

THIRTY-SEVENTH ANNUAL ROUND TABLE CONFERENCE

on

MATTERS PERTAINING TO RACING



THE NATIONAL MUSEUM OF RACING

SARATOGA SPRINGS, NEW YORK

Sunday, August 13, 1989

The Jockey Club
40 East 52nd Street
New York, N.Y. 10022

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Prepared by
News Service Bureau
of
The Jockey Club
40 East 52nd Street
New York, N.Y. 10022
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THIRTY-SEVENTH 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 13, 1989

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

Activities of The Jockey Club in 1989 William S. Farish
Vice-Chairman, The Jockey Club

Update on Thoroughbred Racing
Communications, Inc. Tom Merritt
Executive Director, Thoroughbred Racing Communications

Attracting New Owners to Racing

History of the Problem Edward L. Bowen
Editor-in-Chief, The Blood-Horse

Results of the Thoroughbred Owners &
Breeders Association Market Research Study. Robert Clay
Chairman, New Owners' Committee, TOBA

— INTERMISSION —

— Panel Discussion —

THE PROBLEM OF DRUGS IN THOROUGHBRED RACING

R. Richards Rolapp
President, American Horse Council
Moderator

Status of the RCI Committee Efforts. James Smith, VMD
Chairman, RCI Drug Testing and Quality Assurance Program

Problems Associated with the Prosecution of Drugging Incidents
Edward S. Bonnie, Esq., *Member, The Jockey Club*

A Unified Approach in Sanctions for Drug Violations
Russell Jones, Jr., *Member, The Jockey Club*
Member, Pennsylvania State Horse Racing Commission

OPEN DISCUSSION IS ENCOURAGED DURING THE PANEL

Closing Remarks. Ogden Mills Phipps
Program Chairman, John Hettinger

**THIRTY-SEVENTH 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 13, 1989**

IN ATTENDANCE:

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

Dr. Taylor Asbury
Owner/Breeder

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

Thomas M. Bancroft
Chairman, New York Racing Association; Owner/Breeder; Member, The Jockey Club

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

W.R. Rogers Beasley
Director of Sales, Keeneland Association

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

Mrs. John A. Bell
Owner/Breeder

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

Paul W. Berube
President, Thoroughbred Racing Protective Bureau

James H. Binger
Member, The Jockey Club; Chairman, Calder Race Course

Edward Bishop
Registrar, The Jockey Club

William T. Bishop
Attorney

Ellen Bongard
Owner/Breeder

Edward S. Bonnie
Attorney; Member, The Jockey Club, Panelist

Shelby Bonnie
Owner/Breeder

Peter Bournias
National Director, The Jockeys' Guild

Ed Bowen
Editor-In-Chief, The Blood-Horse; Guest Speaker

Dr. Payson Brett
Supervising Veterinarian, New York State Racing and Wagering Board

Harry L. Buch
Attorney; Past President, Association of Racing Commissioners International

Alexander G. Campbell Jr.
Member, The Jockey Club; Owner/Breeder

Norman Casse
Chairman, Ocala Breeders

R. Anthony Chamblin
Executive Vice President, Association of Racing Commissioners International

Alice H. Chandler
Member, The Jockey Club; Owner/Breeder

Helen B. Chenery
Member, The Jockey Club; Owner/Breeder

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

Mrs. George Cheston
Owner/Breeder

Melville Church III
Owner/Breeder

Steve Cipot
New York State Racing & Wagering Board

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

Robert N. Clay
Owner/Breeder; Guest Speaker

Mrs. Robert Clay
Owner/Breeder

Charles Colgan
Executive Vice President, National Steeplechase and Hunt Association

Brownell Combs
Owner/Breeder

Mrs. Brownell Combs
Owner/Breeder

Leslie Combs
Member, The Jockey Club

C. Timothy Cone
Chairman, Fasig-Tipton

James P. Conn
President, Bay Meadows

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

Richard Corbisiero
Chairman, New York State Racing & Wagering Board

Steven Crist
Columnist, The New York Times

Richard Cummings
President, Turfway Park

Robert Curran
Director, Media Relations, Thoroughbred Racing Communications

Dr. Michael Dargan
Senior Steward, Irish Turf Club

Mrs. Michael Dargan

Thomas A. Davis
Attorney

Lord Howard deWalden
Former Senior Steward; The Jockey Club of England

Lady deWalden

Allan R. Dragone
Steward, The Jockey Club; Trustee, New York Racing Association

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

Larry Ensor Jr.
President, Fasig-Tipton

Thomas Mellon Evans
Member, The Jockey Club; Owner/Breeder

Mrs. Thomas M. Evans
Owner/Breeder

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

Mrs. William Farish
Owner/Breeder

J.B. Faulconer
Assistant to President, Oaklawn Park

Dan Fick
Director of Racing, American Quarter Horse Association

Bill Finley
Columnist, Daily News

John M.S. Finney
Owner/Breeder

Bertram R. Firestone
Owner/Breeder

Hugh A. Fitzsimons Jr.
Member, Texas Racing Commission

Richard Floyd
Member, California State Assembly

Dr. Edward Ford
Executive Director, Grayson Foundation

Carol Frey
Owner/Breeder

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

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

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

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

Howard Giordano
President, New York City Off Track Betting

John Giovanni
National Managing Director, The Jockeys' Guild

Stuart Goldsmith
President, Association of Racing Commissioners International

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

Robert Gowan, VMD
Administrator, Quality Assurance Program, Association of Racing Commissioners International

James Gowen
Vice President, Thoroughbred Racing Protective Bureau

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

Leonard Hale
Senior Vice President, New York Racing Association

Richard Hamilton
Racing Steward, New York Racing Association

Arthur Hancock
Member, The Jockey Club; Owner/Breeder

Ike Harris
Member, Texas State Senate

Russell Harris
Columnist

David Haydon
President, The Jockey Club Information Services

David Heckerman
Editor, Thoroughbred Record

James P. Heffernan
Attorney

John Hettinger
Steward, The Jockey Club; Owner/Breeder

William Hettinger
Owner/Breeder

James Hill, DVM
Owner/Breeder

Mrs. James Hill
Owner/Breeder

Joe Hirsch
Columnist, Daily Racing Form

Clyde Hirt
Columnist, Sports Eye

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Owner/Breeder

Frank Hopkins
Vice President, Maryland Breeders

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Mrs. G. W. Humphrey
Owner/Breeder

Robert Jack, DVM
Executive Vice President, American Association of Equine Practitioners

Eugene Jacobs
Trainer

John W. Jacobs
Owner/Breeder

Walter M. Jeffords
Member, The Jockey Club; Owner/Breeder

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

Russell B. Jones
President, Thoroughbred Owners and Breeders Association; Member, The Jockey Club, Panelist

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

Sam Kanchuger
Director, News Service Bureau, The Jockey Club

John Keitt
Attorney, Rogers & Wells

Donald Krause
Treasurer, Thoroughbred Racing Protective Bureau

Peggy V. Kumble
Trustee, New York Racing Association

Hon. Lawrence J. LaBelle
Judge, Saratoga Springs

John T. Landry
Member, The Jockey Club; Owner/Breeder

A.G. Lavin, V.M.D.
Owner/Breeder; American Association of Equine Practitioners

Robert Lawrence, Ph.D.
Director, Equine Industry Program, University of Kentucky

Michael Letis
President, Sports Marketing and Television International

Penny Lewis
Trainer

Martin L. Lieberman
Senior Vice President, New York Racing Association

Bennett Liebman
Member, New York State Racing and Wagering Board

Jane duPont Lunger
Owner/Breeder

Horatio Luro
Trainer; Owner/Breeder

Patrick Lynch
Writer

Earle I. Mack
Commissioner, New York State Racing Commission

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Robert Mahaney
Attorney

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Chief Financial Officer, The Jockey Club

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Director, Equine Drug Testing, Cornell University

Peter McBean
Member, The Jockey Club; Owner/Breeder

Jon J. McClosky
Ways & Means Committee, New York State Assembly

C.R. McGaughey III
Trainer

Jim McKay
Member, The Jockey Club; Sports Commentator, American Broadcasting Company

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Steward, The Jockey Club; Owner/Breeder

