

THIRTY-FIFTH ANNUAL ROUND TABLE CONFERENCE

on

MATTERS PERTAINING TO RACING



THE NATIONAL MUSEUM OF RACING

SARATOGA SPRINGS, NEW YORK

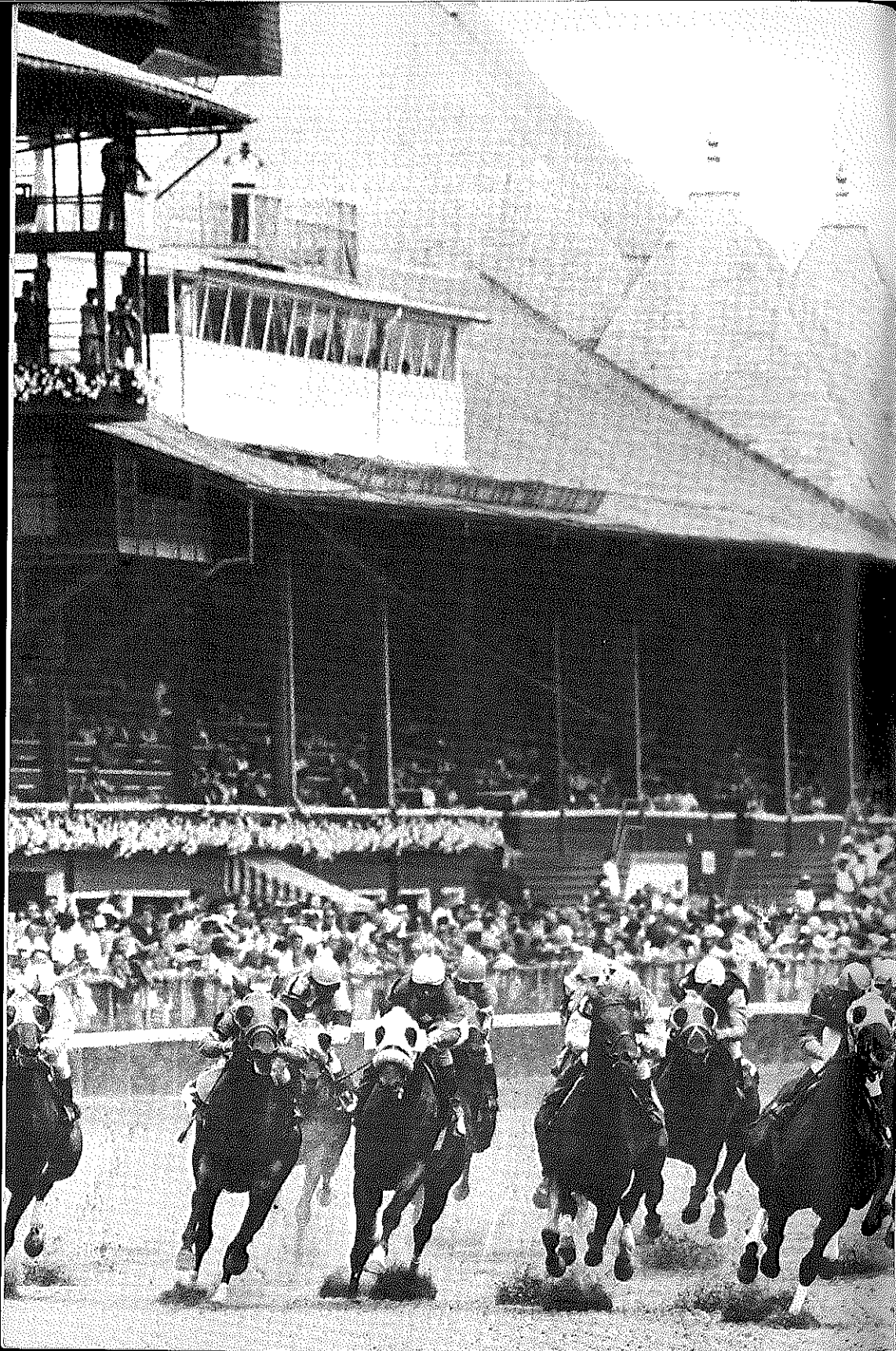
Sunday, August 16, 1987

**The Jockey Club
380 Madison Avenue
New York, N.Y. 10017**

THE COVER

The entrance of The United States Hotel, Saratoga Springs, New York, at the turn of the century. The hotel was built in 1874 and demolished in 1952.

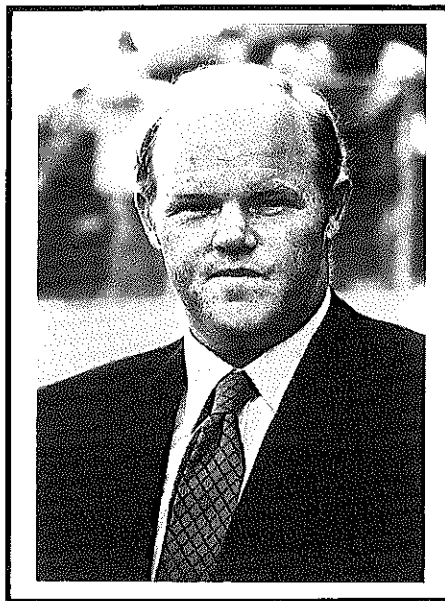
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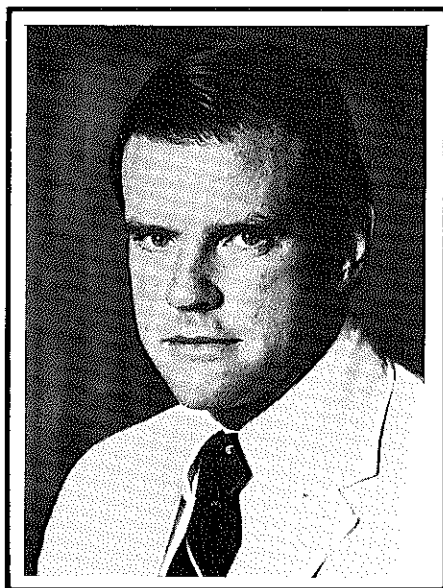
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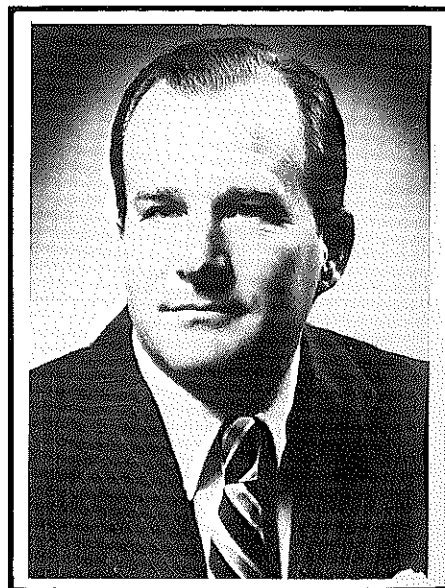
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THIRTY-FIFTH ANNUAL ROUND TABLE CONFERENCE ON MATTERS PERTAINING TO RACING

HELD BY **The Jockey Club**

The National Museum of Racing
Saratoga Springs, New York

10:00 a.m.
August 16, 1987

Welcome to Participants and Guests Ogden Mills Phipps
Chairman, The Jockey Club

Activities of The Jockey Club in 1987 William S. Farish
Vice Chairman, The Jockey Club

Thoroughbred Racing Communications, Inc. Thomas Merritt
Executive Director

Panel Discussion Sponsorship of Racing – An Overlooked Opportunity?

Allan R. Dragone
Trustee, New York Racing Association
Moderator

Peter M. Brant
President
Brant Publications, Inc.

Michael Letis
President
Sports Marketing & Television International, Inc.

Joseph Castellano
Director of Sports Marketing
Anheuser-Busch, Inc.

Lord Peter Patrick Hemphill
Senior Steward
The Irish Turf Club

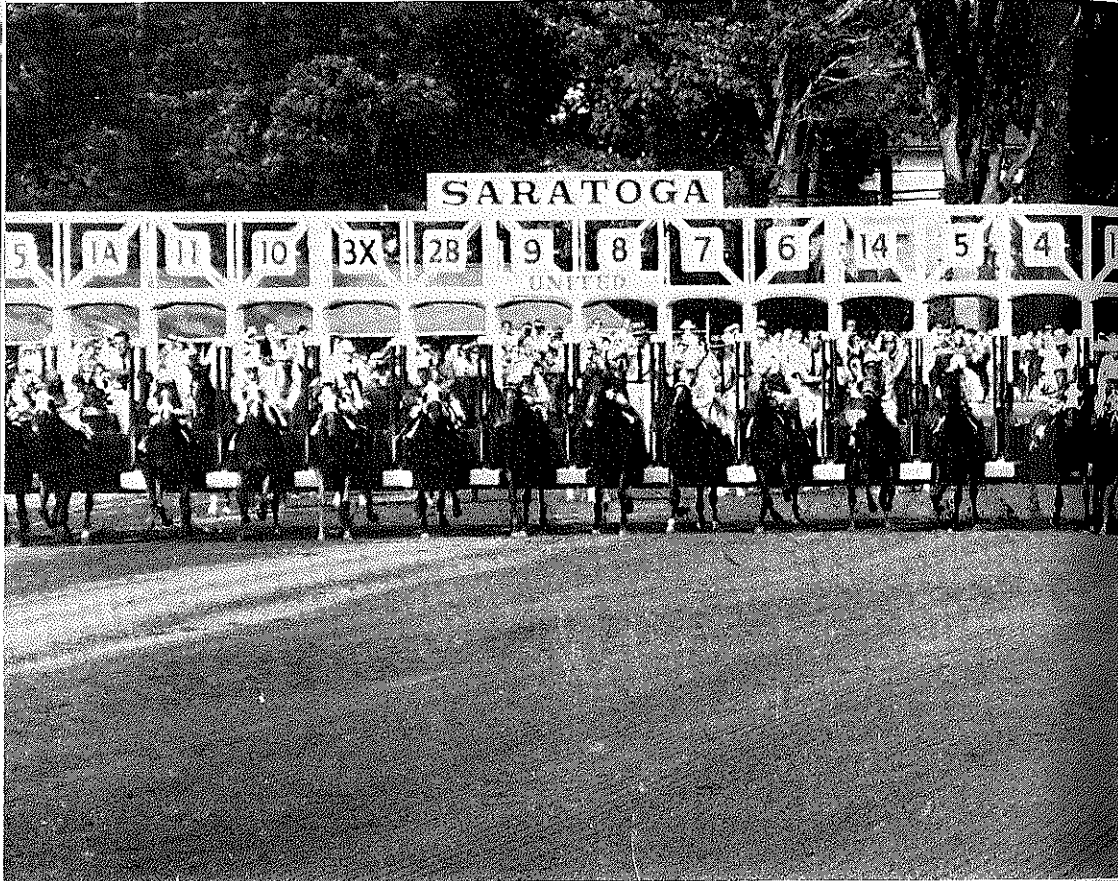
Guest Speaker U.S. Senator George Mitchell, State of Maine

OPEN DISCUSSION IS ENCOURAGED DURING THE PANEL

Closing Remarks Ogden Mills Phipps

John Hettinger, *Program Chairman*

**THIRTY-FIFTH ANNUAL ROUND TABLE CONFERENCE
ON MATTERS PERTAINING TO RACING
HELD BY THE JOCKEY CLUB
AT
THE NATIONAL MUSEUM OF RACING
SARATOGA SPRINGS
NEW YORK
SUNDAY, AUGUST 10, 1987**



IN ATTENDANCE:

Steve Abramson
*Former President, National Association of State
Racing Commissioners*

Helen C. Alexander
Member, The Jockey Club; Owner/Breeder

Thomas L. Aronson
Director, American Horse Council

Dr. Eslie Asbury
Member, The Jockey Club

Dr. Taylor Asbury
Owner/Breeder

Col. Charles Baker
*Chairman, Ontario Jockey Club; Member, The
Jockey Club*

Mrs. Charles Baker
Owner/Breeder

Thomas M. Bancroft
*Chairman, New York Racing Association; Own-
er/Breeder; Member, The Jockey Club*

Ketman Barber
*Executive Vice President, Florida Thoroughbred
Breeders*

James E. Bassett
*President, Keeneland Association; Member, The
Jockey Club*

Mrs. James E. Bassett
Owner/Breeder

Howard L. Battle
Racing Secretary, Keeneland Association

Kenneth Beh
*Director, Public Relations, New York State Rac-
ing & Wagering Board*

John A. Bell
Steward, The Jockey Club; Owner/Breeder

Mrs. John A. Bell
Owner/Breeder

August Belmont IV
Member, The Jockey Club; Owner/Breeder

Mrs. August Belmont
Owner/Breeder

Paul W. Berube
*Vice President, Thoroughbred Racing Protective
Bureau*

James H. Binger
*Chairman, Calder Race Course; Member, The
Jockey Club; Owner/Breeder*

Mrs. James H. Binger
Owner/Breeder

Edward Bishop
Registrar, The Jockey Club

Ms. Ellen R. Bongard
*Member, Eastern New York Thoroughbred
Breeders Association*

Edward S. Bonnie
Attorney; Member, The Jockey Club

Mrs. Edward S. Bonnie
Owner/Breeder

Frank Bonsal
Member, The Jockey Club

Peter Bourmias
The Jockeys' Guild, Inc.

