



**FORTY-FIRST ANNUAL
ROUND TABLE CONFERENCE**

On Matters Pertaining to Racing

**GIDEON PUTNAM HOTEL & CONFERENCE CENTER
SARATOGA SPRINGS, NEW YORK**

Sunday, August 15, 1993

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FORTY-FIRST ANNUAL ROUND TABLE CONFERENCE
ON MATTERS PERTAINING TO RACING

HOSTED BY

THE JOCKEY CLUB

Gideon Putnam Hotel & Conference Center
Saratoga Springs, New York

10:00 a.m.
August 15, 1993

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Program Chairman, John Hettinger

IN ATTENDANCE:

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

Joe Allbritton
Member, The Jockey Club; Owner/Breeder

John Ed Anthony
Member, The Jockey Club; Owner/Breeder

Lt. Col. Charles Baker
Member, The Jockey Club; Owner/Breeder

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Chairman, Racing Commissioners International

James E. Bassett III
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Chairman, Keeneland Association
President, Breeders' Cup

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National Director, Jockeys' Guild

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Ogden Mills Phipps
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Henry Zeitlin
Vice President, The Jockey Club Information Systems

WELCOME BY OGDEN MILLS PHIPPS



Ogden Mills Phipps

Welcome to our 41st Annual Round Table Conference.

I'm sure you, as well as I, will miss the setting of the National Museum of Racing where we've held this conference for so many years. But I hope these surroundings give you a little more elbow room as we proceed through the morning.

Before we start I'd like to mention one thing, and that's the impression we in the industry have been giving to the outside world. Time and time again these days I find myself reading some newspaper article which talks about racing as "a dying sport."

Now, surprisingly the author is getting that message from only one place . . . and that's from us. If we continue to talk negatively about our business that's exactly what we'll have on our hands . . . a dying sport. And I can assure you that The Jockey Club as racing's record-keeper is not interested in recording our own demise.

Today's program is overwhelmingly talking about the future, provoking thought, looking for solutions.

With that thought in mind let's get on with business and a positive program which once again John Hettinger has put together with a great deal of work.

We start, as usual, with our annual report on the activities of The Jockey Club by Will Farish.

Will . . .

ACTIVITIES OF THE JOCKEY CLUB IN 1993

William S. Farish: Thank you Dinny.

Good morning.
To say the challenges confronting our sport are more complex and diverse than ever before would be an understatement.

The foal crop has decreased 30 percent over the past eight years from 51,000 to 36,000 with no end in sight.

Groups of horsemen and race tracks are debating every conceivable form of simulcasting with no unity of direction.

Riverboats are cruising our water-

ways in ever increasing numbers.

Indian Gaming legislation is being challenged, while land-based casinos are multiplying state after state.

To deal with these challenges, be they positive or negative, The Jockey Club, on its own and in partnership, has expanded its mission to provide the industry with the tools to deal with these changes.

An example of this is Equibase, our partnership with the TRA, formed to establish an industry-owned central



William S. Farish

data base of racing records. For the first time in our history, racing has the freedom to develop and control its own destiny, bringing its product, and the wagering information essential to that product, to wider markets.

Another example is a plan that a consortium of major media companies have been researching for two years, in consultation with The Jockey Club, to create a national racing cable channel, to be followed by interactive wagering. This will take our product into the homes, boost our purses, and provide exposure.

A bold step, but one which must be done, to truly market our sport properly.

During the past year, we have moved forward with our primary scientific project — the development of equine DNA techniques. In the near

future, DNA will succeed blood-typing, thus providing the most sophisticated form of parentage verification.

A more complete list of the events of this past year are covered in more detail in the annual report found in your packet (see Appendix, page 42), but I wanted to highlight these three, as examples of The Jockey Club's effort to confront the challenges of the nineties.

I would like to urge your continued support of The Grayson-Jockey Club Research Foundation, and also to pay tribute this morning to two very special gifts.