Winston McKellar
Chairman, Arizona Racing Commission

Gerard J. McKeon
President, New York Racing Association

Gene McLean
Executive Vice President, Kentucky Thoroughbred Association

Thomas M. Meeker
President, Churchill Downs

Thomas Merritt
Executive Director, Thoroughbred Racing Communications

MacKenzie T. Miller
Trainer

Mrs. James P. Mills
Owner/Breeder

Bill Mooney
Writer, Thoroughbred Times

John E. Mooney
General Manager, Delaware Park

Betty Moran
Owner/Breeder

Paul Moran
Columnist, Newsday

James B. Moseley
Member, The Jockey Club; Owner/Breeder

Joseph P. Neglia
Member, New York State Racing & Wagering Board

John A. Nerud
Trainer; Owner/Breeder

Nick Nicholson
Director, The Jockey Club

Patrick W. O'Brien
Retired New York Racing Association Official

Dr. Joseph C. O'Dea
Member, New York State Racing and Wagering Board

Michael O'Farrell
Florida Breeders Association

Dr. Dewitt Owen
American Association of Equine Practitioners

Virginia Kraft Payson
Owner/Breeder

W. Haggin Perry
Member, The Jockey Club; Owner/Breeder

Mrs. W. Haggin Perry
Owner/Breeder

Stanley D. Petter
Owner/Breeder

James W. Phillips
Member, The Jockey Club; Owner/Breeder

Ogden Phipps
Member, The Jockey Club; Owner/Breeder

Ogden Mills Phipps
Chairman, The Jockey Club; Owner/Breeder

Mrs. Ogden Mills Phipps
Owner/Breeder

Lonny Powell
Coordinator, Race Track Industry Program, University of Arizona

John Pricci
Columnist, Newsday

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Owner/Breeder

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President, Garden State

Calvin S. Rainey
Former Executive Director, The Jockey Club

Dr. William O. Reed
Veterinarian; Owner/Breeder

David P. Reynolds
Member, The Jockey Club; Owner/Breeder

John C. Rice
Attorney

Lyle G. Robey
Chairman, Kentucky Racing Commission

R. Richards Rolapp
President, American Horse Council; Moderator

Richard Sams, DVM
Veterinarian

Timothy H. Sams
Member, The Jockey Club; Owner/Breeder

Ernest L. Samuel
Member, The Jockey Club; Owner/Breeder

Chris Scherf
Executive Vice President, Thoroughbred Racing Associations

Kenneth Schiffer
Steward, The Jockey Club; Owner/Breeder

Mrs. Kenneth Schiffer
Owner/Breeder

Paul Schosberg
President, New York Breeders

Steven Schwartz
Executive Director, New York Racing Association

Edward Seigenfeld
Vice President, Marketing, New York Racing Association

Bayard Sharp
Member, The Jockey Club; Owner/Breeder

Mrs. Bayard Sharp
Owner/Breeder

Wayne Shumate
President-Elect, Association of Racing Commissioners International

Martin Singerman
President, NEWSAMERICA

Dr. James Smith
Chairman, Association of Racing Commissioners International Medication Commission; Panelist

Joe Smreker
First Vice President, Association of Racing Commissioners International

Harry D. Snyder
Commissioner, New York State Racing Commission

Viola Sommer
Member, The Jockey Club; Owner/Breeder

Hans J. Stahl
Executive Director, The Jockey Club

Mike Steele
President, Horsemen's Benevolent & Protective Association

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

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Owner/Breeder

Charles P.B. Taylor
Chairman, Jockey Club of Canada; Member, The Jockey Club

Shirley Taylor
Member, The Jockey Club; Owner/Breeder

Charles Thieriot
Member, The Jockey Club; Owner/Breeder

Mrs. Charles Thieriot
Owner/Breeder

Whitney Tower
President, National Museum of Racing

Michael Trager
Sports Marketing Television International

Richard Turner
President, AmTote

Mrs. D.G. Van Clief
Owner/Breeder

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

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

John Veitch
Trainer

Michael Veitch
Columnist, The Saratogian

S.E. Veitch
Trainer

R. Violette
Trainer

John Von Stade
Owner/Breeder; President, National Museum of Racing

Charles Wait
Trustee, New York Racing Association

Nigel Wallace
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Thomas M. Waller
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Mrs. Thomas Waller
Owner/Breeder

Barry Weisbord
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William H. Welch
Executive Administrator, New York Thoroughbred Breeding & Development Fund

Dr. R. Smiser West
Veterinarian; Owner/Breeder

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Member, The Jockey Club

Thomas P. Whitney
Owner/Breeder

Wheelock Whitney
Member, The Jockey Club; Owner/Breeder

Cliff Wickman
Past President, Thoroughbred Racing Protective Bureau

Richard Wilcke
Maryland Horse Breeders Association

William H. Williams
General Manager, Daily Racing Form

Donald Willmot
Member, The Jockey Club; Owner/Breeder

Jacques D. Wimpfheimer
Member, The Jockey Club; Owner/Breeder; Secretary, Thoroughbred Owners and Breeders Association

Louis E. Wolfson
Owner/Breeder

Mrs. Louis Wolfson
Owner/Breeder

William T. Young
Member, The Jockey Club; Owner/Breeder

David L. Yunich
Trustee, New York Racing Association

David Zdunczyk
Director, National Museum of Racing

OBSERVERS:

Bernard Hettel
Dr. & Mrs. McKelvie
Pam Stokes
Hilmer Schmidt

Carmine Donofrio
Fran Connors
Mr. & Mrs. von Wiesenthal
Jim FitzSimmons

Henry White

WELCOME by OGDEN MILLS PHIPPS: I want to thank you all for coming this morning to the 37th Annual Round Table Conference On Matters Pertaining To Racing. I want to especially thank three individuals for being here today: Michael Dargan, Chairman of the Irish Turf Club, Charles Taylor, Chairman of the Jockey Club of Canada, and the former Senior Steward of the English Jockey Club, Lord Howard DeWalden. I thank all of you for being here and hope that you'll come back next year. One other word. Whitney Tower and John von Stade and the Trustees of the Racing Museum make this wonderful room available to us every year and we thank them and support them in their endeavors, and we really appreciate the use of this room every year.

The first order of business is the activities of The Jockey Club for 1989 and Will Farish, Vice Chairman, will bring you up to date on those.

WILLIAM S. FARISH: Thank you, Dinny. I would like to report briefly on 8 areas of endeavors that have occupied much of our time during the past year.

The highlight of our year has certainly been the relocation of the entire registration department to Lexington. The 1988 foal crop is the first to be registered in Lexington. We feel very optimistic that we are on the right track in making this move. Judging from the feedback we have received from breeders throughout the country, the transition has been smooth and the improvements we have been able to implement are being well received. The staff has done a great job during this difficult transition. We are very pleased with the caliber of fine people who have joined The Jockey Club staff in the Lexington office and feel that the level of service given to the industry should continue to improve. We have 116 people working in the Lexington office—that's 25% less than we had in New York—and we feel like we're doing a far more efficient job. One example of the new program that has been well received by the industry has been the 800 customer service phone system. Since we met last year this system has already logged in 140,000 calls.

Since this is the last year of the decade of the 80's we thought it would be appropriate to put in perspective the current status of the size of the foal crop. The early 1980's was a time of growth which peaked in 1986. In fact, all of the growth of the foal crop occurred during the first part of the decade. It appears that the foal crops of 1987, 1988 and 1989 are each smaller than the preceding year. This is approximately a decline of 52,000 to 48,000 foals. It is interesting that by the end of the decade the percentage increase of the foal

crop for the 1980's is almost the same as the 1970's. The demand for Thoroughbreds on the other hand shows signs of growing during the 1980's. There are 11 states that approved pari-mutuel wagering since 1983. There will be a significant number of metropolitan areas in the United States that will race during the 1990's that did not during the 1970's. Purses have increased during the decade. From 1980 to 1988 purses have increased a strong 64%. This represents an increase of 465 to 800 million. This October for the first time The Jockey Club will publish the Stallion Breeding Summary. This report will be possible because of the live foal-no foal reports turned in by the breeders. This report is scheduled to contain the name of the stallion, the number of mares bred, live foals, barren mares and no foals reported. The first report will contain the breeding years of 1987 to 1988. Then each year we'll submit an annual update to the industry. The report will be made available to the media, and sent to everyone requesting a copy. The media has been asking this for years and we're very happy to be able to accommodate them.

The Jockey Club in January announced the formation of a wholly-owned subsidiary, The Jockey Club Information Systems Inc. This corporation is involved with several important functions including auction sales catalogs and equine line, an operation specializing in on-line statistical information. Receipts from this company will be put back in the industry through various important projects. The company's formation documents the distinction between these functions and the breed registry. There has also been significant progress on several industry

projects over the past year. Equine research is a critical area that we cannot afford to ignore. Last year we reported that we intended to merge The Jockey Club Research Foundation with the Grayson Foundation. We are pleased to report that the merger has taken place. Both Boards have agreed and the new merged Board has already held its first meeting. The name of the new Research Foundation is the Grayson-Jockey Club Research Foundation. We feel very strongly that the larger endowment made possible by the merger of the two organizations, combined with the proven scientific advisory committee which analyzes proposed projects, will lead to more funding and better research projects.

