goal, any action against a license must be “for good cause.” Rick Pickering, CEO of the Alameda County Fair, said the fairs will “do what we can to help (because) it’s in our best interest to better the satellite network.”

- With MI Developments preparing to completely take over the operation of Santa Anita through bankruptcy proceedings for its subsidiary MEC, all indications are that the Oak Tree Racing Association will continue to have a lease at the Arcadia facility for its annual fall meet, according to Oak Tree Executive Vice President Sherwood Chillingworth. He advised the Board that his discussions with MI Developments CEO Dennis Mills and filings with the bankruptcy court have brought him to the opinion that “right now, in my judgment, we have a lease” through 2016, subject to court approval. This matter will be considered during a Delaware bankruptcy court hearing Tuesday along with another matter pertaining to money due to California satellite wagering facilities and other statutorily mandated distributions totaling more than \$3 million. The CHRB filed an objection with the court asking that those California interests be paid in full. Gregg Scoggins, representing MEC, told the Board that those claims “appear to be resolved.”

- The Board received a report indicating New York City Off-Track-Betting Corporation still owes approximately \$644,000 to Oak Tree, Golden Gate, and Hollywood Park that was due them when NYC OTB declared bankruptcy last December. Bernie Thurman, vice president of Hollywood Park, said all payments to California interests are current since the bankruptcy filing. NYC OTB, which could cease operations as soon as Monday, handled more than \$82 million on California races last year, which generated nearly \$3 million for California interests, including \$1,126,00 for purses and the same amount for track commissions. Jack Liebau, president of Hollywood Park, predicted that most of that handle would “migrate” to other wagering outlets if NYC OTB were to close.
- Chairman Brackpool and Commissioner Choper reported on the previous day’s meeting of the Legislative Committee, Chairman Brackpool reiterated that the purpose of these continuing meetings with the industry and the public is to agree on “one piece of major legislation that could promote the industry.” He said he had conversations as recently as that morning with the offices of the Governor and the Speaker of the Assembly, who are supportive of horse racing and “are expecting a piece of legislation to come out of this group.” He suggested pursuing legislation that would have a reasonable chance of approval by the full Legislature and he cautioned against anything that would encounter fierce opposition, such as slots at racetracks. Commissioner Choper said the goal is to achieve “a substantial increase in the handle,” and that some proposals have “a greater chance of making it through the Legislature than others.” He said one of the more significant proposals is for the introduction of exchange betting in California. “We’re going to get some new data on that,” said Commissioner Choper, including demographics on exchange bettors in Great Britain, to provide assurances that exchange betting typically involves “a different class of people (and) would not cannibalize existing betting all that much.” Another proposal under discussion calls for placing betting terminals at locations throughout the state, similar to the placement of Lottery terminals.
- The Board approved the license application for the Alameda County Fair at Pleasanton for a race meet from June 23 through July 11 subject to the CHRB staff confirming that the horsemen’s agreement is in order. This discussion was related to a larger proposal for a combined fair meet involving several tracks throughout the summer. The racing commissioners tabled that larger proposal pending resolution of issues relating to purses.
- The Board delayed adoption of a proposed rule to establish improved standards for safety helmets after members of the starting gate crew on the thoroughbred circuit argued against including them in the requirement to wear the safety helmets. They said the helmets would restrict their vision and interfere with their ability to do their job correctly. CHRB staff and industry representatives will discuss this matter and then bring the proposal back for consideration.
- A discussion of the impact of the 2 percent increase in the takeout at Los Alamitos was cut short when individuals challenged the criteria used in generating a report on comparative handle at Los Alamitos prior to and since the increase in January. CHRB staff will work with interested parties to reach agreement on future reports to the Board on this matter.

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