Ed Bowen
Editor-in-Chief, The Blood-Horse

Nicholas F. Brady
Member, The Jockey Club; Owner/Breeder

Mrs. Nicholas Brady
Owner/Breeder

Peter Brant
President, Brant Publications, Inc.; Panelist

Martha Broadbent
President, Kentucky State Racing Commission

Richard F. Broadbent
*President, Bloodstock Research Information
Services*

A. Austin Brown
President, Birmingham Turf Club

Daniel Burke
Owner/Breeder

Joseph Castellano
*Director of Sports Marketing, Anheuser-Busch;
Panelist*

Charles J. Cella
*President, Oaklawn Park; Member, The Jockey
Club*

R. Anthony Chamblin
*Executive Vice President, National Association
of State Racing Commissioners*

George M. Cheston
Member, The Jockey Club; Owner/Breeder

Mrs. George Cheston
Owner/Breeder

Kim Cifelli
Marketing Manager, The Jockey Club

John S. Clark
Counsel, New York State Racing & Wagering Board

Robert N. Clay
Owner/Breeder

Charles Colgan
Executive Vice President, National Steeplechase and Hunt Association

Terence Collier
Executive Vice President, Fasig-Tipton

Brownell Combs
Owner/Breeder

Mrs. Brownell Combs
Owner/Breeder

Leslie Combs
Vice President, Kenneland Association; Member, The Jockey Club

W.R. Corbellini
Executive Director, New York Thoroughbred Breeders

Richard Corbisiero Jr.
Chairman, New York State Racing & Wagering Board

Thomas A. Davis
Counsel, American Horse Council

Frank DeFrancis
President, Laurel Race Course

Ms. Diana DeRosa
Editor, Eastern Horse World Magazine

Dennis Diaz
Owner/Breeder

Steve DiMauro
President, New York Thoroughbred Breeders

Allan R. Dragone
Trustee, New York Racing Association; Panel Moderator

Richard Duchossois
Chairman, Arlington Park; Member, The Jockey Club

Mrs. Allaire duPont
Member, The Jockey Club; Owner/Breeder

Lawrence E. Ensor
President, Fasig-Tipton

William S. Farish
Vice Chairman, The Jockey Club; Owner/Breeder

Mrs. William Farish
Owner/Breeder

Laura Farish
Owner/Breeder

William Farish Jr.
Owner/Breeder

J.B. Faulconer
Executive Vice President, Thoroughbred Racing Associations

John M.S. Finney
President, Fasig-Tipton

Bertram R. Firestone
Owner/Breeder

Mrs. Bertram Firestone
Owner/Breeder

Thomas J. Fitzgerald
Retired President, New York Racing Association

Kerry Fitzpatrick
President, International Thoroughbred Breeders, Inc.

James W. Fitzsimmons
Attorney

Dr. Edward Ford
Executive Director, Grayson Foundation

Anderson Fowler
Member, The Jockey Club

George Frostad
Chairman, Jockey Club of Canada; Member, The Jockey Club

John R. Gaines
Owner/Breeder

Daniel M. Galbreath
Steward, The Jockey Club; Owner/Breeder

William Garges
Alternate Racing Steward, NYRA

Murray Garren
President, Horsemen's Benevolent & Protective Association—New York Division

Edward H. Gerry
Member, The Jockey Club; Owner/Breeder

Martha F. Gerry
Member, The Jockey Club; Owner/Breeder

Dr. Manuel A. Gilman
Racing Steward, The Jockey Club

M. Tyson Gilpin
Member, The Jockey Club; Owner/Breeder

Joseph A. Gimma
Attorney; Commissioner, New York State Racing Commission

John Giovanni
National Managing Director, The Jockey's Guild

John K. Goodman
Chairman, Arizona Racing Commission; Member, The Jockey Club

Gordon Grayson
Member, The Jockey Club; Owner/Breeder

Mrs. Gordon Grayson
Owner/Breeder

William C. Greeley
General Manager, Keeneland Association

Fred Grossman
Editor, Daily Racing Form

Virginia Guest
Owner/Breeder

Leonard Hale
Senior Vice President, New York Racing Association

Richard Hanson
Racing Steward, The Jockey Club

F. William Harder
Trustee, National Museum of Racing

Mrs. W. William Harder
Owner/Breeder

Russ Harris
Turf Writer, New York Daily News

David Haydon
Director of Information Services, The Jockey Club

David Heckerman
Contributing Editor, Thoroughbred Record

James Heffernan
Heffernan & Associates, Inc.

Lord Peter Patrick Hemphill
Senior Steward, Irish Turf Club; Panelist

Lady Hemphill

John Hettinger
Steward, The Jockey Club; Owner/Breeder

Barker Hickox
Owner/Breeder

Dr. James Hill
Owner/Breeder

Mrs. James Hill
Owner/Breeder

Joe Hirsch
Columnist, Daily Racing Form

Clyde Hirt
Turf Writer, Sports Eye

Fred W. Hooper
Member, The Jockey Club; Owner/Breeder

Mrs. Fred Hooper
Owner/Breeder

G. Watts Humphrey, Jr.
Steward, The Jockey Club; Owner/Breeder

Mrs. G. Watts Humphrey, Jr.
Owner/Breeder

Clem Imperato
Vice President, New York Racing Association

Eugene Jacobs
Trainer

John W. Jacobs
Owner/Breeder

Walter M. Jeffords
Vice President, National Museum of Racing

Mrs. Walter Jeffords
Owner/Breeder

Marshall W. Jenney
Owner/Breeder

Richard I.G. Jones
Steward, The Jockey Club; Owner/Breeder

Mrs. Richard Jones
Owner/Breeder

Russell B. Jones
President, Pennsylvania Racing Commission

John Joyce
Racing Steward, New York State Racing & Wagering Board

Sam Kanchuger
Director, News Service Bureau, The Jockey Club

John L. Keenan
Vice President, New York Racing Association

John Keitt
Attorney, Rogers & Wells

Floyd Kephart
President & CEO, Sports News Network

Benjamin Kernan
Son of Francis Kernan, Member—The Jockey Club

Frank E. Kilroe
Vice President, Santa Anita; Member, The Jockey Club

Robert Kirkham
Owner/Breeder

Mrs. Robert Kirkham
Owner/Breeder

Donald Krause
Secretary/Treasurer, Thoroughbred Racing Protective Bureau

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Judge, Saratoga Springs

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Member, The Jockey Club; Owner/Breeder

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Florida Thoroughbred Breeders

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President, Sports Marketing and Television International; Panelist

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Senior Vice President, New York Racing Association

Bruce Lombardi
Racing Secretary, New York Racing Association

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Cornell University

Jane duPont Lunger
Owner/Breeder

Horatio Luro
Trainer; Owner/Breeder

Patrick Lynch
Writer

Earle I. Mack
Commissioner, New York State Racing and Wagering Board

William C. MacMillen
Owner/Breeder

Robert Mahaney
Attorney

John Mangona
Resident Manager, Saratoga Race Track

Elaine E. Mann
Director, National Museum of Racing

John DeWitt Marsh
Owner/Breeder

Alan Marzelli
Chief Financial Officer, The Jockey Club

Peter McBean
Member, The Jockey Club; Owner/Breeder

Henry T. McCabe
President, New York City Off-Track Betting Corporation

Jon J. McClosky
Staff Director, Assembly Committee on Racing and Wagering

C.R. McGaughey, III
Trainer

Edward J. McGrath
*President, E.J. McGrath Insurance Co.; Owner/
Breeder*

Jim McKay
*Sports Commentator, ABC Sports; Member,
The Jockey Club*

Margaret McKay
Owner/Breeder

Donald M. McKellar
Member, The Jockey Club; Owner/Breeder

Gerard J. McKeon
*President, New York Racing Association and
Thoroughbred Racing Associations*

Thomas M. Meeker
President, Churchill Downs

Thomas Merritt
*Executive Director, Thoroughbred Racing Com-
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MacKenzie T. Miller
Trainer

Senator George Mitchell
U.S. Senator, State of Maine; Guest Speaker

Paul Moran
Turf Writer, Newsday

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Columnist, Daily Racing Form

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Member, The Jockey Club

Robert O'Connor
Sports Marketing and Television International

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President, Skidmore College

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Wimborne Farm; Owner/Breeder

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Owner/Breeder

James W. Phillips
Member, The Jockey Club

Cynthia Phipps
Owner/Breeder

Ogden Phipps
Member, The Jockey Club; Owner/Breeder

Ogden Mills Phipps
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Mrs. Ogden M. Phipps
Owner/Breeder

Joseph P. Pons
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Lonny Powell
*Coordinator, Race Track Industry Program, Uni-
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Columnist, Newsday

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Trainer

Calvin S. Rainey
Former Executive Director, The Jockey Club

Vincent Ramirez
*Chief of Investigations, New York Racing Asso-
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Veterinarian; Owner/Breeder

John C. Rice
Rice & Conway

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Milton Ritzenberg
Owner/Breeder

William P. Rogers
Member, The Jockey Club

R. Richards Rolapp
President, American Horse Council

William H. Rudy
Writer

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Mrs. James P. Ryan
Owner/Breeder

Michael Sandler
Publisher, Triangle Publications

Chris Scherf
*Director, Service Bureau, Thoroughbred Racing
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Owner/Breeder

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Association*

Roger Shook
Director of Registration, The Jockey Club

Mark Simon
Editor, Thoroughbred Times

Joseph Smith
Director of Data Processing, The Jockey Club

Harold E. Snowden
Manager, The Stallion Station

Harry D. Snyder
*Commissioner, New York State Racing Com-
mission*

Viola Sommer
Owner/Breeder

Jay Spurrier
*President, National Association of State Racing
Commissioners*

Hans J. Stahl
Executive Director, The Jockey Club

Mike Steele
*President, Horsemen's Benevolent & Protective
Association*

Gary Stein
Vice President, AmTote

Beverly Steinman
Owner/Breeder

David Stevenson
President, Stevenson & Associates

James Stewart
Trustee, National Museum of Racing

George Strawbridge
Member, The Jockey Club; Owner/Breeder

Robert P. Strub
*Director, Los Angeles Turf Club; Member, The
Jockey Club*

Mrs. Robert Strub
Owner/Breeder

Charles P.B. Taylor
Member, The Jockey Club; Owner/Breeder

Shirley Taylor
*President, Thoroughbred Owners & Breeders
Association*

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Member, The Jockey Club; Owner/Breeder

Mrs. Charles Thieriot
Owner/Breeder

Colonel Cloyce Tippet
Owner/Breeder

Whitney Tower
President, National Museum of Racing

Michael Trager
Sports Marketing and Television International

Thomas E. Trotter
Racing Secretary, Gulfstream Park

Richard Turner
President, AmTote

Daniel G. Van Clief, Jr.
Executive Director, Breeders' Cup, Ltd.

Mrs. D.G. Van Clief
Owner/Breeder

Alfred G. Vanderbilt
Member, The Jockey Club; Owner/Breeder

Michael Veitch
Columnist, The Saratogian

S.E. Veitch
Trainer

Mrs. Joseph Walker
Owner/Breeder

Thomas M. Waller
Owner/Breeder

Mrs. Thomas Waller
Owner/Breeder

Michael Watchmaker
Turf Writer, Daily Racing Form

Barry Weisbord
President, Matchmakers

William H. Welch
*Executive Administrator, New York Thorough-
bred Breeding & Development Fund*

Robert Welsh
President, Grayson Foundation

David A. Werblin
Owner/Breeder

Henry D. White
Owner/Breeder

Mrs. John Hay Whitney
Member, The Jockey Club

Thomas P. Whitney
Owner/Breeder

Wheelock Whitney
Member, The Jockey Club; Owner/Breeder

Clifford Wickman
*President, Thoroughbred Racing Protective
Bureau*

Richard Wilcke
*Executive Vice President, Maryland Horse
Breeders Association*

William H. Williams
General Manager, Triangle Publications

Jacques D. Wimpfheimer
*Member, The Jockey Club; Owner/Breeder;
Secretary, TOBA*

Louis E. Wolfson
Owner/Breeder

Mrs. Louis Wolfson
Owner/Breeder

Frank Wright
Trainer

David L. Yulich
Trustee, New York Racing Association

Welcome To Participants And Guests

MR. PHIPPS: Ladies and Gentlemen, we appreciate your coming this year to the 35th annual Round Table. I think we're going to have a very good program for you this morning. As we've done in the past, we'd like to start off with Will Farish and discuss the activities of The Jockey Club from last year until this point, then we'll go on with our program. Will?

Activities of The Jockey Club in 1987

MR. FARISH: Good morning. For the past three years, we have begun the Round Table conference with a review of The Jockey Club's activities during the past year. The input we have received from you or the industry about the subjects we have discussed has been tremendously helpful and we hope you will continue to give us this input. During the past year, the new registration system was implemented and is working well. Our on-line computer information service is ready and available to the industry, and the goal of establishing a publicity office, together with the TRA, the HBPA and the Breeder's Cup has been achieved. You heard about this idea last year at the Round Table and today you will hear that Thoroughbred Racing Communications, Inc. has been born and is functioning on target.

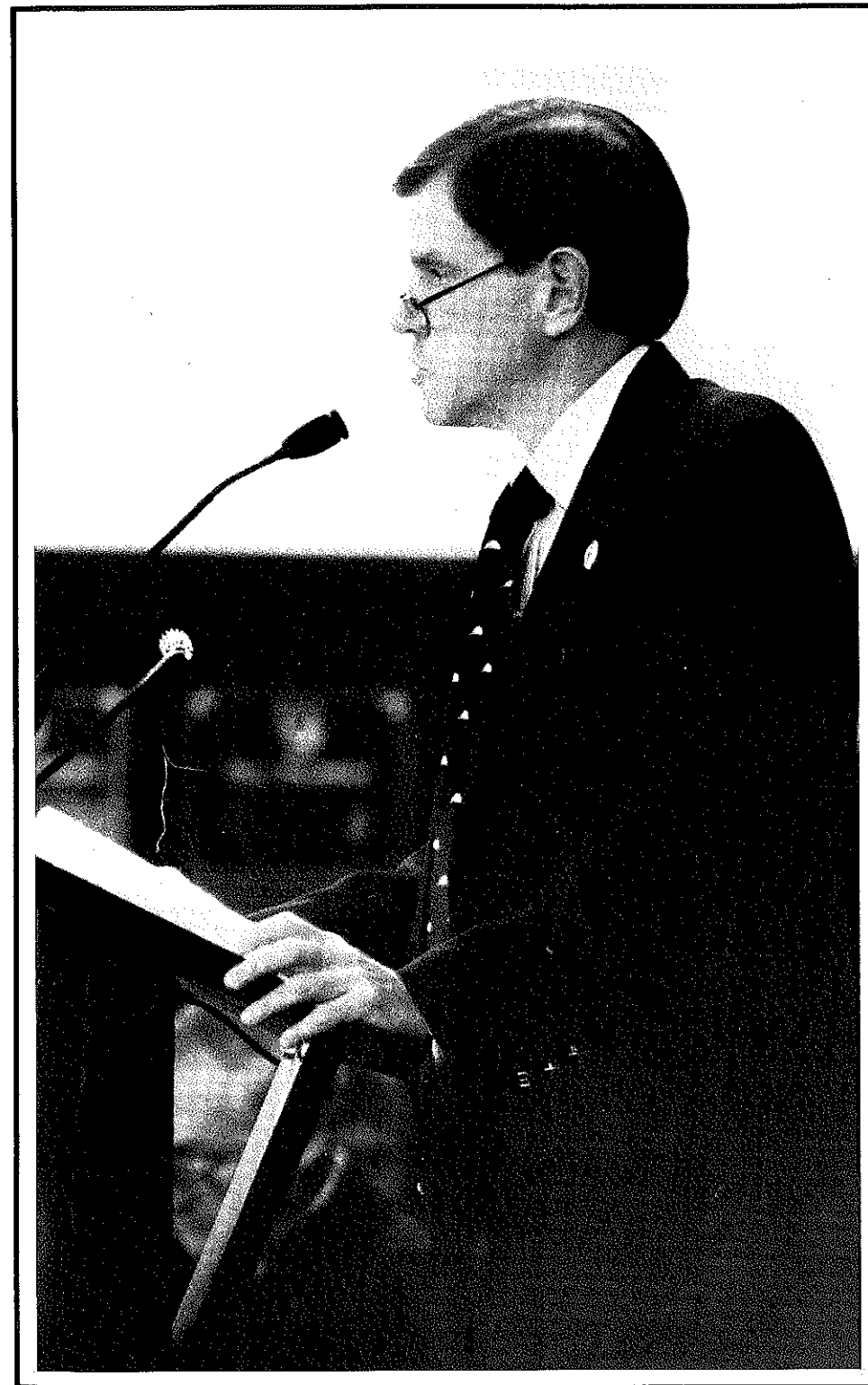
The most important improvements in foal registration this year are blood typing and parentage testing of all foals and the year deadline from the date of foaling required to register foals. We are receiving excellent cooperation from owners and breeders in registering this year's foal crop. We are close to projection in receiving live foal reports and are in the process of sending out blood kits and pre-printed registration forms. To complete this first year of registration under the new system, we need the continued support of all owners and breeders in sending us their live foal and no foal reports. The blood kit and registration form should be processed as soon as they are received from The Jockey Club.