Certainly the quality of the performance of racing judges and stewards is one of the foundations of this sport. In order to assure that this foundation is solid, The Jockey Club has worked with the Association of Racing Commissioners International and the Thoroughbred Racing Associations and formed the Thoroughbred Racing School of Officials. The first class will be from November 6 to November 18 and will fall under the coordination of the University of Louisville. Applications for this class began to be received August 1st and from those we have already received, it is clear the first class will be outstanding. We are pleased with the acceptance and the cooperation this project has received and would like to thank the volunteers who served on the curriculum committee to make it possible.

Thoroughbred Racing Communications, a partnership of The Jockey Club, the TRA, the Breeders Cup and the HPBA, created in 1986 and located in The Jockey Club Offices in New York, has had a very successful year. TRC's job is to increase the media attention racing receives. It is not to promote TRC and

MR. PHIPPS: As you know, TRC was born in this room not many years ago and as Will has said it hasn't been the job of TRC to promote itself. It's been the job to promote the industry. I think it's about time you really hear what TRC has done and why the Board of TRC is very proud of Tom Merritt and his staff, and their accomplishments. Tom.

THOMAS S. MERRITT: Good Morning. It's a privilege to be here and present you with an exciting story about your industry.

thus you may not hear much directly from TRC. But they are working with national networks, television shows, sports editors and feature writers across the country. The performances many of us have seen of Julie Krone on the "Today" Show, on the cover of Sports Illustrated along with Bill Shoemaker, are direct results of work by this organization.

During the past year The Jockey Club Committee on Medication has pressed forward with its lasix study at Philadelphia Park under the direction of the University of Pennsylvania School of Veterinary Medicine. We are particularly grateful to Philadelphia Park, the Pennsylvania Horse Racing Commission and the Pennsylvania Division of the HPBA for their cooperation in having this study conducted under actual racing conditions, the first of its kind.

All the data needed to complete this study has now been gathered and at the present time that data is being analyzed and then it will be submitted to an appropriate academic panel before the results can be published. It is anticipated that this will be available in late autumn of 1989.

The ownership registry has been approved by the California Horse Racing Board for immediate implementation. This program has not moved as quickly throughout the country as we had initially hoped, but with California's participation now the other states will join and the industry will have the many benefits of a national ownership registry.

As you can see, The Jockey Club has been busy and much has been accomplished during the past year. We look forward to continued improvements in our basic services and our level of assistance to all aspects of the sport. Thank you.

And it's more than a two year story of TRC. It's a story of cooperation within an industry that has taken action to help itself in an area

of critical importance, namely its media image. If you or your organization has helped TRC speak up for racing, I thank you. I hope your cooperation and support will continue. I hope your pride will grow. If you've yet to be involved with TRC or its projects, I hope the presentation you are about to see this morning will encourage you. I want to take this time to personally thank all the participants in the Thoroughbred industry for giving me the unique opportunity to represent the sport. Special thanks are clearly in order for the TRC staff: Bob Curran, Rob Schneider, Howard Bass, Peggy Hendershot and Jenifer Van Deirse, who make the many exciting achievements that you're about to learn about possible.

And one final note of thanks for this morning's presentation goes to Tom Durkin who provided his voice for the narrations for the film you're about to see. Here then is TRC's story.

VOICE OF TOM DURKIN (ON FILM): The Jockey Club Round Table, August 1986. Thoroughbred racing needs a voice in the nation's media to bring racing's message to new fans, new markets. Thoroughbred Racing Communications is created. The Jockey Club Round Table, August 1989. In just 3 years, Thoroughbred racing is gaining that voice and a face and a favorable image through regular appearances in major national publications and on network television. Thoroughbred Racing Communications, Inc. is at work. Six million viewers witnessed the beauty of Thoroughbred racing through the eyes of painter Richard Stone Reeves during a profile on "CBS Sunday Morning," with Charles Kuralt prompted by TRC.

A million viewers watched Julie Krone talk racing with Larry King. An appearance arranged by TRC.

Nearly 7 million copies of Woman's Day featuring jockey Diane Nelson are sold at the nation's checkout counters. Coverage coordinated by TRC.

A gallant claimer named Jean whose life is spared for \$150 goes on to not only win races but national attention in Newsweek and on ABC's "World News Tonight." TRC makes it happen.

In the process of serving the media TRC starts impressing the media, taking stories and personalities to new and receptive audiences across the country. Nick Charles of CNN Sports says TRC offers all media a ready source of timely and eye-opening information. It's indispensable and TRC's credits

continue. Five fascinating women in racing are introduced to the 350,000 readers of Lear's Magazine. Over 2 million passengers on Southwest Airlines read about Chris McCarron in the February issue of this in-flight magazine.

ABC's sports commentator Dick Schapp has this to say. "Like most journalists I have a healthy distaste for press releases and many of them go straight into the wastepaper basket unopened. But not the weekly bulletin from TRC. I look forward to it and I find ideas in it. Ideas for stories I have done on ABC. The oldest jockey in the U.S. for instance and the winningest claiming horse are items I use in my daily column. The TRC report is exceptional."

Thanks to TRC, readers of Sports Illustrated, Business Week and the Sporting News are introduced to aerodynamic silks prior to their Breeders' Cup Debut. Eclipse Award winner Jenny Reed of the Louisville Courier Journal says it's now possible for us to get information that was difficult to obtain in the past. "From my perspective TRC has made a tremendous difference." Tex Sutton, the impresario of Thoroughbred air travel, comes alive on the pages of the Wall Street Journal and Air and Space magazine. More coverage obtained through TRC.

TRC also provides radio news feeds and interviews. Shelley Whitfield, Director of Sports and Executive Producer for ABC Radio Network, adds his thoughts on TRC. "For those of us with a keen interest in Thoroughbred racing, TRC has been a gift from heaven. Not only has their publication been a tremendous help, we receive great benefit from their timely supply of objective audio cuts. TRC is a great shot in the arm for the industry."

But TRC doesn't just place news, it makes news. Through satellite news conferences involving 10 to 12 PB stations in a 2 hour period. Through the discovery of the Maryland family that didn't know they had named Sunday Silence. And through the weekly national Thoroughbred poll that gives the country's leading horses prominence in the nation's newspapers on a regular basis.

This TRC-published guide to a Day at the Races helps support any racetrack effort to teach the sport to newcomers. TRC even arranged photo coverage of Julie Krone presenting Winning Colors' horseshoes to President Bush at the White House. And there's this lifesize Julie Krone poster and growth chart to help her growing legion of young

fans measure up. TRC's success has meant much more than the media acceptance and appreciation.

Tim Schmad of Ak-Sar-Ben says, "Being in Omaha we lack the national exposure of some racing centers, but TRC has helped tell what's happening here to media throughout the country." In its short history Thoroughbred Racing Communications' contributions to the sport can be measured in more than goodwill. There is a bottom line. A dollars and cents bottom line.

There was a Johnny Carson Show. A "CBS News Sunday Morning" Feature on Sunday Silence.

The back cover of Sports Illustrated sells for \$131,000. The front cover can't be bought. But TRC put Julie Krone there and on 14 inside pages. The bottom line is that TRC has not only shown a return on the investment made in it by the sport, it has multiplied that return a couple of times over in outstanding national media coverage.

Thoroughbred Racing Communications. It is working for racing every day. It's up to racing to keep it working.

MR PHIPPS: So an idea was born here not too long ago and I think it's borne fruit. I think all of the organizations should be justifiably proud of their accomplishment with TRC.

Next item on our agenda is Attracting New Owners to Racing.

Ed Bowen, Editor-in-Chief of *The Blood-Horse*, is going to talk on the history of the problem. Ed.

ED BOWEN: Thank you very much. I noticed in the Saratoga Performing Arts schedule that the Bee Gees, whoever they are, are performing tonight. And I found out that they're a famous rock group, so I look forward to telling my teenage daughters that the Bee Gees and I played Saratoga at the same time and between the two of us got a crowd of thousands.

When I received the invitation to speak today my pleasure and surprise were quickly tempered by the harsh realization that I had no idea how to carry out my assignment. In this wonderfully fragmented industry of ours, as you will recall, it took 20 years of starts and stops merely to generate a proper census of horses. The American Horse Council was able to do that just a couple of years ago.

Insofar as the number of owners however, as far as I can determine there is still no

tracking system of statistics relative to that in North American Racetracks. Now each state racing commission, of course, can give a report at the moment as to how many licensees they have but you cannot simply add that altogether and have a meaningful number because if you're licensed in 5 states you would count 5 times. So with the proviso that the industry does not lend itself to aggregate definitive census trends, let me give you some examples of ways that we might be able to get estimates of the trends and number of owners.

Perhaps surprisingly, in several of the major states that I was able to get information from, there has been an increase of licensed owners as opposed to a decrease. In Florida for example, there were 3,430 licensed owners in the 1986-87 fiscal year and that grew slightly by 400 by the end of the next year. In Kentucky over the last 4 years the number of licensed owners has risen by 1,000 up to a total of 6,000.