The first is one everyone is aware of. But I wanted to take this opportunity to gratefully acknowledge Paul Mellon's \$1 million dollar challenge. The other, which has yet to be made public, is a gift of \$2 million dollars, donated in memory of the late Robert J. Kleberg and Helen C. Kleberg of the King Ranch, by members of their family.

In closing, I believe, Mr. Chairman, that this year's report adds substance to your suggestion that we have many things to be positive about. There are many hurdles in front of us, but I think that as an industry, we have reason to be pleased with the way in which The Jockey Club is working towards fulfilling its responsibilities to Thoroughbred racing and breeding.

Thank you.

Ogden Mills Phipps: Thank you, Will.

Our next speaker is certainly addressing some exciting possibilities for the future, some of the exciting possibilities which Will just touched on.

Some of you may remember a presentation made in 1991 by Dr. Philip Goelet, a leading research scientist in the field of DNA. Dr. Goelet told us of his work in developing equine DNA techniques. Specifically, he talked about the use of DNA in parentage verification.

Not long after that, our Jockey Club Information Systems entered into an agreement with Dr. Goelet, his associate Dr. Michael Knapp, and their research and development company, called Molecular Tool.

Our goal was to see whether Molecular Tool could, as they believed, develop a commercially viable DNA-test which could be used for parentage verification in the Thoroughbred.

We set up a Management Board which Richie Jones kindly agreed to chair. Frank Bonsall kindly agreed to be on that board. Richie today is going to give an update on what's been happening.

DNA AND THOROUGHBRED PARENTAGE VERIFICATION

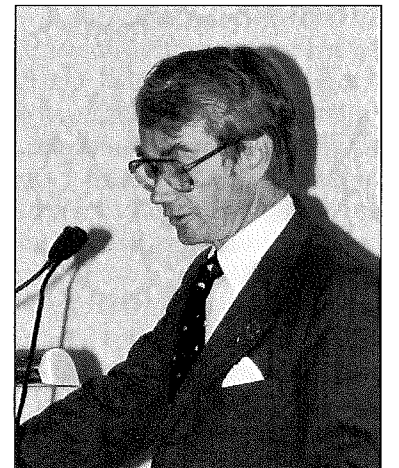
Richie Jones: Thank you Dinny and good morning.

For those of you who've looked at the agenda, you'll see that this is the nearest thing that you have, at this year's Round Table, to a scientific or technical speech. Thus, those of you who have some fear about being bored to tears by the diagrams of molecules, please rest assured that not only will you not see that kind of thing, but I cannot pronounce the words that go with it.

So I'll do my best to tell you where we are on this project and to take it from there.

DNA and Thoroughbred parentage verification: this subject first came to public attention a few years ago, as the result of two particularly vicious rapes that were committed in the north of England. The first of these involved the rape of a 15-year-old girl who was, as a part of the crime, murdered. The second involved a severely retarded middle-aged woman.

Neither of these victims — one



Richard I.G. Jones

being dead and the other being incompetent — could give testimony in court that could provide any evidence of identification of their assailant. As a consequence, the police and prosecutors were stumped. However, in off the street walked a man who confessed that he had in fact committed both crimes. Simultaneously, or just immediately before that time, an English professor at Leicester University by the

name of Professor Alec Jeffries was doing research on this very subject. DNA samples, that is, body tissues, hair, what-have-you, had been obtained from the victims' bodies, and the tests were compared to that of the person who had confessed to the crime. And they guaranteed, absolutely, without question, that this man could not have committed the crime.

The police had had a problem before, and had a big one now. Because here they had a public outcry for a conviction and nothing to go on.

They then asked for volunteers from this rural community to come in and give their own samples to be compared with what they found on the victims' bodies. Over 4,500 people appeared and gave that. One can only speculate as to how the American Civil Liberties Union would deal with that if it took place in this country! However, it at least narrowed the field, and finally evidence led to one particular person who had not been among the volunteers.