The Jockey Club is working now with three laboratories. As you may remember, we have used the University of California at Davis Labs. We've now expanded this to the Stormont Lab in California and the University of Kentucky Lab. In expanding this, we will see

that an awful lot of research work will be done at the University of Kentucky to make this process even better than it already is.

Having achieved half of our goal in registration this year, we are continuing work on the second half of the goal which is to provide the industry with the best possible visual identification system incorporated in a comprehensive passport. We have introduced this before and you have given us a great deal of helpful input. We are now ready to implement this and will be able to put it on-stream in 1989. At this point, we see the passport replacing the certificate of foal registration. In addition, we will continue our efforts to simplify certain registration functions. Specifically, and very importantly, owners and breeders will be able to enter registration information on their computers at their farm or office, and communicate them directly to The Jockey Club's computer, and they will be able to access our name database and electronically submit names to us for approval or rejection. This is a major breakthrough.

Our second major achievement this year is The Jockey Club Information System. This system is now available and provides a number of information products in an on-line computer mode to its users. The information for these products comes from our comprehensive database that contains all domestic, as well as extensive foreign racing and pedigree data. The product line includes information such as edited catalogue style pedigrees with race records and daily up-to-the-minute race results. It is also our aim to constantly improve the service and enhance product availability. For your convenience, we have included information about the system and how to subscribe with the material in front of you. Our information service employees are here and would be glad to answer any ques-



William S. Farish

tions you may have later today or tomorrow.

Significant progress has been made during the year in the following areas: An agreement was consummated with Puerto Rican authorities to have their stud book integrated with the American Stud Book. As a result, all eligible Puerto Rican foals and foreign thoroughbreds imported into Puerto Rico are now registered with The Jockey Club and are permitted to race in Puerto Rico only if they possess the appropriate documentation issued by The Jockey Club. Owners and breeders in Puerto Rico and on the mainland are benefitting from this arrangement since the movement of horses has been simplified dramatically.

In another area, we have worked with the NASRC and the TRA to improve the availability of education for racing officials. Representatives of these organizations and The Jockey Club are currently exploring the feasibility of offering an accreditation program for Racing Stewards—something that we need badly. To accomplish this goal, the University of Arizona and the University of Louisville have offered their assistance.

Considerable progress has also been made in the development of an effective mortgage registry which we have discussed with you before. We are in the process of clarifying certain legal issues involved with establishing this registry and expect to be in a position to present a workable solution to the industry and the banking community in the very near

future. We are now in the programming stage of the expansion of our ownership registry to include racing stock. As you know from prior Round Table discussions, we are working closely with the NASRC on this project.

I would like to take a moment to reiterate the importance of ownership disclosure in racing. In last year's conference, Mr. Bruskin presented his findings, resulting from a study of attitudes toward Thoroughbred racing in America. One of the most important points he made was about the high level of public concern about the integrity of the sport. It is therefore clear that we must make a major effort to improve the image of racing. Correct ownership disclosure and the elimination of hidden ownership will go a long way toward establishing a high degree of public confidence in the integrity of racing. We believe that ownership disclosure is absolutely necessary.

The Jockey Club Research Foundation, established only two years ago by grants—\$2.1 million dollars by the members—has funded three projects since 1986 for a total of \$159,000 in grants. The first two projects have been successfully completed and the third is currently under way.

In closing, I would like to mention the terrific job being done by The Jockey Club Foundation, not to be confused with The Jockey Club Research Foundation, which it often is. The Jockey Club Foundation assisted 40 indigent individuals in the racing

industry in '86/'87. A total of \$275,000 will be spent in helping those people who have worked in our industry and have fallen on hard times. We provide medical, funeral and general expenses for the needy and their families and in closing, I would just like to

mention that any of you who are aware of people in the backstretch, primarily in the industry, that need help, please contact us because we have developed a large fund for this and we desperately want to help them. Thank you very much.

MR. PHIPPS: Thank you Will. I might just say that Will and Jimmy Brady as the Officers and the Stewards of The Jockey Club and the senior staff of The Jockey Club have really done an amazing job this year, and one that I thank them for, and one that I think you will see the benefits of for years to come.

Our second item—it goes back two years ago here—a discussion which broached the idea of racing instituting a national office representing the industry with television, press, radio and promotion. The need was strengthened, as Will said, in the Bruskin report, which The Jockey Club commissioned last year and presented to you. Thoroughbred Racing Communications is now in being. The organizations that are financing TRC: the TRA, the Breeder's Cup, the HBPA and The Jockey Club, would like to introduce its Executive Director, Tom Merritt. Tom comes to this task from NBC Sports, with a strong background in sports administration. We feel he is well qualified and know that with the full cooperation of everyone in our industry, he will succeed in getting racing's message across. Tom?

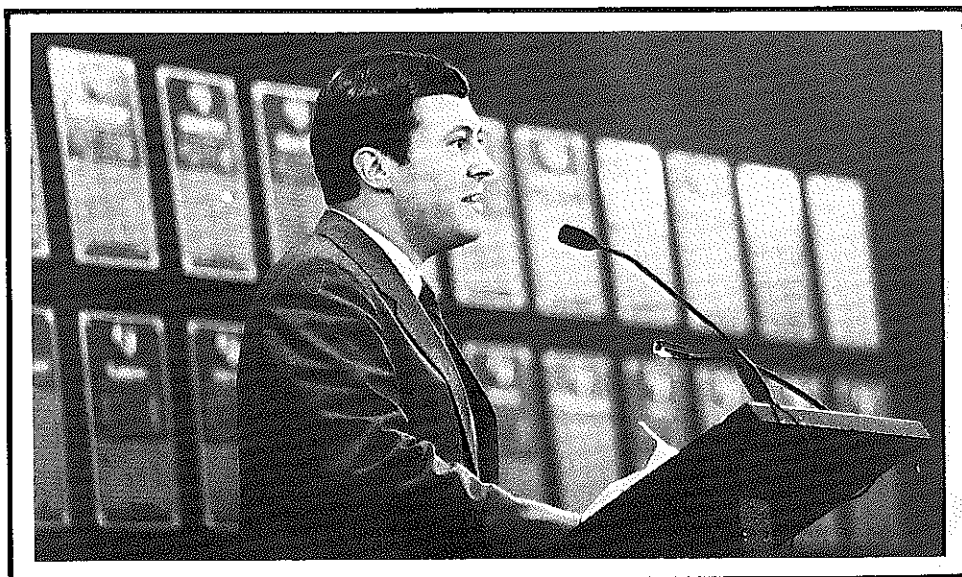
Birth of Thoroughbred Racing Communications, Inc.

MR. MERRITT: It's a distinct honor to be introduced here this morning. I have a little story before I get to my comments. I know that a lot of people here are probably very curious about me and about TRC. I had a certain amount of curiosity about the Round Table. So I did a little study, and in my research I came upon proceedings of a meeting in 1973. A gentleman named Don Weiss, who was then public relations director of the National Football League, suggested that racing open a media communications office to better distribute the stories that abound in this game. That was 1973. One year later, Don Weiss came to the campus of Ohio University to interview candidates for an NFL internship position. I was the candidate he selected. So you, I think, can appreciate the irony if you will, that here is a job, an organization that was suggested by a man 14 years ago, and I end up getting that position, by the man who also gave me my start in sports administration.

The good news for Thoroughbred racing is that now Thoroughbred Racing Communications exists. The first objective of TRC is to speak up for the sport of Thoroughbred

racing through the development and implementation of an imaginative and informative program of media relations. Each of you as individuals and as representatives of major forces within racing will play a significant role in the success of TRC. You'll note that I didn't say success or failure of TRC. TRC is already a success and I'll tell you why: 1) Its creation represents one of the most positive forms of cooperation between major Thoroughbred racing entities the sport has known; 2) TRC signals the dawning of a new era for our sport. In dramatic and unified fashion, the partners of TRC have decreed that Thoroughbred racing wants to compete for greater print and electronic exposure and for fans. This competition will cost money, and for now the startup budget means the primary initial focus of this public awareness effort will be on greater media exposure. I personally believe that the success of TRC will mean increased support and bring TRC to a point where it can actually begin to compete directly for fans with marketing and advertising programs.

Just moments ago, I told you that TRC was already a success. Now I'll give you some proof. On Tuesday, July 21st, Lady's Secret



Thomas Merritt

won a \$25,000 allowance race at Monmouth Park, to become the all-time leading money-earning mare in Thoroughbred racing history. Twice that evening and once the next morning, ESPN Sports Center carried video footage of the iron lady's stretch drive. That evening Sports Center was seen in 305,000 households by approximately 460,000 people. On Tuesday, July 28th, Angel Cordero won the second division of the Colleen Stakes at Monmouth Park to record his 6,000th riding victory. Twice that evening on ESPN and New York/New Jersey area TV stations WABC, WCBS and WWOR, viewers were treated to footage of Cordero's stretch drive to that career milestone. The audience for the late night national sports center telecast was measured at 390,000 households with approximately 590,000 viewers. Audience figures for the early and late evening New York/New Jersey news broadcasts are even more impressive. WABC-TV, the leader in the late news ratings race, provides a stunning example, with an audience of approximately 820,000 households with over 1,230,000 viewers. Factor in the other New York/New Jersey news broadcasts that ran footage of Cordero's 6,000th, and the viewing audience exceeds 2,000,000. Now, ladies and gentlemen, that kind of exposure doesn't just happen. Prior to both milestone achievements, national and the New York/New Jersey area media outlets were alerted to the potential history-making events by

TRC. However, nothing further would have been possible were it not for the cooperation of Lou Rafetto of Monmouth Park, who agreed to order the respective satellite simulcast transmissions unscrambled for the benefit of TRC. It was the right move for Thoroughbred racing and Monmouth Park.

While these events stand as evidence of TRC recognizing and capitalizing to the fullest on exposure opportunities, TRC activities at Monmouth Park, prior to the Haskell Invitational, provide other excellent examples of what I call "nationalizing the attraction." On consecutive days, just prior to the Haskell, Jack Van Berg was at his cooperative best, doing phone interviews with radio station KMOX in St. Louis, the most powerful radio outlet in the nation's heartland, and KLIF in Dallas, and its popular morning sports talk show during drive time. Now stop and think about this for a moment, if you will. We're talking about major midwest and southwest exposure for Thoroughbred racing all because of a race in New Jersey. This is what I mean about "nationalizing the attraction". In addition to that radio exposure just mentioned, TRC also was responsible for convincing the cable news network to send a crew from New York to shoot a Haskell preview featuring Jack Van Berg, Jimmy Croll and Bill Donovan. Once again, the cooperation was superb and what resulted was a 3-minute report on CNN Sports Tonight Program that was seen by approximately

450,000 viewers. The impact even carried over to CNN's popular headline news which used portions of the feature for multiple broadcast during the 12 hours preceding the race.

Every example I've pointed to represents exposure for Thoroughbred racing to millions of people that would not have happened were it not for TRC.

In closing, allow me to quickly list for you things to expect from TRC as we grow in the months and years ahead. Weekly mailings, aimed at a vast array of sports, entertainment and Thoroughbred racing industry outlets that will be stocked with news, notes and general interest story starters. On-site representation at major races to again "nationalize

the attraction", the development of an audio service with race previews, newsmaker interviews and results, available free to radio stations; the creation of a national media guide and racing information source; a 7-day-a-week office operation to disseminate breaking news.

I said at the beginning that you would play a major role in the success of TRC. TRC was created to work for racing. All of you in this room have a stake in TRC. TRC needs your cooperation and participation. You are the key sources of TRC news. We want and need to hear from you. Recognize your role and join with TRC to speak up for racing. Thank you.

Panel Discussion Sponsorship of Racing: An Overlooked Opportunity?

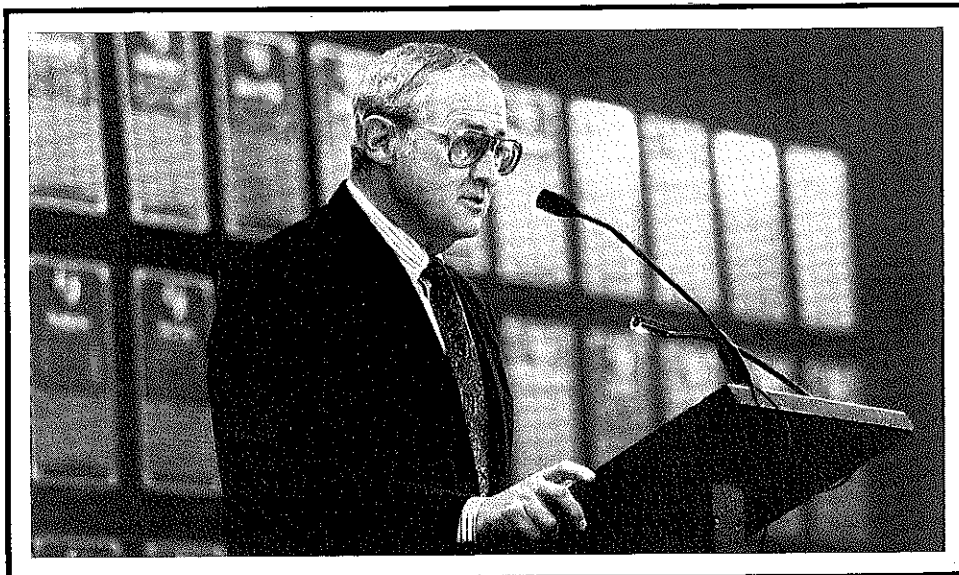
MR. PHIPPS: Thank you Tom. And he's only done that in a month. Al Dragone is the moderator for our panel called "Sponsorship of Racing: An Overlooked Opportunity." Al, would you like to introduce your panel and make sure that the audience can ask questions when they want to?