I hasten to point out, however, that I do not view these statistics as refuting the prevailing thought that recruitment of new owners is a proper, vital and obtainable goal for Thoroughbred racing. There is no breakdown in any of these figures as to how many of these licensees are members of partnerships, how many have 1 horse, how many have more than 1 horse or anything about it. The impression is that this is not a growth industry, however. And this is underscored right here in New York. The New York State Racing and Wagering Board reports total licensed owners for the last completed year, 4,242 licensees. This is not only static, it's down slightly by about 60 owners from the previous year. Perhaps the best statistical compilation to estimate the size of the industry in number of owners is the membership of the National Horsemen's Benevolent and Protective Association. Nevertheless, even this is incomplete for it excludes the licensed owners in those states which now have alternative horsemen's representatives. Nevertheless the HBPA office in New Orleans tells me that its current ranks number 44,776 owners who are licensed only as owners. There are an additional 3,988 who are licensed as owners and trainers. How many owners think they are qualified to be trainers is a statistic I don't know. But there are some of those out there too.

This gives us a total of 48,764 licensed owners. Mike Steele, the President of the HBPA however, pointed out that even though

the association attempts to screen for duplications, that he would estimate there are approximately 10% fewer than that. Thus, if we take all of these figures and estimates, round them up slightly to account for the associations in Kentucky and Maryland, we might presume there are about 45,000 individuals licensed to race Thoroughbreds.

The programming to track the year by year pattern in this, is not yet in place but the most sobering thing I ran across is this. Independent of each other, both Tony Chamblin, formerly of the HPBA, and Elmer Gibbons, in that spot now, both estimate that in a given year 30 to 35% of those owners drop from the rolls.

That means you've got a revolving door here. You've got to replace approximately 1/3 of your owners each year just to stay even. Now even though that is an estimate that is not specific, that impression is very sobering I think. Ultimately I would hope that the tracking of these figures would be a by-product of The Jockey Club's ownership registry, if and when it is adopted in all jurisdictions.

Insofar as the breeding segment of the industry is concerned, The Jockey Club reports there are currently 28,700 active breeders. That is breeders of foals of 1988. That accounts for a crop of about 49,000. So if there's 29,000 breeders to produce 49,000 foals, you can tell how many of those breeders are breeders of 1 or 2 foals.

I know a lot of you are of the opinion that there is an overproduction of foals, but if you look at that figure of breeders and think about the impact of even a small reduction of horsemen in that sphere, it wouldn't take a very big percentage decrease for there to become a shortage of horses.

I come now to a factor that has created an obstacle for recruitment and equally important, the retention of owners. I don't address this as the only factor and I don't suggest it's the only significant hurdle to overcome. The factor I'm speaking of is, of course, the 1986 tax changes. This deferred the taking of deductions on losses from passive income until termination of an activity. Along with this inventive literature came complicated baggage such as requirements for material participation and pages and pages of attempts to define what material participation is. Roughly the guideline, as I can grasp it, is that an individual can qualify as a material participant if he spends 500 hours a year in an activity, or he can spend 100 hours in the activity and still, by other means, other docu-

mentation, prove that he is a material participant on a regular continuing basis.

Among the immediate impact of this change, of course, is that it instantly places the participant in a limited partnership in a different posture. Cot Campbell whose Dogwood Stable has been a leader in such partnerships described it this way, and I quote:

"It's a tougher game than it used to be. I found the first year many of our clients were bored with hearing about tax changes. A year later however, when their noses had been rubbed in the realities of the situation, some of them did tend to become a little bearish. The main thing to point out is that the horse business is not quite the devotish, faddish, chic thing to be involved with it was 5 years ago, although it's probably healthier than it has ever been in a number of other ways."

A more pessimistic view was expressed to me by Phil Owens of the American International Bloodstock. Again I quote:

"Recent tax legislation while perhaps generating short term revenue for the government has nearly destroyed many businesses, including the horse industry. Perhaps the single most important issue is the passive income law. Our complaint is that the entire horse business is now being treated as a tax shelter industry. And in fact, the industry was never a tax shelter industry in the sense of cattle feeder deals, oil well drilling and so forth. It is very hard to tell you everything in one letter on how the tax reform has crippled the industry. If I did it would look like the sequel to 'War and Peace'."

In general, the increased complication on material participation would seem likely to direct stables towards general partnerships rather than limited ones. But then think of the logistical drawbacks of having a partnership in which each of the members has to demonstrate material participation in decision making. Imagine being the trainer of one of those stables.

Reduction on tax rates also has had an impact on the tax shelters of many industries which in the words of Rich Rolapp in effect "lost their subsidies." The horse business is among those industries affected by those tax changes.

So where do we stand? In my opinion the emphasis by tax law on investing in profit making operations instead of loss operations need not be assailed on philosophical terms. Certainly, however, the horse business is positioned differently from any other business. It is important that recruitment of

owners be based on reality insofar as the opportunity to realize a profit. With neither false hopes built nor undue pessimism expressed. Fighting for better tax treatment might eventually succeed but in the interim racing must carry on, playing the card that it has been dealt.

There are many facets in this industry in which the horse is not central to all decisions. But in the ownership of Thoroughbreds the decision to enter racing is only a wise decision if an individual has the psychological makeup to derive pleasure, excitement and fulfillment from his involvement with a noble animal and an enthralling sport.

I have great confidence in the Thoroughbred and mankind's sporting nature as a viable combination. I think it is important for those in the industry to constantly be bringing that combination together being careful that it's the right person set up in the right way, because if you can get the Thoroughbred and mankind in the proper relationship you have one of life's real rarities and that is a honeymoon that lasts forever.

Thank you very much.

Now I've also been asked to introduce the next presentation. The second part, the intelligent part of the whole idea about ownership recruitment is going to be presented by Robert Clay who is Trustee of the Blood-Horse, the owner of Three Chimneys Farm, and he is head of the New Owners Committee of the Thoroughbred Owners and Breeders Association. Robert Clay.

ROBERT CLAY: On behalf of the TOBA, I want to thank you for this opportunity to update you on the TOBA New Owners' Committee, and specifically to give you the results of some of our on-going projects. The TOBA New Owners' Committee was established last August in Saratoga as a response to an outcry from the breeding industry to establish new customers for an ever-expanding population of horses. Our mission is to track, educate and keep new and existing owners in the sport of Thoroughbred racing, hoping that in the process an awareness is raised within the industry of the need of catering to new and potential owners. As we began to define our mission we realized that the racing sector of the industry was also aware of the need for new owners. The Jockey Club Gold Cup, run last year for a purse of \$1 million with only 4 starters, was an example of why both racing and breeding could mutually benefit from more owners.

During the last 12 months the New Owners' Committee has been working on several projects, some of which I'd like to report to you today.

Our first project was to conduct a survey of a market in order to determine why people get in the racing game and maybe more importantly, why they get out. The Blood-Horse Magazine graciously agreed to sponsor a research project which was conducted by Emcee Square Consulting during the months of January through March.

Telephone surveys were conducted among 411 established owners defined as being in the industry for at least 5 years, 225 new owners defined as entering the business within the last 5 years, and 67 owners that had decided to leave the game. When asked what aspects of Thoroughbred ownership our respondents found most attractive and appealing, the horses themselves and the thrill and excitement of ownership scored highest among all groups; the financial gain was rated as a significantly lower third.

When questioned about the rewards and benefits derived from being an owner, once again the leading reason was for the fun and excitement of being an owner of the sport and personal satisfaction with financial gain third.

Note that established owners did reap more financial rewards than new or existing owners. When questioned on what problems were encountered as new owners, all groups responded highest, and not surprisingly to most of us, that cost of ownership was the biggest problem, with lack of information or knowledge and communication with trainers listed as second and third. Various categories listed as problems encountered included: problems with horses (which was especially high among exiting owners), honesty and integrity, registration, licensing, elitism and racetracks.

When asked the major obstacles currently preventing people from becoming owners there was an overwhelming response that finances—the costs of buying and maintaining animals—was the major obstacle, with lack of information, relationship with trainers, honesty and integrity and lack of press recognition also being mentioned.

Trainers received the poorest marks for their willingness to teach new owners about racing and for their willingness to communicate with the owner. In both cases, established owners, owners in the game more than 5 years, came down hardest on trainers.

In the trainers' defense, however, 43% of the established owners and 55% of the new owners encountered no problems with trainers.

As for racetrack experiences, over 60% of new owners responded they had no problems with racetrack experiences and 44% of established owners answered the same. The biggest problem seemed to be availability of stalls and access to the Turf Club.

In trying to determine why people are leaving our business, we found an overwhelming response that it was too expensive to own racehorses. Other problems mentioned were family problems, the loss of interest in racing and horses not winning.

When asked what may have kept exiting owners around longer: better purses, better horses and more knowledge were the predominant answers.