He had the rather peculiar, or really astounding, name of Colin Pitchfork. I checked it out. I saw the article and couldn't believe it. Lord Hartington, since Dickens' time your country has had a wonderful acumen for names and I think you should continue in this light!

What happened was that DNA samples were obtained from this Colin Pitchfork. They matched those on the victims and ultimately led to this man's conviction. This heralded in a new era of forensic science which has carried through in its many facets today.

Since then, the validity of DNA fingerprinting, as this quickly came to be known, became generally accepted in most jurisdictions. Nowadays, hardly a day seems to go by without reading reports of its use in a courtroom.

This morning, you may be glad to

hear, I'm not going to tell you how this works for the simple reason, as I said before, I just don't understand it.

Suffice it to say that DNA is the most fundamental molecule of inheritance or genes. Its presence in an individual makes it absolutely different from every other person or animal in which it's found.

Scientists compare it to the text of a book, which consists of thousands of words made up by millions of combinations of letters.

And from The Jockey Club's standpoint the most important thing is that, if these traits are found in a foal, then they must also be present in the sire or dam. In other words, DNA is an ideal tool for parentage verification.

As you know, the most important responsibility of The Jockey Club is to maintain the integrity of the American Stud Book. It is our responsibility to make certain that every Thoroughbred which is bred, offered for public sale, or raced in this country or throughout the world is in fact the horse it is meant to be. Without that certainty we really don't have a sport. And certainly we do not have a business.

Until fairly recently, all we had to go on was what a horse looked like . . . its color of coat, its markings. But there are a lot of dark bay or browns around. And lots of others with very similar markings.

There are cowlicks . . . those tiny whorls of hair which rarely grow in the same places on any two horses. But often it needs the professional eye to pick them out and record them in the right places.

At the race track, of course, tattoos have been used for a number of years. But, as we all know, with the passage of time they become unreadable and only those Thoroughbreds which are actually raced will have them.

Absolute identity can only be established if we can link the identity of the foal with the identity of its parents . . . the sire and the dam.

Many of you remember, in 1977, The Jockey Club started to implement blood-typing as a means of parentage verification. Science had fine-tuned blood-typing techniques and had brought what is called the probability of exclusion — that is, the percentage of occasions when we can say categorically that a sire or dam is not the parent of the foal — that had been fine-tuned to within a 96 percent certainty.

Since 1987, all Thoroughbred foals and their sires and dams have been blood-typed before they can be admitted to the Stud Book. I might add, that is now the rule for all the major Stud Books of the world.

Blood-typing, unquestionably, has been effective. But it is also expensive. And Registration costs — especially these days — have always been one of our primary concerns . . . trying to hold the line on that as a cost for the breeders. Our labs do a very good job. All our research shows that they are carrying out tests as quickly and as cheaply as possible in view of the technology involved.

But they have gone as far as they can go. From a cost point of view they have been doing tests as cheaply as possible. But they can't assure us that we can peg or contain our costs at this level the way we have been able to peg the overall registration costs for the last eight years. And there is no way for costs to go from here but up. Blood-typing has been, in fact, about the only area over which we do not have control.

It also has been costly in other ways.

Drawing blood means employing professional help . . . the vet comes to the farm to take the blood. Also blood

deteriorates under all but the best conditions. That means special shipping arrangements. And even then the number of cases where tests have to be done again is in excess of six percent. This adds an average of \$30 extra expense every time someone registers a foal.

Then enters DNA.

Some of you may remember a presentation in 1991, that the Chairman referred to, by Dr. Goelet. That led to the creation of Equine Genetics Research Partners with Molecular Tool, an incubator research company that was just then in its beginnings at the Bayview Research Campus at Johns Hopkins University in Baltimore.