MR. DRAGONE: If I could this morning, I would like to just set the stage for our panel. We have, as our topic for discussion, "Sponsorship of Racing: An Overlooked Opportunity?" I would immediately argue with the title. The subject of corporate sponsorship has been discussed by various organizations within the industry. The TRA had this on one of their agendas, and this same Round Table conference talked about it some years earlier. Possibly we should amend the title to read "Sponsorship of Racing: An Under-Utilized Opportunity for North America?"

I'm sure that some of you are asking the question at this point, "What else can we learn from a give-and-take on this particular subject," and probably you may ask as well, "Why is it important to pursue this subject?" I'll answer the second question first, if I might. An estimated \$750 million dollars was spent by American businesses in sports events in the first 10 months of 1986. During this same period, there were 2,200 stake races in North America, of which only 80 had corporate sponsors, and of that 80, 35 were funded by the Breeders' Cup Budweiser Special Stakes

Program. Marketing consulting agencies estimate that in 1986 racing sponsorship in North America amounted to approximately 25 million dollars or 3.3% of the 750 million dollars sports sponsorship kitty. Does it make sense for a sport which consistently draws more spectators than major league baseball to have so little of this sports kitty? Let me give you some additional data for comparison purposes.

Twenty percent of the total purses for British races are put up by over 1,000 corporate sponsors. Irish racing has over 28% of its total purse structure in 1986 financed by corporations. Obviously, there are differences between our countries which hopefully we can identify today. If what is being done in Europe be repeated in the United States, it would be a significant income source. One of the questions for our panel today should be, of course, does it make sense in North America and can it be done. With the large take from racing by legislators, with the rising track operating costs, there is a continuing need for the industry to seek additional income. This brings me to the first question: "What else



Allan R. Dragone

can we learn on this subject', and of course, this brings us to our panel.

Our panel has been chosen so that we might get a view of sponsorship from several aspects and who knows, we might even have some different viewpoints from our panelists on some of their observations.

Before we introduce the panel, I'd like to outline what the format is for this morning. Each panelist will be given 5 to 10 minutes for his comments. The comments will cover his experience with corporate sponsorship and touch on the problems we face in attracting additional sponsorship for racing. And I guess I should add this little fillip. So that I might be considered neutral, I must say at this point—that I do not have any preconceived conclusions and one of our principal observations this morning may very well be that racing in North America is unwilling or unable to make the changes necessary to attract these new monies. If this be so, so be it.

After the presentations have been made by our panelists, we invite questions for our panel from the floor. Time permitting, we may sum up very very briefly, any major observations. Now, I've been told by some of my better informed friends that August 16th and 17th, 1987, are very special days. They are special because the Aztec and Mayan calendars coincide and this is a once every three century occasion. And when that happens, all kinds of wonderful things called harmonic convergences occur which make things happen, such as more energy released, greater brotherhood, and lots of good projects will be executed. Now, I'm not sure we have enough Aztec and Mayan representation on the panel, but I'm sure we can say this is a timely discussion from several aspects.

Allow me to introduce our first speaker, Lord Peter Patrick Hemphill. He is Senior Steward of the Irish Turf Club. Lord Hemphill was elected to the Turf Club in 1972 and he is also a member of the INHS (*Irish National Hunt And Steeplechase*) Committee. These are the two organizations which control and administer all of the racing in Ireland. Since 1985, he has been Senior Steward of the Turf Club, which is the highest post in Irish racing. And he also, for the past 25 years, has been Master of the Galway Blazer Foxhounds. Lord Hemphill's family has been connected with racing for over a century, and to put this in proper perspective, next Saturday will be the 118th running of our Travers. We are delighted that you

could join us today, Lord Hemphill. . .

LORD HEMPHILL: Mr. Chairman, distinguished guests, ladies and gentlemen. Since I became Senior Steward of the Turf Club in Ireland in 1985, I've had the opportunity of visiting many racing locations around the world. This, however, is my first visit to the historic surrounds of Saratoga Springs. While it's a great privilege and a great honor to be here, it's a greater privilege, and an even greater honor, to be have been asked to address you, the 35th Annual Round Table Conference on Matters Pertaining to Racing on the topic of sponsorship of racing.

At this juncture, I'd like to publicly thank your Chairman, Dinny Phipps, for having invited me here, and I trust that my words this morning will go some way towards repaying him for his courtesy, by highlighting the benefits that can accrue to racing as a result of a systematic approach to sponsorship and sponsors. This is one particular area where Ireland is ahead of Europe. And I hope that our story will give the racing authorities in the United States some ideas that can be turned to the benefit of horsemen in this country.

Ireland is a small country in political and topographical terms—just 5 million people—just 32½ thousand square miles—and really, if it weren't for the 44 million people of Irish extraction in the United States, I really think we'd be in a bad way. When it comes to racing and breeding matters, I'm proud to say that Ireland is among the most important nations in the world. In support of such statement, I must tell you that in 1986 there were more Thoroughbred foals born in Ireland than in the whole of Great Britain. That is the first time we passed them, and we intend to stay right there. Stock farms like Coolmore, Airlie, Gilltown, Baaymany, Irish National Stud, etc., would rate highly on any international standards. And also it is worthy of note that there is a significant American presence in the Thoroughbred world in Ireland, and I sincerely hope this will continue and increase over some considerable time to come.

The Turf Club organizes and controls racing in the whole of Ireland. It licenses 28 race courses and all of the people employed in the industry. There are approximately 5,500 Thoroughbred horses in training who compete in approximately 1,750 races before a paid annual attendance of 1.1 million spectators who, in turn, wager just under 93 million pounds. So you see the figures are not so mind boggling or can hardly be compared



Lord Peter Patrick Hemphill

with those here in the United States.

While the Turf Club provides the administration framework for a day's racing, the organization of on-course betting is entrusted to a government agency called the Irish Racing Board. There are two types of betting to be organized: the totalizator and the bookmakers. And it is from these two sources that the racing board has to generate funds in order to provide its share of purse money to be competed for on the race course. And while there is betting off-course, in your equivalent of the OTB, the tax on such betting goes straight into the central government exchequer, and not one cent of that off-course betting comes back into racing. This makes Ireland unique in Europe, if not in the world, and of course it's utterly unsatisfactory, if not a hopeless situation.

Now, to the subject matter of this conference—racing sponsorship. The total purse money in Ireland is small by United States standards, but the percentage makeup of this figure, which was \$8.5 million in 1987, and the movements within it, are quite illuminating. The real start of sponsorship in Ireland was in the 60's with the Irish Sweeps Derby. At that time sponsorship of prize money amounted to almost nil. In 1976, sponsored purse money accounted for 8%—that was some 15 years later. The total purse money was made up of entry fees from owners, 27.88%, from the Racing Board, which I referred to previously, 64%, and from sponsorship, 8%. Five years later, with not very much effort, and no real interest other than the sponsors that had actually arrived on the

scene—that was 1981—sponsorship represented 8.1% of the total purse fund. In other words, only an increase in those 5 years of .1%. Then the efforts started, and by '82, it was 12 per cent, and then 19, 25, 28 per cent and by 1986 there was sponsorship of 34.5 per cent of the total purse fund. At that stage in 1986, the entry fees now represented 31.3 per cent of purses, which is slightly higher than it had been 10 years before. The Racing Board now had gone from some 68% down to 34.2% and sponsorship had now passed out all other forms and was 34.5%. These percentages are all the more interesting as the prize fund itself had probably tripled in that period of time. So that not only have they gained the percentage of the market, but they have also increased an enormous amount in the actual money or funding.

As you can see, sponsorship is now the most single, most significant source of purse money, and Ireland is proud of its achievements in the field of sponsorship. However, this distinguished audience is not interested in self adulation. What you want to know is the reason why and how we did it.

Well, first of all, we needed money for prizes—just as simply as that. And that is why we did it at that time. And it was impossible for us to get this money because we couldn't compete with France and the United Kingdom because we had no assistance from off-course betting which those two countries had. We had quality races with tradition, but today the value is equally important.

Now, what do we do? Initially, the individual stewards and members of the Turf

Club went out and literally knocked on doors. They approached stud farms, industrial commercial undertakings, and even some of the larger owners, and sold them a sponsorship package. The type of package was geared to the type of sponsor, and to facilitate that approach the market was divided into three segments; local, national and international. The local sponsorship was usually obtained by the efforts of a local race course executive. It was simple in style. It involved putting up the money for maybe one race, maybe a whole, very cheap day. And the only facility provided to the sponsor would just be free admission for a certain number of people.

Secondly, you had the national sponsorship. This normally linked to television coverage, and usually confined to just one race. In Ireland, there are some 25 to 30 days of racing covered on national television, and this, of course, is absolutely vital for sponsorship, and the earlier speaker mentioned the importance of that very much. With this type of sponsorship, entertainment facilities are provided for the sponsor, and free admission for a small number of crowds, usually about the monetary equivalent of about 10% of the sponsorship fee.

Then comes international sponsorship, where the corporation involved has an international name, such as in Ireland, our biggest name—and it happens to be one of yours, is Anheuser-Busch, where a prestige race, such as the Budweiser Irish Derby is linked to a product that is sold worldwide. In these situations, not alone is national television coverage required, but international television coverage is deemed to us to be essential. Because, again, Ireland has a very small population. With this category of sponsorship, entertainment facilities are provided for the sponsor and by the sponsor, such as hospitality tents, free admission for a large number of clans or employees, such as Anheuser-Busch—2,000 friends they brought—all the way. And, mark you, we valued them just as much as the sponsorship itself—and also reduced admission for more clans or employees.

There is one important point on the sponsorship question, particularly in a big race, or a pattern race, or a group race. If you have a sponsor, don't give him the name of your race. That's a disaster. Because if he gets away then the race is known as "that race" and of course the thing is utterly hopeless. You have to keep the name of the race like the Derby and then call it the "Budweiser

Derby" which, in turn, came from the Irish Sweeps Derby, and so on.

One should point out also that with a sponsor there should be a commitment. We find that this is very important for at least three years. This being for the reason that they may not stay for much longer than that perhaps. If in the event of their not staying, then one must clearly have time to go out and find another. If this is not done, then you have a situation where you might be funding the thing and it might have got too large, and you're back to square one. The other thing, obviously, clearly, the money must get up front because we, particularly in Ireland, have to fund all the cash.

The categories and types of sponsors that we have with us—breweries and distilleries represent almost half of the total amount of sponsorship. After that, you come to individuals, breeders, industrious bookmakers, commercials, racing, breeding related companies, motor companies, then banks who represent a very small 2% at the moment, but they've got lots of money and we're working on them.

Now to the sponsor—my comments have all been related to the actual racing authority and prime object of obtaining sponsorship money. But what about the other party, the sponsor? Why does a corporation sponsor? What do marketing people expect to receive for their sponsorship dollar? But apart from projecting the corporation for a product image in the hope for extra sales, sponsors in Ireland are using racing to an ever-increasing degree as a vehicle for corporate entertainment. In Ireland on race days, present customers are rewarded. Potential customers are wooed. Both are impressed and flattered by the opportunity to mingle with the independently privileged against the background of the sport of kings. For all, it's an opportunity to enjoy a day out with a clear conscience, happy in the belief that the money being invested will be well recovered from future profit, contracts, contacts and business usefulness. It's also worth mentioning that the large corporations use racing sponsorship as a strategy to foster better industrial relationships in the office, or in the shop or factory floor. But for this it's essential that the race courses—and this is our problem—provide the facilities for such entertainment. And this, at the moment, we do not have.

The other thing is that the attraction of racing sponsorship to corporations is clearly one that's not just on the day, but it carries on,

is spoken about, written about, and commented upon prior to race days, and the name of the winning horse is linked to the sponsor for weeks, months, and even years afterwards. Now that Ireland is so dependent on sponsorship, the previous approach used in obtaining new sponsors has been streamlined. And in conjunction with the Racing Board and some breeders, and various people who put up some money, we have set up a small executive unit known as the Racings Promotions Board. This, I think, is a small baby of your TRC which has been referred to earlier. But we have already found this to be a great success. And it's thanks to this Racing Promotions group that we have had the tremendous success of recent years. And we have been able—by funding that initially—we were able to hire a top class P.R.O. (*Public Relations Officer*), and that has proved to be well worthwhile. Now, I might point out, it's no longer necessary to fund this group because by arrangement with the various sponsors, we keep back 10%—3% goes to funding the group now, and the remaining 7% goes to the race courses in the hopes that they can improve their amenities a bit, and thus make it good for corporate entertainment.

At the end of all this—I'm afraid I'm going on a bit too long, and I've got to stop, and so I'll just tell you that we discovered that the reason where we first started, looking for the prize money, was wrong. A real reason for sponsorship now is to get all these people into racing. A whole new dimension of people—the corporate entity, the real corporate presence, and for this we find is what we've achieved. For this we must improve and change and alter our facilities, and these are the people who help us to get onto the media which is so important. With that, I must come to an end. I'm sorry for going on so long. And I'm confident that when you bring your marketing skills into play, we in Ireland will learn very much more from your expertise and success I hope, than we ever could have hoped or presumed to have told you. Thank you for your attention. I wish you all the best in racing—the very best in racing sponsorship. I know that in the years to come it will not be a case of overlooked opportunity but opportunities created by skill, executed with decisiveness for the benefit of the great American Thoroughbred industry and the spoils will be new atmospheres and considerably increased attendances on your racetracks.



Lady Hemphill, Jacques Wimpfheimer, John E. Mooney

MR. DRAGONE: Our next speaker, Michael Letis, is the president of Sports Marketing and Television International. Mr. Letis will provide us with a comparison of corporate sponsorship in other sports as well as horse racing. Michael?