The primary conclusions we've drawn from this research is that the reason people get into our sport is for the fun, the excitement and the thrill of racing. And the reason they get out is because they can't afford it. Or they don't have enough knowledge about it. It's apparent that we must continue to sell our sport for its excitement. And concern ourselves with economic welfare of the owner, through increased purses and more favorable tax treatment, while at the same time continuing to educate the public.

In addressing these presumptions, our committee decided to design a few projects on an extremely limited budget that could help us determine if we can make some difference. When we discovered that there were approximately 60 million racetrack programs printed in North America in a year, we decided to ask racetracks to place our complimentary ad in their programs when space was available. These are direct response ads and today we received over 450 responses from over 16 racetracks across the country.

Anyone responding to the TOBA office receives a free issue of the Blood-Horse Magazine along with the TOBA's new brochure on investing in Thoroughbreds and a qualifying questionnaire. It's our hope, of course, that the respondent may have enough interest to subscribe to a trade journal, and at the same time will take some of the advice that's given in this how-to booklet which was printed for our use with the compliments of the Keeneland Association. These booklets are available, by the way, in the hall outside. Hopefully, you'll take one and then take it home and give it to a friend.

Our next project includes 5 seminars to be

held at racetracks across the country during the fall. The first one which was held at Del Mar on August 9th was quite a success, by the way. It is our intention to attract potential new owners to these seminars which will be held in the Turf Clubs of the respective racetracks on the days of the stakes races. We're hopeful that the panels will consist of owners and trainers of horses in the stake that day, and that each of them will relate their own experiences as to the thrill and excitement that they experience in owning a racehorse.

Please contact the TOBA office if you're interested in attending any of these seminars, as we're interested in establishing dialogue between existing owners and potential owners.

Some future projects under discussion are the possibility of a new owners' sale, in which new owners will be invited to purchase horses with existing TOBA members as their partners, when the process of attempting to structure such a sale would not be complicated by securities laws. We're also discussing the possibility of establishing an owners' data base for use by the racing press so that owners may get more recognition. We'll be considering an ownership video that tracks could play over their closed circuit systems during race days.

We realize that attracting new owners into the sport of Thoroughbred racing is not something that can be done by any one group of people. The TOBA has decided to do something rather than nothing. Part of our mission is to raise the awareness level of the need for new owners, hoping to discover more creative ways by which all sectors of our industry could attract new people. There are shining examples of innovation taking place every day: Customer conveniences at Arlington Park and at Laurel, press relations at the TRC, national exposure with the Breeders Cup, the Code of Ethics established by the newly founded Thoroughbred Agents and Consultants Association. And increasing purses across the board.

As each aspect of our industry strives to make itself better, entry into our sport will become more attractive. Our Committee welcomes any suggestions you may have. Please do not hesitate to give us a call. Thank you very much.

(INTERMISSION)

MR. PHIPPS: Mr. Richards Rolapp who is President of the American Horse Council is going to serve as Moderator of a panel after which we will invite you to ask any questions that you would like. Rich.

R. RICHARDS ROLAPP: Good morning, Ladies and Gentlemen. And so here we are again. The subject of our panel today is the Misuse of Drugs in Racehorses and has been discussed and debated at industry meetings such as this for several decades. But no subject is more important or more deserving of our attention and reconsideration. We are addressing the fairness and basic integrity of racing and the credibility of our sport. We are talking about honest racing. Racing that maintains a level playing field for the participants and that inspires the confidence of our patrons. Since the 1930's our industry has extended great effort to control drugs that are known to have pharmacological effects on the physiological and chemical systems that control the performance of the horse.

Historically the use of narcotics, stimulants and depressants has been considered illegal in pari-mutuel racing and has caused grave concern due to the unfair advantage obtained by unscrupulous individuals. Shortly before World War II drug testing was introduced into American racing, and since 1962 all racing states have adopted rules which prohibit the administration of drugs which can affect horse performance.

Our industry began to deal with a new aspect of drug policy in the second week of May, 1968 when newspapers across the country headlined Doped Horse Wins Kentucky Derby. For the next two decades we argued over the controlled and uncontrolled use of non-steroidal, anti-inflammatory drugs such as Phenylbutazone. And then the bleeder medication, Furosemide or Lasix, and so today drugs used in racehorses can be categorized into two major groups: Those that have acceptable medical use to restore normal function, and those that are unacceptable in racing because they alter normal function or markedly interfere with testing procedures.

We do not intend to spend much time this morning discussing Bute and Lasix. But I would like to make the following points. In 1980, the NASRC adopted unanimously uniform guidelines on medication permitting the use of Bute and Lasix under certain controlled conditions.

Those guidelines were drafted by a group of scientific experts, chemists, veterinarians,

pharmacologists and regulators and represented the best thinking of the time. They were amended in 1986 after research was conducted on the pharmacological effect of Bute and its potential for interference with drug testing.

The purpose of these guidelines was, in part, to address the threat of federal legislation in the form of the so-called Corrupt Horse Racing Practices Act, because leaders in the industry had assured Congress that the industry could adopt, on a state-by-state basis, national minimum standards eliminating the need for federal action.

The guidelines were intended to provide the states with a model rule on controlled medication to improve and protect the health of the horse, while at the same time preserving the integrity of the contest.

Here we are in 1989. And I'm not aware of one jurisdiction that has fully adopted these guidelines as regulatory policy. This leaves us vulnerable. Vulnerable to valid public criticism to which we must respond, and vulnerable to another threat of federal legislation. In this day when racing has become a national sport, with many horses racing in many different states during the course of a racing career, it is unreasonable and unfair not to have consistent and enforceable minimum standards with respect to the use of therapeutic medication. Unfair to the public and unfair to the horsemen. There continues to be a need for a national policy on controlled medication.

Secondly there is a desperate need for quality research into the effects of drugs on horses. Before we go ahead and write rules we must know the facts. Too often important policy decisions in our industry have been made on the basis of perceptions and not realities. We are spending approximately \$25 million per year on drug testing in the United States today and comparatively little on research.

Only now has The Jockey Club funded important research on the effect of Lasix on bleeders. Research that promises to answer questions that should have been answered 15 years ago. It is hoped that the conclusions of this research can be used to re-evaluate and revise our regulatory policy on Lasix should it appear necessary to do so. But the major problem in racing today does not emanate from the controlled or uncontrolled use of medication. It relates to the ineffective control of those drugs which can be administered to a horse illegally to effect its per-

formance.

With the increasing activity of the chemical and pharmaceutical industries in this century, the identification and synthesis of increasingly potent drugs and the development of new classes of pharmaceutical agents, the potential for the misuse of drugs in racehorses has increased substantially.

What do the cheaters do? They rely heavily on the inability of testing laboratories to find illegal substances. The important question on the backstretch is not what the rules prohibit, but what the testing laboratory can find and, if so, what is the degree of sensitivity of the test employed by the laboratory? Consequently, the battleground for the integrity of racing today is not so much the rules, but the efficiency of the use of industry resources to find prohibited substances and present cases to adjudicators that will stand the test of administrative review.

Conclusive evidence that our problem is serious was provided by the introduction in 1987 of a new and more sensitive testing procedure, the so-called Elisa Test. The results of the introduction of these procedures into routine post-race testing were alarming. Substantial patterns of abuse were discovered wherever these tests were utilized. It became clear that undetectable drugs were widely used in certain jurisdictions and that potent new drugs were continuing to find their way to the racetrack despite extensive surveillance and procedures. Responding to this crisis a few leaders in racing decided to act and discussions led to the reorganization and restructuring, last year, of the Racing Commissioner's International Drug Testing and Quality Assurance Committee.

Building on the foundation that was laid when a quality assurance program was first proposed in 1981 and established in 1984, the RCI committee was restructured to include representatives of all major national organizations from all types of horse racing: Thoroughbred, quarterhorse and harness racing.

Industry groups committed their resources to the establishment of a well financed program and the committee employed a full time administrator, Dr. Robert Gowen, who has been effectively pursuing the objectives of the committee since August 1988. Dr. James Smith, Chairman of the Committee will report to you this morning on what has been accomplished. I will not speak in detail about the work of the Committee except to say that it deserves the support of every regulatory agency in racing and

all of us in this room. For the first time we have a national resource. A national resource of expertise and assistance on drug-related problems. No racing jurisdiction, not one, is able to establish satisfactorily its own program of uniform testing, quality assurance and research, mainly because of financial constraints. For this reason a coordinated national program has been developed so that each jurisdiction has access to equal expertise, adequate facilities and equipment and current research data.

It is not in the best interest of any jurisdiction to abstain from participation in the program. Our industry is only as strong as its weakest link. Some states might be inclined to take the "head in the sand" approach. "We don't have a problem in our state or at our track." It's simply to deny the truth. The program is not perfect. We seek constructive criticism to improve it. But I can assure all of you that we are marshalling our resources to preserve and enhance the integrity of racing. The cheaters will be eliminated from our industry and the image of our sport will be improved only if we continue to work together unitedly to make sure we are doing everything we can to assure that racing is clean. We owe it to ourselves, we owe it to each other and most of all we owe it to our fans.