Our goal was to see whether Molecular Tool could, as they believed, develop a commercially viable DNA-test which could be used for parentage verification in the Thoroughbred. The partnership, as I said, has been called Equine Genetics Research Partners.

I have had the pleasure of serving as chairman, since its inception immediately after that Round Table meeting. We have made what I believe to be significant progress.

First, we had to be satisfied that the technology worked and that they could give us at least the same, scientifically-approved accuracy that blood-typing had provided — and hopefully even better. And then we had to be convinced that the technique could be adapted to the sort of high-volume, low-cost, production needed to register 35,000 foals per year.

We've done that, and now we think we can put theory into practice.

In establishing benchmarks and measuring performance we had the help of a Scientific Advisory Committee, comprising an independent group of scientists, Dr. Harriet Strimple and Dr. Rich Roberts, two widely respected

experts in the field of genetics and biotechnology. They are continuing to serve and advise us as our scientific advisory committee. They have helped us to evaluate the technical validity of the research and monitor our progress against a series of benchmarks.

We had to find out how many DNA markers were needed to assure us of the accuracy that we desired and we have made great progress in that regard.

By the end of last year, by the end of 1992, the people at Molecular Tool had achieved the first of the three goals. And they had done it, one, ahead of schedule and, two, under budget.

By the end of 1992, the theory had been fully tested . . . and it was time for us to go out into the field and develop the practical applications of this method . . .

(VIDEO BEGINS)

With snow still on the ground, The Jockey Club's Director of Registration, Roger Shook, and Registrar Buddy Bishop, began visiting farms in the Bluegrass of Kentucky.

"What we want you to do is, we give you a swab like this and want you to put it about an inch and a half or two inches up the horse's nose on the inside. Avoid the false nostril which is on the outside. Really get up in there and get a mass of tissue and as you come out, twist it. I'll give you some instructions, real brief instructions, later." (Roger Shook, Jockey Club Director of Registration).

DNA samples can be taken from any part of the body. We tried the front end. We tried the back end. We tried most parts in between, including the night eyes or chestnuts, as they're sometimes called. But the best way turned out to be a simple nasal swab.

This, of course, meant more design

work. We needed a tool for collection of the sample.

We tried thick ones. We tried thin ones . . . long ones and short ones. And when we'd got that right, we had to find a tube it would fit into.

And then we had to find what worked best when collecting the sample.

Our field team tried taking just one sample from one nostril. They tried taking two samples from one nostril. They tried using a twitch and tried without it. And all the time they were listening to the farm owners, the managers and the people who handled the horses for their reactions and comments. And their responses were very positive . . .

"This last one just slid right up their nostril with no trouble whatsoever. And the men kind of like it. I think anyone that would take a minute could use it." (Henry White, Plum Lane Farm, Kentucky).

"Everything was very smooth. I was very impressed. The guys came out there and the horses cooperated very easily. They just took a swab from us, and off they walked. It was no big deal at all." (James G. Bell, Jonabell Farm, Kentucky).

Roger and Buddy then took to the road and carried out similar exercises in Louisiana . . . Florida . . . Maryland . . . Texas and California . . .

By then they had backed away from close supervision of the tests so that they could monitor another factor — how effective were all the instructions, which had to be simple and clear enough for all horsemen and horsewomen to understand it.

And almost everywhere they went, the response was the same.

"It should be a neater more scientific way of identifying a horse and keeping it as a permanent identification." (Mrs. John C. Mabee, Golden Eagle Farm, California).

"It's a system The Jockey Club should go on with. I think in the long run, once the system gets perfected, it'll mean a lot of savings for smaller farms per foal." (Richard Kent, mgr., Bridlewood Farms, Florida).

Meanwhile in Baltimore, on the Johns Hopkins campus, the scientists were developing the test into a production line which could handle the numbers required.

Their job was to automate a test which involved as many as 26 separate analyses on each sample. Not only did this have to be automated, but they also had to develop a way of recording each sample against a horse's pedigree and be able to relate the results of the test to the DNA records of the parents.