MR. LETIS: Thank you Allan. It's indeed an honor for me to be here, and thank you for inviting me, Dinny. My mother once told me that if I'm ever undecided or a little bit nervous about what to do, just follow the Lord and everything will be alright. So, here I go . . . I'd like to begin directly by answering the question that has been posed by the entitlement of the panel: Is sponsorship of racing an overlooked opportunity? And in my view and experience in five years of working on the promotion of the Breeders' Cup, I can say that yes, in fact, it is overlooked. It's overlooked as an opportunity by the business world, and it's overlooked as an opportunity by the racing community itself. Racing, with its 50 million in annual attendance, and hundreds of millions of television viewers, provide great opportunity for sponsors—sponsors of all kinds. After all, our fans drive cars, they buy insurance, they charge at restaurants, about half of them wear pantyhose. Some of us still smoke cigarettes, and all of us

drink Budweiser. So, racing fans are consumers, just like football fans, just like baseball fans. In fact, racing fans are a broad cross section of the American consumer profile, both at the track and in the television viewing audience. So opportunity does exist for sponsors to sell their products through racing. But, what is the opportunity that racing can gain from sponsors? As was mentioned earlier, it may not necessarily be purse money in this country. In North America, we offer some \$600 million in purse money. It may not necessarily be rights fees, because frankly, sponsors just will not pay rights fees at this point that are significant enough to impact the sport as a whole on a national level, but what racing can gain from sponsorship is two things—very important things: 1) It can gain increased public awareness through consumer promotion and advertising; 2) It can gain increased exposure through television, and those are the important factors that we need to seek sponsorship to attain.

Corporate sponsors can make things happen for us in racing because they have the resources. They have the people, they have the means of distribution and they have the money, which is very important. And racing

will get sponsor support if we do some things differently I think, than perhaps we've done in the past—those of us who represent the sport, that is. We need to actively seek participation. We need to offer sponsors a fair deal at a competitive price. And we need to provide, in a racing sponsorship, real and measurable benefits back to that sponsor. One other note I'd like to add here—that in my experience in selling in the corporate community—people wonder whether the gaming aspect of racing is a negative. It is not. It's properly administrated. After all, Americans take chances, they're gamblers. You've seen what has happened in Atlantic City and in Vegas, and in our lotteries throughout the country. It's a great exciting part of the sport and should not be thought about as a deterrent to selling sponsors into the game. As I said, I think, to go forward with sponsorship, we need to change our thinking, to change our perspective somewhat. It's not what they can do for us. It's what we can do for them. Sponsors are not necessarily interested in being associated with a most prestigious, steeped in tradition, horse race. They're interested in how many new customers they can make, how much product they can sell. And that means that we're going to have to provide them with opportunity if we want them to come into the sport and spend their money. That means certain things. In today's market place, as has been mentioned, sponsors want name and title in a sporting event—a direct association with the public—and that's the quickest way to get it.

Just a quick aside—when we were fortunate enough to get Budweiser to come in and sponsor our special stakes program, we went to thinking about how we would name the races, and someone said to me from our board, "well, won't it be a bit cumbersome to—we were going to start in Florida—to have it called the Gulfstream Park Budweiser Breeders' Cup?" My answer was—think about this—the Shearson Lehman Brothers/American Express—Andy Williams San Diego Classic—and they said, "well, O.K., the point's made." The television commentators don't have too much of a problem with that because the money's on the table and that's why it's on. In addition to name and title, I think that sponsors need signage—advertising and promotional signage at sporting events. It's a very important part of the way that they market. They need product display, they need hospitality and entertainment value because events are used for them

to invite their customers and so on. Racing, I think, has not been very competitive, or at least not as aggressive, or as smart maybe, as some of the other sports in this regard. Our competition has reacted to the modern market place and the conditions that exist there, to their benefit. To be on television, to get promotion, and to get exposure through sponsorship, other sports have gone out and done a pretty good job. Let me give you some quick examples:

Golf, today—of course, we would always have on T.V. the U.S. Open, the Masters and so on, but there are 30 other tournaments, both on the regular tour and the senior tour, that are on T.V. as a direct result of sponsors. The Kemper Open, the Bob Hope Chrysler Classic, the Isuzu Kafalua Invitational, the Federal Express St. Jude's Open, just to name a few, and not to re-name Shearson-American Express. But these tournaments are on because of sponsored money. They are used to promote golf. All of the money comes directly from the sponsors. Many of them buy the air time directly. Tennis is much the same story. We'd always have Wimbledon, we'd always have the U.S. Open, but AT&T, Lipton, Volvo, Virginia Slims—I think you're all aware of the wide exposure that tennis has gotten in terms of television, promotion and advertising by the means of those sponsors backing it. Auto racing is self-evident. I won't even talk about it. You've all seen it. One point there is, that with all of the corporate sponsorship and commercialism that exists, auto racing has the highest attendance. If they had turnstiles, they'd outdo baseball, they'd outdo racing. And so the fans don't seem to mind about the commercialism, and neither does television. Baseball has always had national sponsors. They have team sponsors. As you know, the teams do terrific merchandising with billboards and so on. Baseball is exposed through cable network with sponsors, and has an enormous viewer base, based on the sponsor dollars that support television within that sport. They also have the Rolands Relief Man of the Year award. The NBA is about the same story—building through team sponsorship. The NFL is perhaps, of course, the best example of marketing put to use on a national basis. They did it right from the beginning. Their sponsorship at the team level, which transcends the national advertising dollars, is the main reason that they can get the enormous rights fees that they get for national television. Olympics, "the pure amateur sports", I have



Kitty Brady, Nicholas Brady (partially obscured), Gerard McKeon, Thomas Bancroft, John Hettinger, John Bell

here in quotes in my note—perhaps the most commercialized event we've ever seen, especially in L.A., and the millions and millions of dollars raised through great sponsors like McDonalds, Coke, Budweiser, etc.

I'll end by saying we all saw Dennis Conner wear 3 hats, not 2 hats on television, when the America's Cup was finished, with sponsors names on them.

I'd like to point out because I'm asked from the floor—Breeders' Cup is moving forward in this area. Our marketing committee, under Mr. Nerud, has passed the idea that it is time for us to allow corporate names to be in our races—not the name of the Breeders' Cup as an event in total—but in our races. We're talking to our network about that, and in the future we'll bring it before the board, but we are moving in that direction ourselves. As I've said, the other sports are competitors for fans, have used the opportunity that sponsors offer and they've put it to good use. I believe that racing must do the same thing.

By comparison, we have about 4 or 5 nationally sponsored events in racing. The Budweiser Arlington Million, the Marlboro Cup, Jim Beam Stakes, J&B Scotch Classic, Rothmans—I've probably missed a few, but they are limited by comparison to the sponsorship involvement in other sports. We have only about 20 races on network television, 7 of which are the Breeders' Cup races, and they also include the prep races leading to the Derby. There are 49 more races on ESPN, National Cable, and that show, as you all know, is called the Budweiser Racing Across America Show. We doubt really whether all of those races would be on without Budweiser's support. Local tracks, the best I can conclude, or my staff can, have about 20 to 30 local television programs of racing. There certainly should be more. So the wrap-up is that racing needs sponsors to get television exposure and to get free promotion. And to a great degree, sponsors coming into the sport provide credibility in the face of the American fan today. The great companies come in and lend their name to a product, fans believe in it, and it causes a higher degree of interest. So yes, there is opportunity for racing through sponsorship. I think that they can bring us the exposure that we need. They can give us the promotion that we need, widen our audience group, and when people see this great sport they want to participate in it. Thank you.

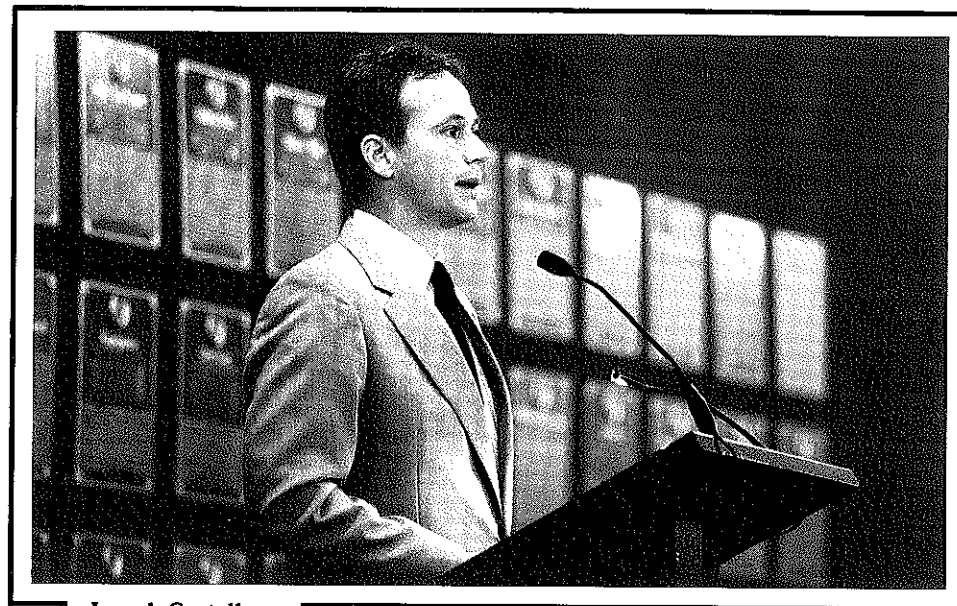
MR. DRAGONE: Thank you, Mike. Our next speaker on the panel is Joseph Castellano. Mr. Castellano is Senior Manager of

Sports Marketing for Anheuser-Busch. He is responsible annually for the planning, development, negotiation and implementation of over 1,000 Anheuser-Busch sports programs. Mr. Castellano has served his apprenticeship in advertising, public relations and sports reporting all in the Midwest. Nevertheless, I feel that a midwesterner can tell an easterner occasionally something new. We are both grateful to Anheuser-Busch for their support of racing, and we look forward to his comments. Mr. Castellano.

MR. CASTELLANO: Thank you Allan. First I'd like to thank Ogden Phipps and The Jockey Club for inviting Anheuser-Busch to address this prestigious group today. A far more deserving and capable speaker for Anheuser-Busch is Mike Roarty, our Executive Vice President and Director of Marketing. Mike sincerely appreciates the invitation to be here and sadly sends along his regrets that other commitments have kept him away. In Mike's absence, I will try my best to represent Anheuser-Busch's thoughts on corporate sponsorship in horse racing.

Anheuser-Busch has a long and proud history of supporting the care, breeding and competition of horses, from the world famous Budweiser Clydesdales to the Michelob American Grand Prix Association Show Jumping Series, to Polo, to Budweiser's involvement with the Breeder's Cup in the Arlington Million. For a long, long time we've recognized the universal appeal of these wonderful animals. The tradition and championship imagery in the sport of kings is very consistent with the image, tradition and quality of Budweiser, the king of beers. Anheuser-Busch is one of the largest advertisers and sponsors of sports in the United States, and our sponsorship of horse racing is very consistent with this overall positioning as a sports sponsor.

The reasons for our investment in sports are many and varied. First, sports in general eschew to our product's target audience, and reaching that target is really what it's all about in advertising. By their nature, sports deliver positive imagery with an emphasis on quality, championship, success and recreation. This is an excellent environment in which to promote the image of our products. Horse racing provides an excellent example of this environment. Ranking third only to baseball and auto racing in annual attendance in the U.S., horse racing has established a popularity which we feel is very fitting for Budweiser, the world's largest selling beer. Further, the



Joseph Castellano

demographics of the T.V. audience show that horse racing has a pretty balanced appeal. The male/female split is about 50/50. The median age is mid- to late 30's. Viewers are split pretty evenly among East, West, Midwest and South and that's a good spread for Budweiser whose popularity stretches across all adult demographic segments. Further, the sports appeal also stretches across a wide socio-economic road; from blue collar to blue blood, you might say. And another reason for its appeal to an advertiser is its seasonality. By that, I mean simply that horse racing is active at one or another of the 100 or so facilities in the United States virtually all year long. This gives an advertiser important flexibility from a national standpoint in associating his products with your sport. The flexibility is important as a products advertising agency builds its media schedule, and as the company's grass roots selling force ties into local market opportunities. Budweiser's commitment to horse racing is broad and it's based on delivery of image and audience.

Included in our sponsorship and advertising line-up are the Triple Crown events. Anheuser-Busch has the exclusive beer advertising position on the Kentucky Derby, the Preakness and the Belmont Stakes. A real diamond in our horse racing crown is the Budweiser Arlington Million, which will be held at Arlington Park near Chicago and telecast by ABC three weeks from today. We're

extremely happy with our growing involvement in the Breeder's Cup and are excited to be a part of the richest and biggest day in racing, as well as the multi-race Breeder's Cup Budweiser Special Stake Series. Seemed like I said it without stumbling—it's not so hard. This sponsorship gives a chance to reach racing fans and Budweiser consumers at a real grass roots level. Further, a number of these races are featured in the year long Budweiser Racing Across America series on television on ESPN. We're very excited about the long range possibilities for the sport which accrue from this series—a series which brings many important races to the general horse racing fan via television. These are events that that fan has not previously been able to see. Additionally, this exposure can help build the audience for horse racing by bringing in new fans, who either by choice or geographic limitation, have not been able to enjoy the sport at the race facilities.

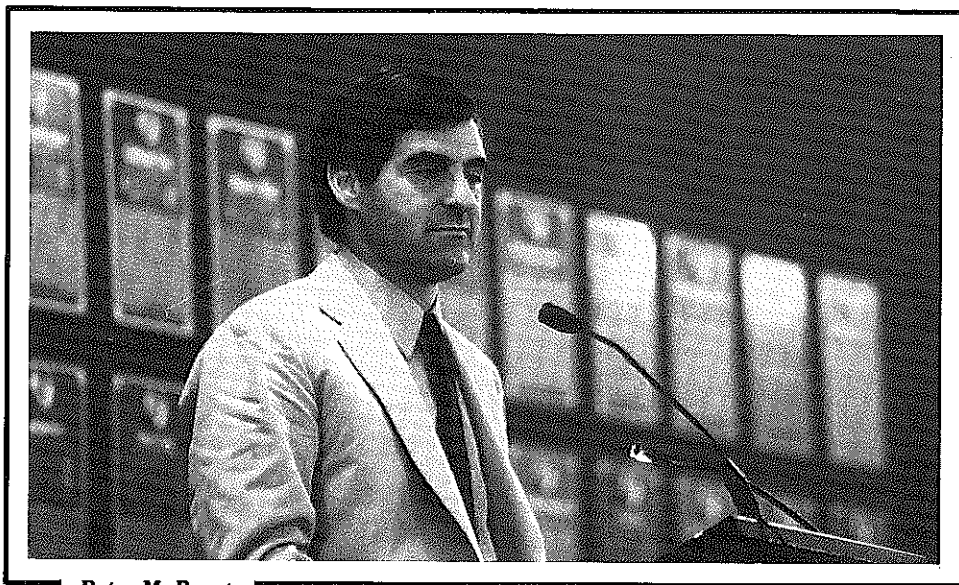
Budweiser's involvement in horse racing really is an international enterprise, as Lord Hemphill described—and that was evident at the Budweiser Irish Derby held in June at the Curragh and telecast back to the United States by ABC and Wide World of Sports. Sponsorship of the Derby coincides with our introduction to Budweiser in Ireland, and it has proven a very impactful and well accepted method of introducing both the product name and our company's commit-

ment to quality and excellence to all the citizens of Ireland, with the added benefit of broad exposure to the Irish Americans and all horse racing fans back in the United States.