The first speaker on our panel this morning is Dr. James Smith. Dr. Smith, as I have indicated, is Chairman of the RCI Drug Testing and Quality Assurance Committee. He is a graduate with his Veterinary Degree from Kansas State University, a member of the distinguished firm of Haggard, Davidson & McGee. A member of the Kentucky Harness Racing Commission, last year he was honored by his colleagues at RCI for his outstanding service as a Racing Commissioner by receiving the coveted Joan Pugh Award. Dr. James Smith.

DR. JAMES SMITH: It's a hard act to follow Rich. He does such a great job. I don't want to take much time explaining the membership of the Committee but I would like to just read to you our authorization of what we were asked to do at the beginning. All of this thanks to Harry Buch, sitting out there in the audience, who is the ramrod behind getting this started. I'd like to take just a minute to read this.

We were asked to set minimum standards for testing laboratories, designate reference labs, report performance levels to racing

commissions and organizations with responsibility toward them, establish a monitoring system for testing labs, review the need for tests for new drugs, taking immediate steps to fund and implement methods to produce such tests. Evaluate the efficiency and ineffectiveness of current use of industry funds for testing and enforcement and make recommendations with respect thereto. Employ a full time administrator and receive and expend funds from racing jurisdictional organizations.

I want to emphasize, as Rich has, that the primary reason for the success that this Committee has had, is its broad base. Three of our members are over here. Many of the others are scattered in the audience today. I think over half of them are here and participating in the program. I believe that every major organization involved in horse racing is represented on the Committee, and I think that there's no question that without that representation we wouldn't be as far as we are today.

I think without question that the first project that we adopted, what we all felt was the most important, was a blind sampling program. Even though we did have a good start in a program as Rich has mentioned in earlier years, we did not have a really good method of, say, is your laboratory doing the job it could?

So we started this blind sample program and what it consists of is that every two months our reference lab, which is Ohio State, sends us blind samples of a drug that no one knows the contents of. These are sent to every participating racing jurisdiction. They're sent in with samples of whether they would come from Churchill Downs or Santa Anita or Belmont or wherever. There's only one person in that state that knows of that sample, or whether it's coming in or not. The results are communicated back to Dr. Gowen in our office and after everything has been sorted out each time to make sure that there was no problem, then each Commission is told of the result of that lab.

We told them that we would have 6 samples out the first year and that program started last September. They have received 6 samples and the results are back on five of them and I will tell you that they have, generally speaking, improved each time. The value of these, of course, is easy to understand. They're a teaching aid to the labs. They allow a Commission to know just how good their lab is doing. Along those same lines we're sending out proficiency samples.

They come some times at the rate of every two weeks but they'll get at least 12 of those a year.

And this is strictly a teaching example because the laboratory knows what is arriving and when it's going to arrive and how much is in it and there's a booklet of information that accompanies this. It says: X drug is here, here is a method that will help you in detecting it. It may be a new drug or a new test and other appropriate information that will help that lab in getting the right answer.

If they have a problem they are free to contact us or Dr. Sams at Ohio State and go over that problem. As I said this is an instructional thing so that at the end they feel proficient in testing for that particular drug.

One of our other subcommittees chaired by Richard Jones is the Legal Subcommittee and they have been charged, among other things, with collecting statutes, rules, decisions by courts and commissions relating to drug testing and assist commissions in avoiding litigation.

We have started that process, but also at Richard's suggestion, we are having a legal seminar on the 1st and 2nd of November in St. Louis with the idea of helping commissions. We have invited the attorney generals of all of the participating states and other legal counsel that may be involved. Any other commissioners may attend and in fact, a number of other industry leaders will be invited to this. They're going to discuss a number of problems but I thought it would be interesting for you to know Dr. Gowen sent a questionnaire out to their legal counsel and to the executive directors asking them what they thought were the most important problems facing them and I will mention just the first 5: Trace levels of drugs — this is going to be a problem that we're going to be facing more and more in the future; with the new sophisticated test that we have, we will be able to pick up, and are now picking up, minute amounts of drugs that may have been given some time in the past.

Drug-screening procedures — their strengths and weaknesses. As Rich mentioned, the new Elisa tests have opened a new field for us in our ability to detect minute amounts. But we have to project that these are screening tests. They are not the final answer and we have to fall back on conventional means for confirmation.

How much evidence does a chemist need to call a positive? The chain of custody and influence of mitigating circumstances on the trainer absolute insurer rule.

That's just a small portion of what will be discussed in that meeting but it does give us an idea of the problems that most of us are aware of anyway, but it hopes to bring together a group that can help to solve them and also to provide a source, a library that commissions and other interested people can turn to when a problem arises to get some answers.

One of the most active part of our committee has been in research and we have a research subcommittee. Originally we had the idea that we would try to collect considerable amounts of money from participating groups to be doled out for research related to equine medication problems. And we still have that goal but we've attacked it a slightly different way. We have assisted a number of states in the direction that they are spending money. I think the best example right now is the Kentucky Equine Drug Council who has a considerable amount of money to spend produced by the Kentucky Racing Commission. And they have come to us along with a number of others from many states in saying where can we go from here? What can we do with this money? What's needed the most?

And in the case of Kentucky, they have spent a considerable amount of money on the Elisa test and I'm very happy to show you this list of 40 new drug tests that have been developed in the last 2 months by the University, some of them on some extremely important drugs that there has not been a test for in the past. These are not to the market stage. They are in the process now of developing the manufacturing ability for them but the tests are ready to go. That far exceeds anything that I could've expected at this point. If I would've told you 8 or 10 drugs I would've been very happy.

We've also been very pleased with the organization that we've helped get together between the University of Pennsylvania and Ohio State and Kentucky in doing some joint projects regarding screening and confirmation of new drugs and new drug tests. We've had some wonderful response from a number of other Universities. I'm almost afraid to try to name them because I'll leave somebody out and I don't want to do that. One of the big advantages of these new drug tests is that our industry now is no longer dependent upon one source, or these Elisa tests, as we have been to a degree in the past.

Law enforcement is another important aspect of our Committee business and this part of it is headed by Paul Berube, who is

charged with exploring the various problems and strategies. We have set up an intelligence network, quite a bit like the one Paul had before but we're adding to it and I think it's very important and interesting to know that we have had over 75 drugs reported to us and in many instances sent in to our office, where someone said, "I think you should know this is being used," at such and such a place and so forth. Now some of those have turned out to be a hoax and nothing but flour or some other innocuous substance, but in many instances they have proven to be very valuable leads and after we had them analyzed we have sent the results along to laboratories and commissions telling them what we found, how to find this particular drug and any other information that we had about it.

Another one of our projects has been the equine drug hotline. That is an 800 number that goes into our office in Lexington and it allows someone on the backside to call in and report to us a suspected use of an illegal drug. So far we have that only set up on a very limited basis, but I feel confident that by the end of the year we will have that at a good many racetracks around the country. We can't succeed, no matter how much we want, without a budget and fundraising committee and that group has been very active. We've had wonderful support from the industry. We've had wonderful support from most of the racing commissions and I might tell you, in the past, it has been a \$25,000 fee from participating laboratories a year to become members. We are slowly changing that to a method where each commission pays the minimum of \$5,000 and the maximum of \$50,000 based on \$1 per sample for post race samples taken during a race meet. We have a Medication Model Rules Committee that I'm sure in the future will hope to work very actively with The Jockey Club Model Rules Committee who are involved in gathering information from every state. They are interested in, for example, a model bleeder rule, similar to the one that the AAEP has now. Classification of drugs. It is very important that we don't want the same kind of thing to happen to someone who is caught with an over amount of Butazolidin as compared to the use of a narcotic. So that it's important to have this classification of drugs indicating which ones are much more serious than others. And of course, along with this is this trace level thing that I mentioned before because that's going to be one of our most difficult problems to work out in the future.

Last month we had a laboratory 1999 workshop—Dr. Gowen called it—which is a prediction of ideas of what will be necessary in the lab of the future. And this was attended mainly by directors of laboratories but also by some executive directors and commissioners. It's important that we keep ahead of this because of the sophistication of tests and the sophistication of the use of illegal drugs. I think it's worthwhile to tell you that the participants came away with this broad idea of the lab in the future. It will be computerized. It very well may be robotized, automated, more sensitive equipment, Elisa based screening and concern with threshold levels, that trace level thing again, and much more difficult drugs. The screening process is worth noting because it was the opinion of most of the people there that that will be done on sites, on the racetrack where there will be a screening laboratory to test samples post race, and if there are suspicious samples then those will be sent on to a more sophisticated lab. That could be on a more regional basis. Because it's going to take equipment that many labs frankly probably aren't going to be able to afford and probably by doing this we may be able to considerably reduce the cost per sample. Do fewer samples and do a much better job on the ones that we do take.