The need to re-type breeding stock is so far the one disappointment we've had. We have literally searched the world for the technology which could translate previous blood-type results into the DNA language. It does not exist. So we just have no choice but to DNA-type the parents in order to get the benefits of DNA-typing the foals.

Meanwhile, the results of the earlier field trials were also being analyzed. From these we refined our instruction materials and modified our testing equipment. And we went out and tried

again . . . the testing continues.

(VIDEO ENDS)

We've still a number of field trials to go through. And there's more fine-tuning to be done on the production end. But, if progress keeps up at the present rate, we have every hope that DNA parentage verification for the registration of the 1994 foal crop will be a viable possibility.

This is very exciting. DNA-typing of our breed puts us on the cutting edge of modern science and technology. It will be a tremendous move for our whole industry. From the outset it will cost no more than blood-typing. And there is every probability that, in time, it will get cheaper. We hope you can share our excitement.

Now is not the time or place to speculate on other uses this technology may have for us, in areas of disease control and improvements of the breed.

But you can rest assured of one thing. No step will be taken, even in areas of parentage verification, unless and until we are absolutely certain that we are doing something that will be immediately beneficial to every owner and breeder of the Thoroughbred. And that we have the consensus of the industry with us.

Ogden Mills Phipps: Richie, that's a wonderful report and as you say it puts us on the cutting edge of technology and it would be a wonderful thing if we could have it in time for our 100th Anniversary foal crop next year. The next couple of months will tell exactly if we're going to make that.

Ogden Mills Phipps: A couple of months ago we suffered a major blow to this industry when we lost Rich Rolapp. Whether you knew him or not, Rich was a friend for all of us and spent most of his all-too-short life fighting for our interests in Washington as President of the American Horse Council.

Rich left us a legacy . . . not only in the results of his tireless efforts, but in his assistant for so many years, Jay Hickey, who has so ably stepped up to the plate to assume Rich's tasks.

The American Horse Council is very important. It's our very best communications link with the Federal Government and, too often, its work goes unrecognized. Jay is going to share with us some of the things the Council is involved with, with special reference to the Indian Gaming Act.

I introduce you, Jay, as President of the American Horse Council . . .

ACTIVITIES OF THE AMERICAN HORSE COUNCIL & THE INDIAN GAMING ACT

Jay Hickey: Thank you, Dinny. It's very nice to be here in Saratoga. You talked about looking to the future. I brought with me my son, who's going into his senior year of high school. You now have a lifelong fan . . . yesterday he hit two Exactas! And Joe DeFrancis will be very glad to know that on the ride home to the Holiday Inn he said: "When does Laurel open?"

I have to admit, though, that I am somewhat embarrassed because he's not here this morning. I asked him if he wanted to come and hear what I have to say, or go to the YMCA to lift

weights. He picked the YMCA. So perhaps we could put some weight rooms in some of our race tracks . . . that might be an idea!

I want to thank The Jockey Club for having me here today to talk about the American Horse Council, the legislative scene in Washington, D.C., and some of the issues that confront us.

As I look around the room, I see many familiar faces. Some of you have been involved with the American Horse Council and our efforts for many years. I would be remiss if I did not point out that three of you have been members of the American Horse Council since its inception, and I want to thank Penny Chenery, Martha Gerry and Jack Wimpfheimer for their long-standing support. You realize how important it is that we express our needs and concerns to Washington and the federal agencies.

On February 17, 1969, a group of horsemen concerned about federal legislation affecting their business and the need for national coordinated action, organized the American Horse Council. That group included Jockey Club members Ogden Phipps and Warner Jones.

Today, the groups and individuals



James J. Hickey, Jr.

who first created, and have since supported, the AHC can look back on almost 25 years of accomplishment and forward to continued gains for the horse industry, provided there is joint effort and unity of purpose.