In summary, we at Anheuser-Busch are involved in horse racing as sponsors, not due to the whim or caprice of a company executive, but rather due to horse racing's ability to deliver the images of quality, championship, success and entertainment to large numbers of our target consumer. We sponsor horse racing not because it feels good, but because it works. Thank you.

MR. DRAGONE: Thank you very much for those remarks, Joe. Our last speaker is Peter Brant. Peter's commitment to racing is complete. He is owner, breeder, publisher, part owner of Fasig-Tipton Sales Co., and truly a prime mover in the polo for North America. Some people in this room may not know that Peter's primary business is newsprint. Mr. Brant has always been outspoken and worth listening to. I believe he can give us some insight on how sponsorship in polo has been so successfully handled. As always, we welcome your comments. Peter . . .

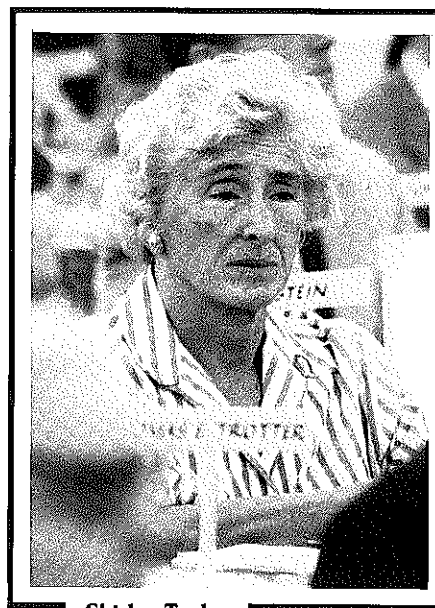
MR. BRANT: Thank you, Will and Dinny for inviting me here today. These gentlemen have very eloquently explained to us that corporate sponsorship is an overlooked opportunity in racing here in the United States, and we have touched on many of the subjects that I would have liked to have men-



Peter M. Brant

tioned. I think that basically realizing that this is an overlooked opportunity, we have to ask ourselves how can we improve this situation—how can we implement the effort for corporate sponsorship? Here in Saratoga at our local polo club, we had many of the same incentives that Lord Hemphill mentioned. We basically didn't have the revenue to get the show on the road, so we had to look for corporate sponsors to help us raise the revenue and made that our primary objective. We started this club with Will Farish 6 or 7 years ago, and now we have 15 available days which can be sponsored by corporations, all of which are filled, with a waiting list to take an available spot if someone drops out.

I think what I'd like to emphasize here today is that we have to ask ourselves what can we do for a corporate sponsor, and getting corporate sponsorship is really an entrepreneurial effort within the ranks of our individual racetracks. We cannot depend on organizations to bring these sponsors to us. Once we have a sponsor for the day, we must learn how to keep that sponsor—keep him happy. The Irish have done a very good job in basically coming up with a marketing package to a corporation, making a day of racing, as we do in polo. In polo, we offer a picnic, an outing, provide food services so a corporation can spend the day, invite their corporate members, their employees to enjoy the day,



Shirley Taylor

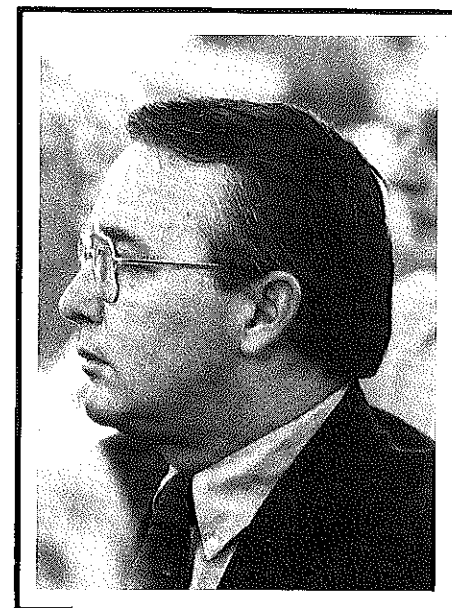
and we have that same thing available here in horse racing. The problem is that once a corporation is interested in taking a sponsorship, it's our responsibility to try to make that day work. And I think corporate sponsors will continue to come back, as they have in polo, because of their individual treatment at the specific race tracks.

The other thing I'd like to emphasize is, by getting corporate sponsors, we improve the demographics in our sport tremendously, because as these people come and enjoy themselves and bet if they may, or watch the horses run, somewhere there will be that group that will continue to come back and that obviously is great for our sport because of that improvement. Again, going back to the individual racetracks, a marketing package has to be prepared to present to these sponsors, and many of them, if they start out on a very small basis with just sponsoring one race, and one day at the races as they do, will grow with you as they decide to participate further. You can be pleasantly surprised as we have been in polo, that some of our local sponsors here have grown and taken spots on television and have increased their funding to our sport.

The other positive with corporate sponsorship is the snowballing effect of having another promotions department sponsoring the sport with you. They obviously have larger budgets to promote their events than a

track has to promote an individual race, so you're increasing your promotional budget and increasing the available advertising budget that you might have.

I'd like to point out that at the Preakness this year, the Pimlico racetrack provided some tents for various corporations, one of which was the Baltimore Sun. And the Times Mirror group, which owns the Baltimore Sun, brought their corporate executives and many of their local employees out to the Preakness. It was a great success. They plan on doing it again and they plan on participating in other races, and that's an example of how an individual racetrack can go out and help this overall effort that needs to be made. I know that I personally, and many people that I know, have been asked to sponsor races by the various tracks in Ireland, and I just wonder here how many leaders of corporations we have in the room who have ever been asked to sponsor a race either at their local racetrack or anywhere in the United States. I think that basically, when we say an "overlooked opportunity"—that is exactly what it is, an overlooked opportunity. Thank you again for inviting me here, and thanks for sitting me next to the gentleman to my left from Anheuser-Busch who has done a great deal for polo and also for racing, and I think I might have sold him a sponsorship here today. Thank you.



Leonard C. Hale

MR. DRAGONE: I think we should charge Peter a fee for attending today. If I might, just a couple of quickies on a sum-up here. I think Lord Hemphill showed us what a tremendous job Irish racing has done going from 8% to 34% of sponsorship in a matter of about 6 years, and I think Mr. Letis told us that racing has not done a job—there is an opportunity that exists, but he also pointed out the number of pluses which occur when we get a sponsor. We pick up all kinds of good things with T.V. exposure and their marketing group and all the other things that go with it. So there are side effects here which are positive. Mr. Castellano told us about the demographics and how great they were with racing, and this is contrary to some of the things we've been led to believe by a number of studies. He also tells us that the marriage between Budweiser and racing is ideal because of all of the things that you are compatible with what they are trying to achieve. That was wonderful.

And I think Mr. Brant told us something—he said that they were successful because of the entrepreneurial job which occurred by the various individual courses, and they made things happen. Now, with that, I throw it open to questions from the floor. Who has the first question? Gerry?

MR. McKEON: Allan, I want to direct this to Joe Castellano. Joe, I want to pick up on Mike's comment that we should be more flexible with signage. Specifically, how would you feel about a Bud sign at Saratoga—proud or ashamed?

MR. CASTELLANO: Feels like I'm being pitched for another sponsorship. We'd be very proud to do that. I'll have to quote from Mark McCormack, the head of IMG (*International Management Group*), who visited us in St. Louis not too long ago, and Mark said he had come to the conclusion sometime ago that he finds it more difficult to sell to a sponsor who spends a lot of money than to a sponsor that sells very little, and his reason was that the more money you spend, the more sophisticated you really have to make it, and the more scientific the sponsor becomes, and really that's the case with Anheuser-Busch. We spend a lot of money. We do have a lot of people that take a very scientific approach to this, and with our advertising agency, and our in-house people—we would do an evaluation based on a very specific formula of how many people would be reached, how big the sign is, and that sort of thing, and come up with a value and we have

to look at that.

MR. McKEON: As a follow up to that. Do you take into consideration the ambience of a place or would you automatically put up a sign? To my thinking, one of the attractions of Saratoga is the pristine atmosphere. Would you want to intrude a Budweiser sign?

MR. CASTELLANO: Very well put. This is a real evolution that Mike Letis referred to in auto racing. We're a very significant sponsor in auto racing because that sport over the years has conditioned its followers and the general sports audience to look for sponsor names, and they're very well accepted. We own the St. Louis baseball Cardinals, and I suppose if we press the issue we could put Budweiser across the front of their uniforms. I think the general consumer would react negatively to that, and we're very sensitive to that, so I think your points well made. That we would certainly look at the market conditions, and if the public wasn't ready for that we certainly wouldn't force that.

MR. PHIPPS: I'm going to have to cut in on you, Al, because we have a distinct privilege this morning to have with us Senator George Mitchell from Maine. In his schedule today, he's already had to do the David Brinkley Show—he did it from the racetrack here back to Washington, and he's got an important engagement this afternoon, so we're really indebted to him to make time available to come up to us today. Senator Mitchell, as you know, has been highly visible, not only in Maine, but throughout the country for the past few months, as a member of the televised joint House Senate Iran/Contra investigating committees. Senator Mitchell this morning is going to be addressing us however, as a very important member of the Senate Finance Committee. Senator Mitchell, we really appreciate your being with us this morning, and we know your schedule is tight.

SENATOR MITCHELL: Thank you very much Dinny. Thank you ladies and gentlemen for your reception. I'm honored to be here with you this morning to address such a distinguished group. I entered the Senate under unusual circumstances. I was serving as a federal judge in Maine in early 1980 when Secretary of State Vance resigned that position and the President appointed Senator Muskie of Maine to become Secretary of State. That created a vacancy in the Senate and the Governor of Maine called me up and asked me whether I would be interested in accepting appointment to the Senate. It was a



U.S. Senator George Mitchell

very difficult decision to make, because as you know federal judges are appointed for life, and I went down to the library after the Governor called and checked on the record of appointed senators . . . and found, to my dismay, that almost everyone in this century who's been appointed to the Senate and then ran for election to a full term, was defeated. So it was a very difficult choice, but I finally did accept the appointment and I went to Washington about 7½ years ago, in the middle of a legislative session. It was in May, and I knew that I would have a difficult time to be elected to a full term at the upcoming election—not only because of the history—but because I was not a household word in Maine, in any household but my own. And so I began the practice then of returning to Maine every weekend, traveling throughout the State, trying to meet as many constituents as I could in the hopes that I could persuade a majority to vote for me in the next election. And I knew I'd be asked a lot of questions, as I traveled around the State. And I wanted to be able to conceal my ignorance as effectively as I had seen Senator Muskie and other politicians do over many years. And so I read several books on the economy and the budget, the arms race. And I thought I was well prepared, but when I went back to Maine those first several months, I found to my surprise that while I was occasionally asked questions on those issues, I was more often asked personal questions. The American

people really are interested in the personal side of politics, as we've seen this year.

"How do you like being a Senator—after having been a federal judge?" I was asked that a lot. The two jobs are dramatically different. When I was a federal judge, you and everyone else in America were prohibited by law from trying to influence my decisions. If many of you had suggested that I vote a certain way when I was a judge, you would have been committing a crime. Now that I'm a senator, you and everyone else in America are encouraged to try to influence my decisions. It's called participatory democracy.

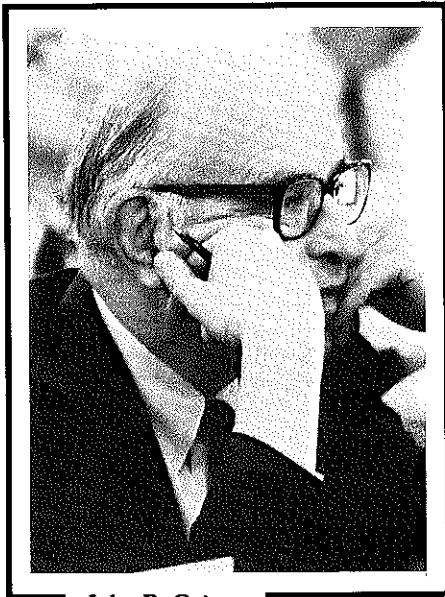
"Why did you do it?" Lawyers especially ask me that over and over again—"Why would anybody in his right mind leave the federal judiciary, a position of security and prestige, and go to the Congress where there is neither?" And, although I know this is an organization of persons participating in the horse industry, I also know that there has got to be plenty of lawyers here because every American audience of two or more persons has at least one lawyer in it.

Well, I began to tell a couple of stories to respond to these questions. I'll tell just one, because time doesn't permit more true stories. "Why did I do it?" Well, I was presiding as a federal judge in Maine working very hard, and one day I picked up the paper, and I read where Senator Kennedy was heading a delegation of eight senators going to Bermuda for two weeks to inspect American defense

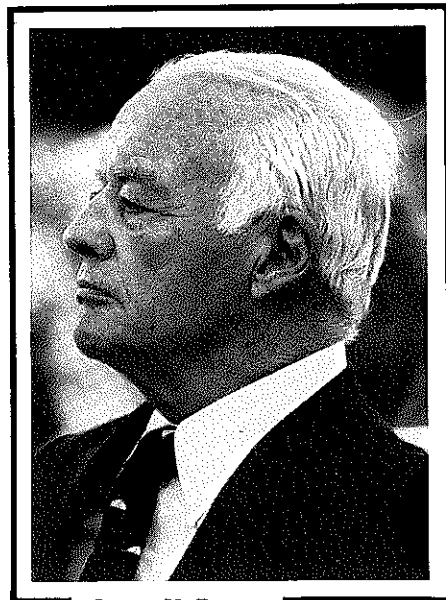
installations there. Well, I thought that shows how little I know up here in Maine. I've been to Bermuda several times. I didn't even know we had a defense installation there. After I got to the Senate, I checked, and found out that we didn't. So when I asked the senators about it, they said, "well, we looked for one."

