

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
Pager: (714) 212-0325

CHRB NEWS RELEASE

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**BOARD ALSO OKS JOCKEY ADVERTISING
AND CLENBUTEROL THRESHHOLD****ACCOUNT WAGERING GETS FINAL BOARD APPROVAL**

DAVIS, CA – The California Horse Racing Board adopted regulations Friday allowing for Advance Deposit Wagering (ADW) to begin in California next year after the regulations clear one last administrative procedure and the Board approves applications for operators to run the program.

ADW is a form of pari-mutuel wagering in which an account holder residing within or outside California establishes an account and then authorizes a Board-approved licensee, betting system, California hub, or out-of-state hub, by telephone or other electronic media, to place wagers on the account holder's behalf.

In order to operate an ADW system, applicants must post a \$500,000 bond or other financial security, which protects the betting pools and customers. They also must provide financial information demonstrating their financial resources to operate such a system, establish security access policies and safeguards, protect the confidentiality of account information, and ensure that persons under 18 and other people prohibited from wagering at racetracks cannot open accounts.

The Board now will submit the 14 regulations to the Office of Administrative Law for administrative review, a process that generally takes 30 days. Following OAL approval, the Board will review and act on licensee applications submitted by entities wishing to conduct ADW. The next regularly scheduled Board meeting at which commissioners could approve these applications is scheduled for January 24 in Arcadia.

The regulations do not address such matters as the number and location of races on which account holders may place wagers; whether individual racetracks will accept wagers from a single account wagering system or multiple systems; whether those systems will charge fees for each wagering transaction; or how the simulcasts of the races will be delivered to homes. It is anticipated that these matters will be addressed in the ADW applications and by contracts between racing associations and the operators.

Following Board approval of the regulations, Chairman Alan Landsburg thanked Vice Chairman Roger Licht and the staff for their work, and he made reference to the challenges that still lie ahead by issuing a stern warning.

“This is not the salvation of racing. This is simply a step along the way,” said Landsburg. “If business greed begins to raise its ugly head and threatens the good that this program can bring to the industry, that greed will not be greeted with a friendly shake from this commissioner.”

The regulations require the wagers to be included in the respective pools at each racetrack and that all wagering transactions be recorded and retained for 180 days. There can be no surcharge for any wager, but the law allows for transactional fees. The payoff will be the same as an on-track mutuel. Deposits can be made in cash or by credit card, check, electronic fund transfer, or other traditional means of deposit or payment. However, in their own best interests, account holders may instruct the operator not to accept deposits by credit card, and they are limited to wager only with the funds that already are in the account and just one additional deposit per racing day.

In other action, the Board adopted a regulation with revised language to permit the display of advertising during a race on jockey attire, owner silks, and track saddlecloths. The Board previously approved such a regulation that contained prohibitions on the advertising of “tobacco, weapons, pornography, and products that are detrimental to the best interests of horse racing, as determined by the Board.” However, OAL rejected that language. The newly adopted regulation contains no such prohibitions. Those wishing to display advertising must submit their requests to the stewards.

Representatives of the Jockeys’ Guild, including Chris McCarron, proposed rewording the regulation to require that all revenue for the first year be used for the benefit of disabled riders, provided that a majority of the licensed jockeys in California agree. However, upon learning that such a major revision to the regulation would delay final approval by at least three months, they supported adopting the regulation as written. They might seek an amendment to the rule.

The Board adopted a regulatory amendment to add clenbuterol to the list of therapeutic medications for which trace levels are permitted in post-race urine samples. The Board approved a decision level for clenbuterol of 5 nanograms per milliliter of urine based on research by scientists at the University of California at Davis indicating that this concentration will not alter the athletic performance of a horse. Based on separate studies, it is recommended that clenbuterol be administered at the level of 0.8 micrograms per kilogram of body weight, so that the urine concentration will be below 5 ng/ml by four days after the last drug administration. This regulation also must be reviewed by OAL before it can take effect.

Clenbuterol is the only drug approved by the Food and Drug Administration for equine use in the treatment of respiratory disease. It is widely used throughout the world as part of legitimate veterinary treatment to promote the health and welfare of the horse. This regulation conforms to recommendations by the American Association of Equine Practitioners relating to residual therapeutic drugs.

The Board adopted a regulatory amendment to eliminate the requirement that every horse claimed in a race provide a blood sample for testing. Claimed horses never were required to provide urine samples. Claimed horses that win will be tested, and the stewards may include any claimed horse among those selected for random testing of both blood and urine samples.

The Board approved necessary adjustments to funding for the Off-Site Stabling Committee

programs in Northern and Southern California. Although these funds come from racing associations and horsemen's purses, adjustments must be approved by the Board.

In a related matter, John Van de Kamp, president of the Thoroughbred Owners of California (TOC), advised representatives of San Luis Rey Downs training center that his Board supports paying through April 30 a rent increase on behalf of owners and trainers with horses stabled at the training center. Horsemen at the center will continue paying the longstanding \$8-per-stall daily rental themselves. Meanwhile, the TOC will be reviewing the vanning and stabling contract with Fairplex Park where owners and trainers pay no stall rental. That contract expires April 30.

"The representatives of San Luis Rey Downs make an excellent point that horsemen at both facilities should be treated equally," said Van de Kamp. "No decision has been made by my Board as to what this program should include beyond April 30. I anticipate that decision in late January or early February."

The Board adopted a regulatory amendment requiring the paymaster to disburse to the trainer 10 percent of the purse money earned on any thoroughbred that finishes first, second, or third. However, the regulation allows for individual owners to opt out of this program and not have the 10 percent automatically deducted for the trainer. The California Thoroughbred Trainers thanked the Board, the racing associations, and the TOC for their support.

The Board approved the license application for a horse racing meeting by the Los Alamitos Quarter Horse Racing Association at Los Alamitos from December 28 through December 22, 2002.

Representatives of UC Davis provided an update on the Postmortem Program and a related study on toe grabs. Dr. Susan Stover reported that 30 percent of all racehorse deaths due to catastrophic fractures could have been prevented by the early diagnosis of pre-existing stress fractures and by effective treatment, which would include reducing stress principally by reducing high-speed training and racing.

Regarding a proposed regulation to ban front toe grabs on thoroughbreds that race in California, Stover said the toe-grab study that began one year ago is only halfway to completion, so the University's position is that evidence is not conclusive at this time.

Commissioner John Harris, anticipating that the results of the study eventually will support the elimination of front toe grabs, and recognizing the time it takes to draft and approve a regulation, favors beginning that regulatory process before the actual conclusion of the study. Chairman Landsburg tabled this issue until April or May.

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