Another meeting that we had this summer was the laboratory directors meeting. The idea here was to set up standards of accreditation and standards that a laboratory should be asked to follow to become a member of this organization. We have employed Dr. Gary Henderson and Martha Hardtke from the University of California Medical School. They are approved by the federal government and the National Institutes of Health in evaluating of laboratories, and their job is going to be to go to every one of our participating labs to assist them and get their input also. It's very important because there is a difference in veterinarian medicine and human medicine and what we're dealing with. So the transfer of information will be both ways. But to get the input both ways and in helping to set these standards, and once they're set to make sure that laboratories are complying with them.

This is just a quick overview of where we stand now. We have come a long way. I'm very proud of what the Committee has accomplished in the last year. We have a long way to go. I think I couldn't say it nearly as well as Rich put things a few minutes ago but we can only do it with the help from all of

you getting behind us and assisting us. Thank you very much.

MR.ROLAPP: Our next speaker is the attorney at large for the horse industry, a graduate of the Yale Law School and a member of the Louisville, Kentucky firm of Brown, Todd & Hayburn, Ned Bonnie serves as counsel to numerous horse related organizations. He is counsel to the American Horse Shows Association, National Steeplechase & Hunt Association, Thoroughbred Owners and Breeders Association and the KTA. He rides and trains horses, an outstanding horseman as long as he doesn't fall off.

EDWARD S. BONNIE, ESQ.: Thank you, Rich, and I've got my watch out for those of you who know me. Sometimes there's been a problem with the length of my presentation so I'm going to try to compress a 5 hour presentation into 10 minutes. Jim Smith took 5 of my 15 minutes. But I promised John Hettinger I can do it so I'm going to give it a try.

My presentation is related to problems associated with the prosecution of drugging violations. I'm going to add a postscript with some suggestions and hope for the future because I believe they're there. I think and I believe the experts will support me, that prosecution of drug violations should, but has not in the past, always started with the pharmacology of the drug in question. Too little work has been done in this area; prosecution should come only after the effect of the drug on the performance of the horse has been established. The racing chemist's job begins only after this work has been done. Inaccurate or incomplete knowledge of what drugs do to horses leads to unfair prosecutions and improper penalties and loss of confidence in the system by all the phases of the system, including the owners, the trainers, the administrators.

The second issue is the chain of evidence. The inability to prove that the blood or urine did, in fact, come from the horse which was the subject of the prosecution and the positive report is both embarrassing to the industry and a tremendous economic burden on the owner and the trainer.

Specificity of drug identification has been a problem historically. It has improved dramatically with the Elisa test but it's still a problem. It's particularly true for drugs that are so powerful that one drop, I repeat, one drop can stimulate or kill pain in a horse. Imagine taking one drop, mixing it in 40

quarts of blood or 8 or 9 quarts of urine in a horse and then ask that chemist hours later to find that drug. That gives you a graphic demonstration of the difficulty with which the chemist is faced. He is asked to come up with a positive identification system which will enable a racing commission staff attorney, stewards, etc. to prosecute and effectively rid the industry, temporarily or permanently, of that person. The responsibility placed upon the chemist to do quick, accurate and definitive work is very imposing and must be so carefully done that there can be no room for error.

Next, the inability of laboratories to find many drugs apparently being administered to horses to effect their performance. There are currently no fewer than 10 drugs being used on horses in every racing jurisdiction. I repeat, in every racing jurisdiction for which there are currently no identification procedures in place.

The procedural due process rules have been a continuing source of problems for the industry. Suspensions before hearings. Suspensions produce news releases, bad publicity, multiple prosecutorial efforts which produced hundreds of prosecutions when the same net effect could've resulted from 2 or 3 prosecutions for a drug positive. Hearings without witnesses and lack of time for proper hearing. A good part of this has resulted from commissions having to use part-time counsel, that is assistant attorney-generals who are assigned to 5 or 6 administrative agencies. Only one of their jobs is to represent the racing commission. These are by and large very good lawyers with virtually no experience in the prosecution of drugging cases. This has resulted in the loss of cases that should've been won, cases being prosecuted which should never have been prosecuted in the first place.

All right, those are the problems. Do I have any suggestions for what to do about them? I always feel that if I'm going to talk about problems I ought to talk about potential solutions.

Yes. I believe there are some and I don't think any of them are unattainable.

First of all I would remove the drugging cases from the stewards. If you can imagine the stewards have just gotten scratch time, they've just been beat on by owners, trainers, jocks, agents, they've got to start a drug hearing at 10:00 a.m. in the morning, they've got the first race at 1:30. They've got to give a fair hearing. They've got to have all the witnesses on, off, cross-examined, get all that done

between 10:00 and 1:00 and they've missed lunch. It doesn't work. The stewards have been asked to perform an impossible task. These hearings should be assigned to experienced hearing officers and removed from the stewards, and only the stewards asked to help when their experience is necessary. Employ attorneys who specialize in drug-related prosecutions or send current attorneys representing drug enforcement agencies like the Commissions, to the Quality Assurance Seminars which Jim Smith has discussed.

Every Commission needs to consider amending their currently existing split sample rules to adopt rules such as Pennsylvania and Texas now have in place. Which avoids bad publicity in most if not all instances by sending a portion of the urine or blood sample to another laboratory and getting the positive result affirmed before they have any hearing. This means if there's a problem with the chain of evidence or if there's a problem with the chemist's decision, then that problem is rectified and there is no prosecution and no bad publicity until that happens. It's worked effectively in Pennsylvania; hopefully it'll work just as effectively in Texas. We need new hearing officer rules for those states that do not have currently the ability of a hearing officer. We need also new commission rules to protect the chain of evidence.

Commissions have to recognize that they are assigned the responsibility for keeping a level playing field in racing; they've got to devote adequate funds for quality testing of blood and urine. Commissions must take an interest in this issue. They must know whether or not their labs can find the drugs which are currently being used. There is no way to do that. I'm looking at some of the nation's leading businessmen and women in this room and I know each of you has an auditor, a CPA, outside independent, who looks at your business and says your business is being run inconsistent with the views of your trustees and boards of directors. Why should a Commission or a state hire a testing laboratory and expect any less from that testing laboratory?

And the Commission should also consider whether or not the contractual bidding process, which the state most often requires, gets the best lab for the money or the worst. To ask, and be required to take the low bid for testing is simplistic. It does not achieve necessarily what is in racing's best interest. Commissions need to consider out-of-state testing laboratories as alternatives to in-

adequate in-state funding.

And finally, Commissions must establish adequate budgets for research, and coordinate their state research obligations, and plan with general common research on a national basis, perhaps as a Quality Assurance Program. There are problems but there are solutions and they're obtainable and I hope that this leadership group in this room can take home some of these ideas and we can continue to close the gap between the cheaters and the honest people of racing. Thank you.

MR. ROLAPP: The concluding speaker on our panel is Russell Jones. Russell is a member of the Pennsylvania Racing Commission, the President of the Thoroughbred Owners and Breeders Association, a member of the Executive Committee of the American Horse Counsel and the proprietor, along with his brother Richie, of Walnut Green.

RUSSELL JONES, JR.: Thank you. Rich. Good morning, ladies and gentlemen. I'm intimidated following two lawyers and a vet up here. I don't have all those titles to go with me but we'll give it a whirl. This is a very important subject that I want to talk about. Are our drug rules and our drug sanctions consistent from jurisdiction to jurisdiction?

What is a positive drug test?

Before I was appointed to the Pennsylvania Racing Commission I believed that a positive was a positive, and that's all there was to it. I have discovered that a positive is really not a positive after all.

I'm going to use Butazolidin as an example.

I believe there are 33 Thoroughbred racing jurisdictions in the country. In 8 of those states, if even a trace of Bute is found in a horse's blood a positive test result is called. Those states are Arkansas, Iowa, Maine, Missouri, Montana, New Jersey, Oklahoma and Vermont. Then we have what I will call the threshold level states. These are the states that call a Bute positive when the amount of Bute in the blood is above a specific trace level. After extensive study the American Association of Equine Practitioners determined that 5 micrograms per milliliter of plasma should be the cut off point. When Bute is found up to that level, the horse was not deriving any therapeutic value from the medication, nor was his performance enhanced by the medication. Racing Commissioners International adopted this level as appropriate and recommended it to all Racing Commissions. The following states

adopted that recommendation: Alabama, Arizona, California, Colorado, Louisiana, Michigan, New Mexico, Ohio, Oregon, Pennsylvania, Washington, West Virginia and Wyoming.

Several states, while allowing a trace of Bute to be found in the plasma, have established trace levels below the 5 level which was recommended by RCI. Four states call a positive at 2 micrograms. They are Illinois, New York, Maryland and Delaware. Minnesota is at 3 micrograms per milliliter.