Then I read where Senator Dole was heading up a group going to Hong Kong for two weeks to inspect trade. I've been on the trade subcommittee for 7½ years, and I still don't know how you inspect it. But nine senators spent a couple of weeks in Hong Kong doing just that. So, when the Governor called me and I thought about it, I said "why not. This sounds like a hell of a job." I probably won't have to work too hard, and I'll get to travel all over the world. So I went to Washington with the expectation that it would be easy, and I worked as a federal judge until the close of business late one Monday, and then I resigned and flew to Washington the next morning, took a taxi up to the Capitol, and went into the Senate chamber, where the Senate was already in session.

They interrupted the proceedings to swear me in, and then the proceedings resumed, and two minutes later, a vote occurred. For those of you interested in trivia, I hold the all time record for having cast a vote in the shortest period of time after having become a member of Congress, and I must confess to you that was the first of many informed judg-



John R. Gaines



James H. Binger

ments I've made in your behalf—and that of other Americans. And then the Senate was in session that first night until midnight. Midnight the second night, 1:00 in the morning the third night, and I began to think that perhaps I'd made an error in judgment in accepting this position, and I knew I'd made a terrific mistake. The following week, I'd been a senator exactly seven days, and a filibuster occurred. Now you all know what that means—there's a controversial issue—one side wants to vote on it—the other side wants to prevent it, and the result is delay and round-the-clock legislative sessions. And when I say round-the-clock, I mean that literally. In this case, the Senate was in session for four consecutive days without ever stopping. We came in at 7:00 on a Tuesday morning, and stayed for four days. Now, we get up early in Maine anyway, so I got up early, went into the Senate, took my seat in the Senate chamber at 7:00 in the morning, looked around, and to my surprise, I was the only person in the entire room. After awhile, two other senators ambled in, and began what can charitably be called a debate, and it was obvious they were just killing time, and at first I was surprised to see that I was the only person there listening. And it went on for several hours.

I listened carefully because I was determined to hear the arguments and make the right judgments. And after a few hours, one of

the senators called for a vote on a procedural matter so as to delay time and give them a break. And in the Senate, each senator must be physically present to vote. A bell rings—within 15 minutes you have to come into the Senate, walk up to the desk and cast your vote, yes or no. So the bell rang, the back door opened—into the Senate chamber poured about 95 senators—they all cast their votes and they all left, including the two guys who had been arguing. And I stayed in my chair. And after awhile, two others came in. The process repeated itself—all afternoon—all evening, 24 consecutive hours I remained in my seat in the Senate, not once leaving.

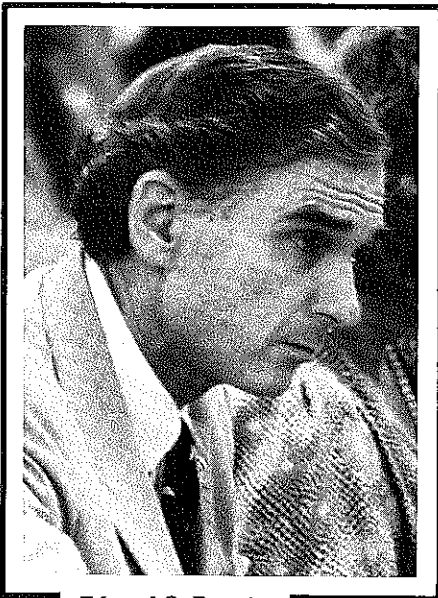
Now it was 7:00 Wednesday morning. I was very tired, very hungry—not to mention the fact that I had to go to the bathroom, and I said to the Clerk of the Senate—I said, "Listen, I see all these senators fresh, rested—wherever they're going, I'd like to go, and whatever they're doing, I'd like to do." So he said, "Sure, come with me—no problem." He took me around back behind the Senate chamber—an indoor room smaller than this, where to my amazement I saw 100 of these narrow canvas folding cots—the snap-up kind you see in emergency shelters. And there were all these famous senators laying on these cots in their clothes. You can't really sleep—the lights are on—people are coming and going. He said to me, "Senator, right there in the middle, there is an empty cot, you better grab that one." So I went over. There were no aisles, so I had to climb over. Actually that was very exciting—it was the closest I'd been until that point to such famous people. I climbed right over Howard Baker—right over Alan Cranston, and I climbed over Strom Thurmond. He was sleeping. And then I got to this empty cot in the middle of the room and laid down, and I realized I had made the biggest mistake of my life. Wished I could return to being a federal judge, knew that I could never again, and did what we all tend to do in such circumstances, I began to feel sorry for myself. And I lay there wallowing in self-pity. And I rolled over on this narrow, cramped, uncomfortable cot, and not 6 inches away on the next cot, I looked and saw Senator John Warner of Virginia. I looked at him. He was, at that time, married to Elizabeth Taylor. And after awhile I thought "Who am I to feel sorry for myself? Here's a guy who could be home, legally in bed with Elizabeth Taylor, and he's spending the night with me." And it made me think—what we all know, but tend to forget—that no matter how

bad off you got it, there's always someone got it worse. Somehow that line doesn't ring true with this audience. No matter how bad off you've got it . . .

But anyway, since then, I really have enjoyed working in the Senate. Public service is a great honor, a chance to do something meaningful in life, and in a good way that helps people. And one of the nice things about it are the associations that one makes to people you meet along the way. One of the pleasures I have today is noting the presence in the audience of someone whose association I did meet in the Senate, Nick Brady, who served as United States Senator from New Jersey with truly great distinction, and I'm very pleased to see Nick and to say hello, and his leaving the Senate was a loss, and I hope very much that Nick will consider some form of public service in the future—if not the Senate, something else. I guess it depends upon who is elected the next president.

I addressed the American Horse Council in Washington a couple of years ago, and that was my first exposure to the industry of which you are all a part. I recently received information on a report prepared for the counsel by Peat, Marwick & Mitchell, which provided what was to me the surprising information—I imagine not to you—that the industry contributes \$15 billion a year to the national economy, making it a very sizeable and substantial portion of our national economy—83% as large as the textile industry, and as large in its entirety as the tobacco and leather products industries. So I think you do have a significant role in our nation's economy, and therefore, I think have to play a role in the legislative process. Because as you are learning, through the council, which I must say represents the industry very well and effectively, there are constantly legislative matters—particularly tax matters—that bear directly on how you conduct your businesses.

At this very time in the Congress there is pending legislation dealing with the issue of uniform licensing with which you are all familiar. The question of limitation on farm losses did not leave when Senator Abner left the Senate. The issue still remains and indeed the joint tax committee has prepared for the tax writing committees of the Senate and the house an option paper for us to consider in connection with tax legislation this year that includes that proposal again. You are all familiar, of course, with the provision of the law, which was included last year, dealing with pre-productive period expenses. I know



Edward S. Bonnie

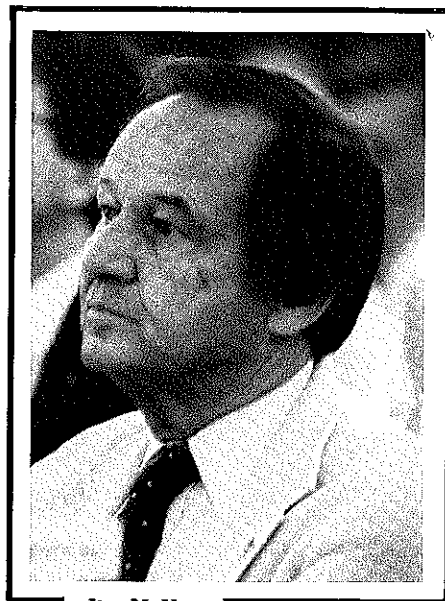
you are considering alternatives to that. I would simply caution you in that regard, that we are in a very difficult fiscal condition, and the tax writing committees will be very careful about adopting any provisions that could cause a loss of revenue. Indeed, our whole thrust will be to the contrary because we are under a mandate of the budget resolution to increase revenue by a certain amount. I know here in New York the question of international simulcasting is an issue. That will be addressed as well as the question of the 20% withholding on pari-mutuel winnings. So there are a variety of legislative issues that will be before the Congress this year, and I think you can expect on a regular basis.

One of the problems we face in the tax committees is the question of when has there been excessive turning of the tax code, and when should we just stop and let things sit for a few years. There are conflicting views in our economy depending upon how people fared under the most recent change. This being a representative form of government, as a member of the tax committee I am regularly visited by people who come in and say, "Look, we can't plan for the future—we don't want anymore changes in the tax code. Will you guys just stop for 5 years?" And I ask them "Well, how'd you do in the last bill?" And they said "pretty good." And then I get another group who comes in and says "Listen, you've got to change this tax code because there are very inequitable provisions."

And I ask them how they did in the last bill, and they say "not so well." So the differences obviously reflect the differences in treatment by various sectors of the economy or individuals. For that reason, I think you can expect continuing change, and I encourage you to make your views known because you really do have an important story to tell because you make a significant contribution to the nation's economy.

I thought I would spend just a few minutes talking about another subject—hopefully drawing some perspective on it—and that is the issue of the Iran/Contra hearings and what we may have learned from them. And then, if time permits, I'll be glad to take a few questions or comments.

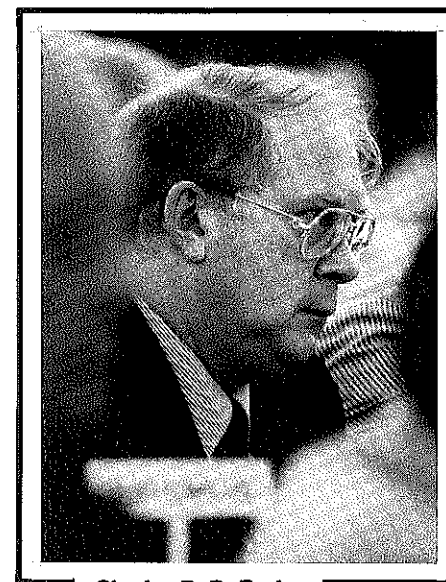
On Wednesday night, I was asked to provide the Democratic response to the President's address to the nation, and I did. In that, I said that although serious mistakes clearly were made in this matter, once acknowledged and corrected, we should move on to other business. I think that's important, because there is much other business to be done. The phrase itself is a little misleading because it suggests that nothing else has occurred in the interim, and we have, in fact, been moving forward on some other issues. As we leave this issue, and I believe we will now, but for the actions of the independent counsel, and those are independent, so we don't know what the independent counsel will or won't do. But as we leave them, I think



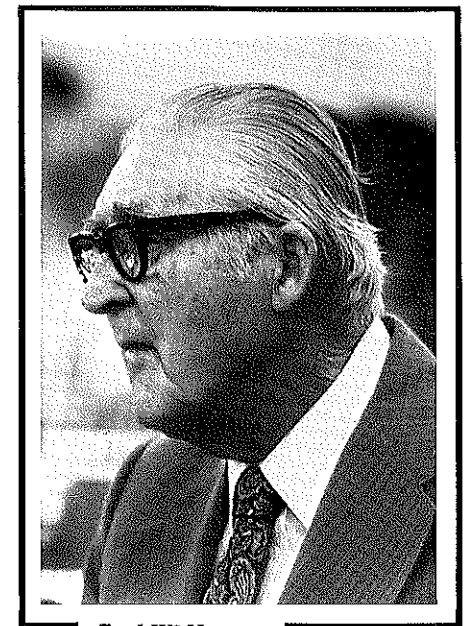
Jim McKay

it's important that we attempt to derive from them some lessons or principles. I don't intend to get into the details of who did what or who said what to whom because we've been inundated in that for a few months. But I'd like, if I could, to make just a few points about some of the things I think that we can learn, and hopefully improve upon as a result of this experience.

The first is, I believe that this incident provides a dramatic illustration of the great strength of democracy, in making public policy in public. In our democratic society, public policies are ordinarily, and are supposed to be the product of vigorous, open, competitive debate. From time to time, as I travel around the country, people say to me, "well the Russians are lucky. They don't have to contend with public opinion." The fact is, they're not lucky. It's one of the fatal weaknesses of totalitarian societies, and one of the great strengths of democracy—that when we debate openly, vigorously, competitively, we more likely get a result that is in the national interest than when that competitive debate is lacking. This incident illustrates that dramatically. Now, it also illustrates that there are, and will continue to be, some circumstances in which we cannot have that debate because some of the operations of government in the dangerous world in which we now live, must be conducted in secret, and by their very definition, cannot be the product of debate.



Charles P. B. Taylor



Fred W. Hooper

One of the central lessons of this affair is the extreme difficulty of conducting covert operations in a democratic society. In our society, we value openness and truth, but covert operations almost by definition, require secrecy and deception. And how we reconcile that conflict in values, and provide a mechanism under which such operations can be conducted in a lawful manner in which those involved are accountable, as all public officials must be in a democracy, is an extremely difficult question. And what we've learned is that it cannot occur in a framework of mutual mistrust and hostility between the executive and legislative branches. Even though there is necessarily a tension there, induced by the structure of our government, the creators of our nation—the men who wrote the Constitution 200 years ago had one overriding objective—and that was to prevent any individual or institution from achieving total control. So they distributed, disbursed, divided power, deliberately. That has created a tension between the executive and legislative branches that has existed for 200 years and will continue to exist so long as we remain a democracy. But within that creative tension there has to be a minimum level of mutual trust and regard. And it has to go both ways, notwithstanding different political parties, or different institutions—we are all Americans first, and it is clear from this that we simply cannot conduct the business of our

nation in an effective way unless there is that minimum level.