The AHC was formed specifically because of the threat of a harmful tax change that was ultimately defeated. In the ensuing twenty-four years, the issues have multiplied, and the process has changed, but the AHC has had continued success.

As with that first proposal, as Dinny mentioned, much of our effort goes into preventing things from happening that would be harmful to the horse industry. In these cases, we actively support gridlock. For this reason some of our successes receive little attention or recognition. But they are just as important as passing legislation or clarifying regulations, in some cases, even more important.

Certainly we have not resolved every legislative problem or regulatory matter or achieved all we sought in every case. But, on balance, I believe that the AHC has been an extremely effective advocate for the industry, and that our accomplishments far outweigh our shortcomings.

To make the point, let me describe the breeding and racing industry as it might be, were it not for the American Horse Council and its effectiveness over the years:

- Tax deductions for losses associated with racing or breeding would be limited to \$21,000 per year, and that cap would likely have been lowered as Congress looked for additional revenue.
- Race horses and older horses would never have been depreciated over three years and other horses over seven. Rather, race horses would be depreciated over seven years and

other horses over ten years.

- Breeders would still be capitalizing the pre-productive period expenses of breeding and raising foals, rather than deducting them as they are paid.
- Breeders would still be paying a three percent duty on horses brought into the United States, and a 10 percent federal excise tax on their trailers.
- The reality of a uniform licensing system for owners could not be realized because bars to its implementation would still be in place in federal laws.
- There would now be a federal excise tax of five percent on gross handle at race tracks in order to reduce the deficit.
- Race tracks would be withholding 28 percent on all payouts, regardless of odds, regardless of a threshold, rather than the current 28 percent at \$5,000 at 300-to-1 odds.
- There would have been no federal structure to guide the expansion and growth of interstate simulcasting.
- Race tracks would be reporting to the IRS the name of any patron who wagered \$10,000 on a racing day.
- Horses brought into the U.S. temporarily for important international races would be quarantined in U.S. Department of Agriculture facilities — and there are three in the country — rather than at temporary facilities at the track itself.
- The Corrupt Horseracing Practices Act would be in effect, giving the Food and Drug Administration federal authority over tracks, including testing and security. Enforcement of this act would be paid for by the race tracks and the horsemen, who would be subject to criminal penalties.

- It would still be illegal for a race track to simulcast races to or from a foreign country.
- Racing would not be the only sport on which betting is allowed, possessing, in effect, a legal monopoly in the United States, as it now does.
- Gambling on Indian reservations, which I'll talk about a little bit more, including off-reservation land purchases, would not be bound by any limits. And some people think it is not bound by limits now.
- We would not have a national economic impact study of the U.S. horse industry which documents its great size and importance to our economy.
- And, finally, we would not have the American Horse Racing Federation.

I think this gives you a sense of the importance of the issues with which we have dealt, and how what happens in Washington, D.C. and Congress and the federal regulatory agencies can affect our business.

Certainly, not every matter that the AHC proposed or opposed was resolved to the complete satisfaction of the industry. Some changes we could not stop. Some changes end in compromise, as is so often the case in the legislative process. But most issues were.

And certainly, were it not for the AHC, some other individual or some organization would have stepped into the breach to deal with these issues in the absence of the American Horse Council. Nonetheless, the need for such an organization is obvious, and it has been the AHC at the bridge, defending the industry from the legislative and regulatory barbarians.

When I say the AHC, I mean you: The Jockey Club, the Thoroughbred Racing Association, the Thoroughbred Owners and Breeders Association, the

Horsemen's Benevolent and Protective Association, the American Association of Equine Practitioners and the 185 other associations and 2,500 individuals, representing every part of the industry, that make up the AHC.

That is what we are. It was these organizations, yourselves and other individuals, acting in concert and speaking through one voice, who passed or defeated these measures. It is these organizations, and the growing number of individual members that we have secured over the last year, who will pass or defeat legislation in the future.