Next I'll go to the states that don't look for Bute in plasma at all. They only test urine. They are Florida, Idaho, Massachusetts. Of those 3 states the level for calling a Bute positive in urine is not the same in all 3 states. Then there are 4 states that have decided, in spite of the recommendations of the AAEP and the RCI, not to call Bute positive at any level. These states, Kentucky, New Hampshire and South Dakota, allow Bute as a race day medication.

It's hard to find any pattern for consistency here. And this is on a medication where extensive study has been done and scientific conclusions have been reached. Lasix is another interesting situation. In 26 of the 33 racing jurisdictions, Lasix is permitted in some form or another. Some states have a Lasix detention barn where all Lasix is administered by Commission vets. Other states allow Lasix to be administered in the horse's own stall, either by Commission vets or by private practitioners. The time of administration varies from 3 hours prior to post time to 5 hours prior to post time. No state presently requires a consistent method of administration such as intramuscular or intravenous.

Lasix is also administered in a wide range of volume doses. I am led to believe that the time of the administration, the quantity of the dose, the method of administration, all can significantly alter the effect of the medication upon the horse and may even enable Lasix to mask other medication. Here, as in Bute, there appears to be a significant level of inconsistency. What is the message that this is all sending to our most important customer, the handicapper, the horseplayer, the bettor? Are we sending a message that says we are in control of our own house and destiny or are we sending a message that we are drifting in a helter skelter manner, and that lots of loopholes are available?

How much confidence do we instill in the form of our performers when the regulations of our states require different standards for

medication? We must also consider the professionals whose livelihood is derived from our industry. In particular, the trainers in this business must nearly have a pharmacist travel with him from state to state to be sure he doesn't violate the various drug laws. Tell me about the trainer who has a horse test positive for Bute. At the 4 microgram per milliliter level let's take, for instance, a state such as Maryland where the threshold level is 3 and the first offender usually gets 15 days' suspension.

Now if this same trainer gets the same test result for a first offense in New York, he will probably get 45 days. In New Jersey the first offender will probably get 30 days. And in Pennsylvania that level isn't a positive so he doesn't get any days. It's not called a positive. And this is with a drug where the research has been done. Where we know the answers and yet we are widely inconsistent in our sanctions to offenders because of our rule.

How do we look to the professionals that work in this industry? Is there a crying need for consistency in this area of our business? What is the solution? How do we get to a level of consistency that will fill our customers, and our professionals, with confidence and portray to the public in general the kind of image that will attract new investors? The problem must be worked at from two directions.

One is from the top down and the other is from the bottom up. The from the top down approach has recently been started by the Model Rules Committee that Jim referred to earlier, of the Quality Assurance Committee. That committee has recently begun to survey all racing jurisdictions regarding these matters with the objective of recommending the adoption of consistent policies and sanctions. When this job is completed it will be up to the individual states to consider and adopt the recommendation.

The from the bottom up approach calls for regional dialogue. Recently we have opened such dialogue in our region. Last month a meeting was held which was attended by representatives from New Jersey, New York, Maryland and Pennsylvania Racing Commissions to find out if a more consistent medications and sanctions policy was possible among these 4 major racing states.

While this meeting did not immediately produce agreement on all subjects, there was general agreement that such a meeting was very beneficial and that increased consistency was clearly a possibility. If this re-

gional approach appears to be successful perhaps it will be attempted in other areas of the country. So with the from the top down effort being done by the RCI Model Rules Committee and the bottom up approach being done on a regional basis, I believe we're in with a chance to be successful in establishing much more consistent medication policy across the nation, which will include a sanctions policy that our professionals will view as equitable. If we are successful, and this won't happen over night, we will have jumped light years ahead in not only improving the image of racing to the outside world in general but also improving our internal practice so that our committed fans and customers and our dedicated professionals will feel like they are getting a fair shake.

Thank You.

MR. ROLAPP: Our program chairman has advised me that we have time for just a couple of questions of the panel members. If any of you have questions please feel free to ask them. Please stand when you ask your questions. A microphone will be brought to you, state your name and ask your question. Does anyone have a question?

Yes. President McKeon.

This is Gerry McKeon, President of the New York Racing Association. I want to ask Dr. Smith, of the 33 racing jurisdictions, how many participate in the Quality Drug Testing Program? And I'm sure the number's not going to be 33. And then I'd like to know why those who are not participating, are not participating.

DR. SMITH: I just happen to have that in front of me. The ones that are not participating include Alabama, where there are county ones; Illinois is not at this point; Maryland, Idaho, West Virginia, Vermont, New Hampshire, Montana. I may have left somebody out but I think basically those are the ones I jotted down here.

I think, by far the usual reason given is lack of money. Maryland we've been told is planning to come in as soon as it can. I think Illinois will be following shortly. I don't have an answer from the others.

MR. ROLAPP: Thank you. Another question.

This is Allan Dragone asking who should decide what drugs should be prohibited in any state or region?

MR. BONNIE: I'll take a shot at that. The Commissions should make the decision but only after extensive consultations with the veterinarian, the veterinarian pharmacologist who has to relate the drug to its effect on the performance of horses. And there's substantial research out there on those drugs, and if they don't have it they ought to have it before they prosecute.

MR. ROLAPP: Thank you. One more question.

UNIDENTIFIED QUESTIONER: The question is you mentioned talk about cheaters. Are we ever going to be able to catch up with them and if so, what are we doing about it?

Well who wants to try that one? Russell?

MR. RUSSELL JONES: Yes. I'll try that. The answer is that we will never completely catch up with them but what we're doing is shooting at a moving target and we're narrowing the distance between us and that.

MR. ROLAPP: Thank you. Of course the key to this is the research that leads to new methods to detect new drugs that are being abused. What we've discovered over time, however, is that as soon as we find a test for a particular drug, that drug no longer is the drug of use and a new one seems to find its way to the backstretch and so the problem is we tend to be a step behind but we are certainly quickening our pace to catch up at this point.

One more question? If there are no questions I turn the time over to Chairman Ogden Mills Phipps.

OGDEN MILLS PHIPPS: Thank you, Rich, your entire panel. We at The Jockey Club do have an opinion on the medication issue and the broad questions of medication and testing rules we recognize are complex and critical areas facing our industry and I might add it's not just facing our industry, it faces football and baseball and the Olympics and children and it really is facing our entire nation. There are many aspects to this complicated area ranging from the obvious, to such questions as total racetrack security

and the various so-called absolute insurer rules. Just the question of if medication should be allowed or what drugs permitted, and how long before race time they should be administered, receive and deserve our continuing attention.

No matter what our individual view on the details of these questions, we are virtually all in accord that our testing must be of the highest possible quality and violators must not be tolerated.

The future of laboratory drug testing needs our immediate best effort. Racing in America is spending over \$27 million to test over 1 million samples a year. It is a responsible question to ask, can this \$27 million be spent in a more effective manner? The Jockey Club believes it can. The new exotic designer drugs demand that we test for minute samples. These drugs also require the industry to develop comprehensive tests utilizing more sophisticated testing techniques. All of this will be as expensive as it is necessary to insure the future credibility of our industry.

Therefore, the time has come that we must analyze our entire testing and drug testing research programs. The Jockey Club suggests that we must overhaul our historic method of drug testing over a million samples per year.

The Jockey Club recommends that as soon as possible we shift our approach so as to spend the monies that are available in a manner that is both more effective and recognizes the reality of modern high potency drugs. On the surface, it makes sense that these goals can be accomplished by a combined tactic of (1) testing fewer animals; (2) testing each animal sampled more thoroughly; (3) having fewer laboratories and utilizing a system of state of the art, well equipped, professionally staffed regional labs; (4) dedicating funds saved for an unprecedented inter-state cooperative research program to develop new tests and better techniques.

This new approach would allow the states to receive a better end product without buying expensive equipment which is duplicated in state after state. We would also be able to do the type of intensive nationally coordinated research necessary to stay ahead of the would-be violators. The Jockey Club realizes that drug testing is not a state problem, rather it is a national one. The solutions and levels of performance necessary to successfully conduct effective drug testing will not be obtained by the states acting independently.

Benjamin Franklin warned our ancestors that we must indeed all hang together, or most assuredly we shall all hang separately. His advice is appropriate to us today. The only way states will be able to successfully mount a modern drug testing program is by trading some of their independence in exchange for a well equipped, nationally coordinated laboratory and research program. We fully understand that this idea is not a total or a final solution to the drug question. It is meant only to improve one important

area of the overall solution. Standardization of rules and penalties, a much greater commitment to research and full industry support of the Quality Assurance Program are some of the other aspects of this complicated problem.

We must all continue to search for solutions in this drug area because it is most assuredly our national Achilles heel. I thank you for coming today, I look forward to seeing you at the races this afternoon and hope to see you back next August.

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