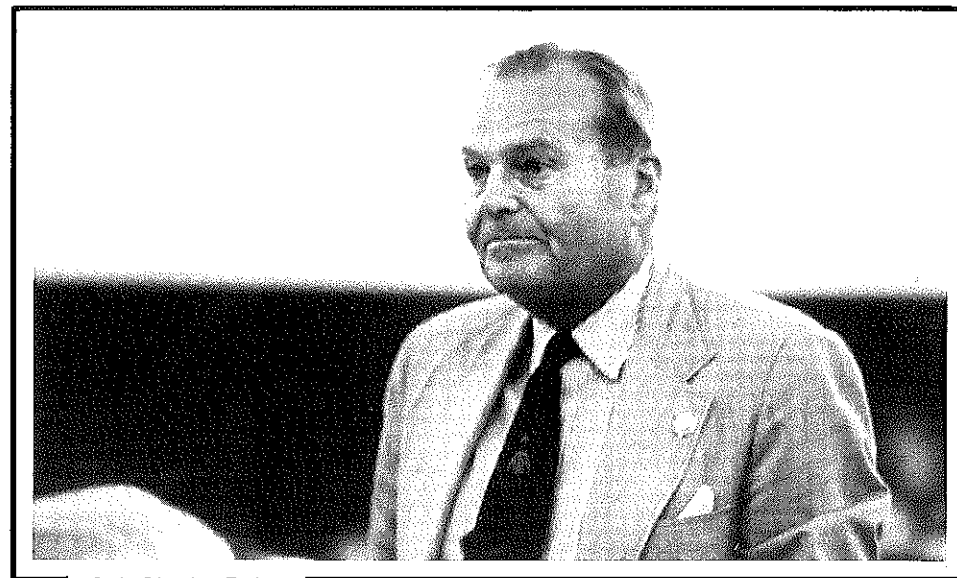
The President has taken several steps to correct the mistakes, for which he should be commended. The decision to prevent and prohibit the National Security Council and its staff from conducting covert operations is a central decision—an important and appropriate decision by the President because it illustrates the last point I want to make, and really it's the one that Secretary of State Shultz made in his very compelling testimony to our committee. The President has to receive information of the most current and accurate kind, and based upon that he must make the most critical decisions in the world. It is imperative that the operations that flow from his decisions remain separate from the collection and the provision to him of the intelligence information. The mixing of intelligence and operations produces disastrous results because it inevitably results in the coloring of the information to support the policy being pursued by those who are providing it. And there is an absolutely clear demonstration of that in this matter.

At several meetings, the President said "we have to provide arms to Iran because Iran is losing the war. And we don't want one side or the other to win." That was demonstrably incorrect. All of the intelligence gathering mechanisms of the American government had reached an opposite conclusion—that Iraq was on the verge of losing the war, and the provision of military weapons to Iran could have had the very result which we sought to avoid, which is an Iranian military victory. Now, the reason why the President was so misinformed was that those who were providing him with information, the Director of Central Intelligence, and the National Security Staff, were also the architects of the policy which involved selling arms to Iran—and obviously persuaded the President, a willing recipient of the information to be sure, that somehow we had to provide arms to Iran because they might be losing the war. And so that illustrates very clearly as the Secretary of State said "the people who provide the President with information and with options cannot also be the architects of the policies that will flow from the President's decision." The President has taken steps to correct that. It is an important decision, and one which I think will eliminate the possibility or at least the likelihood of such an event occurring in the future.

Well, I've gone on longer than I expected,

and for that I apologize. I want to just tell one more story, if I might. As you might expect, I do this frequently. I travel around, mostly the State of Maine and some parts of the country, and I talk and answer questions. And until a few months ago, with my entire time in the Senate, when I got to the part about questions, I always used to say "If anybody would like to make a speech, please feel free to do so. Don't feel the need to disguise it in the form of a question." I'm used to people getting up and talking for 13 minutes and then raising their voice at the last word to suggest a question. But I don't say that anymore because a few months ago I was addressing an assembly of high school students in rural Maine. All the students were seated in the bleachers in the gym. The principal and I were in the middle of the gym with a microphone and a couple of chairs, and I said that. To my amazement, a student got up out of the bleachers, walked across the gym. Ominously he had a briefcase in his hand, and when he got up to the microphone he took a huge sheaf of paper out of the briefcase and said "Thank you very much, Senator, I do have a speech I'd like to give." And he proceeded to read what turned out to be a 20 minute speech. It never happened to me before. I didn't know what to do. I stood there awkwardly for several minutes. Finally, I went and I sat down next to the principal. He was very angry. He said "Senator, we called this assembly so the students could hear you. We can hear that kid every day, and in fact," he said, "we do." He said, "you are a person of authority—go up there and reclaim the microphone." And I looked at that kid. One of the interesting things about politics is we're frequently called up to make instant decisions on very limited information. I'd never seen the kid before. But something—a sixth sense told me—that he had a lot of relatives of voting age. So I said to the principal, "Listen, you're paid a big salary, and one of your most important functions is to maintain discipline. Go up and reclaim the mike for me." While we were arguing, the kid finally finished. And I was right. He has all kinds of aunts and uncles. Anyway, since then, I no longer invite speeches, but I will, if any time permits—and I don't want to extend this unduly—be glad to take a few questions or any comments from anybody in the audience . . .

Well I guess that takes care of it. Thank you all very much.



Col. Charles Baker

MR. PHIPPS: Thank you Senator. We really appreciate your time. How about a couple of questions for our panel before we break. I'm sorry that we got off the panel because I think they've been so good. Are there any other questions that maybe someone would like? Yes, Bud . . .

COLONEL CHARLES BAKER: I would like to ask Mr. Castellano the particular and peculiar problems that he sees with horse racing vis-a-vis sponsorship with other sports.

MR. CASTELLANO: There are a couple of things that I guess would really extend to all sports and that is, some opportunities are better than others—things that are more generic to horse racing. One, it's kind of a sticky problem, and that's the reality that the higher the purse, in many cases, the more attractive the field, the more prestigious the race, the more interest of the networks, etc. What you end up with is a competition for purse money and one race tries to up the next, and there's a limited amount of money—there are a limited amount of revenue sources to cover those purses. Television rights fees, which—and I see Jim McKay sitting in the audience—that's a difficult thing that the networks are facing tougher fiscal issues these days, so the rights fees there are not the source of income that they once were. Gate receipts, and that's an issue that all of you face, and again the encouraging signs of attendance holding its own in horse racing and even increasing. The percentage of the

handle that would go back into purses, that's a significant contributor and also then, sponsor money. Sponsors, as Lord Hemphill said, in some cases, will pay the entire purse. It's a little bit of a misconception. That's a difficult thing, particularly when you are talking about million dollar plus purses. It's difficult for a sponsor to put that much cash up into the sponsorship because that sponsor then has to come in and pay for the advertising, the promotion, the marketing and so forth, and it's difficult to justify the expenses, and that's a real issue that I think all of you face every day. There are ways to work that out. There's another issue, and that's giving up a name. The Budweiser Irish Derby works, the Budweiser Arlington Million. It's important for a sponsor to get the name and title as Mike Letis said. As well, there's a little bit of a tradition break there. Is anybody ever going to come along and sponsor the Kentucky Derby with a corporate sponsor name? Again, as I mentioned earlier, that's an issue that I think you have to make as the owners and breeders and promoters of the sport—when you're prepared to give up a little bit of the tradition to commercialism, and it's also a decision frankly that the fans of horse racing and consumers of the sponsor's products are going to have to make. Sponsors don't want to do that if there's a negative reaction. So that's a little bit of an evolution that I think we're going through and that's an issue that in some sports it's a little farther along than

horse racing.

And one final point, I suppose, is the age demographic. I mentioned earlier that it works well for Budweiser because we really draw from all adult demographic segments, but other sponsors—that key selling area—is a little bit of a younger audience. And how to attract that 21 to 24 to 25 year old horse racing fan into your sport. That's a real challenge, I think, that we all face—those of us involved with horse racing. I think it's possible through promotion, through the appeal, that you can draw into your sport through some entertainment, co-oping and that sort of thing.

MR. PHIPPS: Any other questions, Chris?

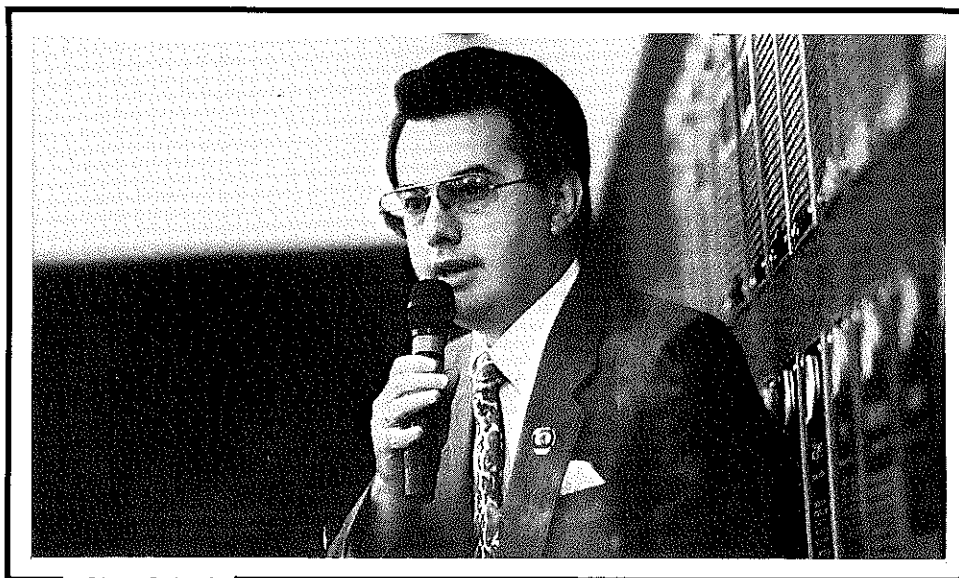
MR. SCHERF: I'd like to follow up that question with Lord Hemphill about name entitlement. And I think a lot of the resistance in American racing to sponsorship has been that somehow we would detract from tradition, and yet we inherit so much of that tradition from England and Ireland, which have gone the corporate sponsorship way, and I'm just wondering about the initial opposition and now that you've done it for several years with the Irish Derby, is that still a lingering question over there?

LORD HEMPHILL: We're not at all worried about that. As I mentioned in my talk, it's essential to keep the name Derby, Irish Derby, but to put on a prefix in the form of a

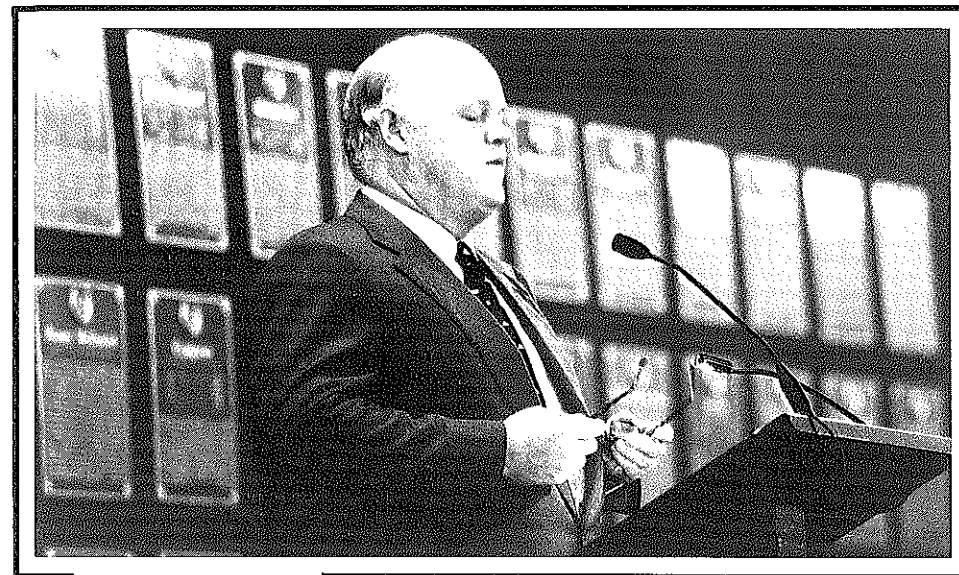
commercial name, such as, Budweiser or any other product name or firm name, that, we feel, doesn't matter at all. But we know that we must do something for the sponsor. We can't expect the sponsor to come along and do nothing for him. We allow the name to precede the name of the race, as long as the name of the race stays itself. If we let the sponsor, which we did in the early days—we allowed the sponsor to have the complete name of the race. In other words, it was the Budweiser Mile and a Half, or whatever. If we did that, we found that we would lose a group or pattern status as a race, and the next time round we would lose that status. And equally so if we had a new sponsor and we wanted to keep the status of the race with the name, the new sponsor wouldn't want to have the old sponsor's name or anything to do with it. So in that way we felt that we must allow it, but as preceding the name of the race.

MR. PHIPPS: Well, thank you very much. I think we ought to conclude at this time, and I want to thank all of the panel for making such an effort to be here, and we certainly enjoyed all of your remarks.

I have a couple of things—Mike is good at selling things, and he's given me a note here and it says "Run for Glory. Story of the 1986 Breeder's Cup." In parenthesis "Narrated by John Forsythe, will have its premiere screening for the press tomorrow at 10:30 A.M. in this room. You are all invited to attend and



Chris Scherf



Ogden Mills Phipps

then it will air on NBC August 23rd from 4:30 to 6:00 P.M." So, we've got your plug in there, Mike. I'm sure they will enjoy it.

Lord Hemphill, you have one thing you'd like to do before we conclude the agenda?

LORD HEMPHILL: Thank you Mr. Chairman. It's just that I felt that to mark the occasion of the first time an Irish Senior Steward has ever been able to address the members of The Jockey Club, I felt that maybe the president of the museum here, Mr. Tower, would like to accept this small gift of Irish crystal.

I wanted just to say that this was very, very, small, but we've a long way to come and couldn't carry anything very large, and I'm afraid it won't look very much in your museum, but I hope it will be as a memory.

MR. TOWER: Lord Hemphill, thank you very much on behalf of all the officers and staff and trustees of the National Museum of Racing and Hall of Fame. We accept this with great pleasure. It was a pleasure for us, both individually, and as a group, our trustees, to hear your very good remarks, and the remarks of the rest of the panel. Believe me, we are very much interested in corporate sponsorship, and we're going to be much more so in the year ahead. Thank you again.

MR. PHIPPS: This almost concludes the 35th Round Table. Last year, I concluded the meeting by speaking about a problem facing the industry. And the industry came together

and solved it. Now I have another important matter I'd like to bring up, and I will preface my remarks with five slides.

(Slides Projected on Screen)

Now action, ladies and gentlemen, really needs to be taken. Racing needs to resolve the medication issue. The press is having a wonderful time writing about it, and the results of some of our major races are taking a second place on the page to the article and the question of medication.

The Jockey Club does not have regulatory function in this area. But we feel strongly that steps should be taken. We are calling on the presidents, the HBPA, National Association of State Racing Commissioners, Breeders' Cup, TOBA, TRA, the Jockeys' Guild, and the Racing Advisory Committee of the American Horse Council, to come to a meeting later this year. The Jockey Club will host this meeting and will fund much needed research to try to get the real facts concerning medication. We will employ the finest chemists available to get the myths discovered and the facts presented. Please remember the public is our ultimate judge and jury. The Jockey Club believes the public would be best served with the medication issue eliminated. Thank you for attending this year's Round Table. I look forward to seeing you next year.

NOTES

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