Let me restate, the purpose of the America Horse Council is to protect and promote the equine industry by representing its interests in Congress and before the federal regulatory agencies.

We support measures that will improve the economic climate for investments in the industry. We are very concerned about laws and regulations that protect the health and welfare of horses. We attempt to unify the industry by informing members of regulations and legislation and serving as a forum for the organizations to come together and form a consensus on these issues. We educate the federal government and the industry itself by promoting the equine industry's important role in the U.S. economy and in the country's sporting and recreational life.

And we do all this with a staff of six and outside tax counsel. Relative to most associations in Washington we are very small. But our members get a big bang for their buck. They could get a bigger bang if we had more bucks. No one should kid themselves into thinking that money is not important, particularly when you deal with Washington, D.C. — money for more staff, studies

on the economic size and effect of the industry, public relations and grassroots lobbying and money for political campaigns.

For example, during the last election cycle, 1991-1992, real estate interests contributed over \$6 million to the campaigns of candidates. The AHC's political action committee contributed \$20,000, nearly all it had.

Certainly Congress does not react solely to political contributions, but it gets their attention. We are currently researching ways to expand on the resources of our political action committee.

Just as important, however, we need you. Not only in the form of membership, but in lobbying.

You and our member organizations are the important personal link we have to Congress. We can offer direction, but we need your grassroots efforts. If you don't know who your Representative or your Senator is, you are putting your business at risk. If you haven't written or called them in the last year, you have been ignoring some important opportunities to help yourself and this industry. If you haven't contributed to a Congressional campaign, you are one step behind those in other industries who recognize that money means a great deal to our elected officials and is a common denominator of political effectiveness.

You can count on the AHC to figure out which threats are real and which are not. You can count on us to orchestrate charges and stay with the issues until they are resolved. You can be sure that we are communicating with Congress and the federal agencies on a daily basis.

You should not, however, assume that we can do our work in a vacuum or without your help. There is no magic wand that can be waved, or "Mr.

or Mrs. Fix-it," who can resolve all our problems with Congress and the federal agencies. It requires patient effort on a daily basis and a unified approach.

I have never seen a national-level horse issue resolved without contacts to Congress from constituents and constituent groups. That is because constituents have one thing that is the bottom line in Congress. They have the votes. That is the ultimate persuader.

Much remains to be done. In several areas of consequence to racing and breeding, we have an opportunity to make changes.

Congress is presently reviewing the Indian Gaming Regulatory Act. This is a good example of the legislative process, because it represented a compromise, the lesser of two evils.

The Horse Council began working on Indian gaming legislation in 1983. It has been a particularly difficult and contentious issue. Tribes are sovereign nations. They are technically not part of the United States, and any legislation affecting them requires a balancing of their rights and those of the states.

It has been a politically unpopular issue with state and federal politicians, involving racial undertones and past mistreatment and injustices to Native Americans. It has been considered a remote issue for most people and, therefore, affecting other people. And it's been hard to get those who might ultimately be affected to focus their attention on it.

Indian gaming legislation was first considered in 1983. It was worked on in the 98th Congress, '83-'84; and the 99th Congress, '85-'86.

At that time, there were bills more favorable to the gaming interests, including one that limited Indian gaming to bingo only. All other gambling forms would have been prohibited, except under state control. Another bill

proposed a five-year moratorium to study the issue. Each almost passed.

At that time, both the tribes and the gaming interests were equally interested in getting a federal bill. The Indians wanted a changed bill because they did not want to put up facilities and have the states or the federal authorities close them. We wanted legislation to either prevent or control the expansion. There was a good deal of tension and a good deal of litigation, between the tribes and the states.

In early 1987, the Supreme Court tilted the scales in favor of the tribes with its decision in *California v. the Cabazon Band of Mission Indians* — 480 U.S. 202 (1987).

This fundamentally changed the politics. At that point, the Court held that if a form of gambling was legal in a state, the tribes could offer it without any state control. In effect, the tribes were given free rein to expand and do what they wanted.

The AHC and the other gaming interests were faced with the idea of unfettered control. We had two choices: one, forget federal legislation and let the Indians expand, and hope for a situation that would ultimately bring strong legislation; or, two, push for legislation controlling it.

We opted for the second approach, and this led to passage of the Indian Gaming Regulatory Act.

We agreed to that legislation for the reasons that most ultimately agree to legislation . . . it was a compromise. We understand the give and take that went into the Act; we thought we understood its purposes. But, since then, positions taken by some states — Connecticut and Wisconsin being good examples — decisions rendered by some courts and actions taken by some tribes do not square with what we believe the Act was intended to accomplish.

Commercial casinos are now operating on reservations in states that have no casino gambling, as we understand that term. At various times, tribes have offered slot machines and video games of chance, often without a tribal-state agreement and often in states where there are specific laws opposing them.

It is doubtful that any member of Congress who voted on the Act in 1988 believed that the existence of any form of gambling in a state would open up that state to all forms of gambling. It is doubtful that any member of Congress voting on the Act believed that the existence of limited charitable "Las Vegas Nights," would permit a tribe to open up a full-blown commercial casino.

The Act was intended to bring some certainty and predictability to the situation. It has not. Perhaps the only certain thing that you can say about the Act is that it has brought additional confusion and expanded the litigation geometrically.

The Act should be clarified, in our opinion, to reflect the original intent of Congress. First, only the type of gaming permitted in a state should be allowed on reservations. Because a state authorizes a lottery does not mean that a tribe should be able to offer a casino or horse racing. Simply because a state offers limited charitable gaming, should not mean that a tribe can open up a commercial casino, as has happened in Connecticut.

The tribal-state compact process, which was intended to balance the rights of the tribes and the states, has been misconstrued. It should be clarified to show that a state negotiating in a tough manner is not necessarily negotiating in bad faith.

Finally, the Act should be clarified to state specifically that new lands cannot be taken into trusts for gambling purposes. Permitting tribes to acquire land

outside their reservations and open casinos is and invitation to additional lawsuits.

The horse industry, in fact the gaming industry, supports the bills introduced by Senators Richard Bryan and Harry Reid in the Senate, S. 1035; and by Congressman Robert Torricelli of New Jersey in the House, H.R. 2287.

On June 25, we testified along with other people who are here today in support of those bills, before Congressman Bill Richardson's Native American Subcommittee in the House of Representatives. We supported those bills because we believe they will cure many of the deficiencies in the Act right now.

Senator Daniel Inouye, Chairman of the Senate Select Committee on Indian Affairs, has done a masterful job of keeping this issue away from Congress, until it suits his purposes.

He and his staff, representatives of 10 tribes, and representatives of the National Governor's Association, and the National Association of Attorney Generals have been meeting for several months in an effort to draft a bill that can be supported by these groups.

These meetings have been closed. We and the other gaming interests have

been excluded. But reports coming out of these meetings suggest that the positions being discussed, and reduced to legislative language, are a retreat from the position adopted by the National Governors Association in February, that calls for clarification along the lines that I just mentioned.

We believe the changes being discussed will make it more difficult for states to control Indian gaming and could lead to more litigation and an expansion of gambling on reservations, not less.

Senator Inouye has been able to control this process. It has, we think, put the governors and the attorney generals at a disadvantage. As part of the process, the NGA and the NAAG have agreed to withhold endorsement of other legislation, such as that introduced by Senators Reid and Bryan and Congressman Torricelli, and to abide by a gag rule on discussions about the negotiation until the process is completed. The deadline was supposed to be July 4, but that has been continually extended.

We believe that the negotiations are premature, and the governors are considering compromises too soon. There has been no way to test the will in



Congress and what type of support there is in Congress for the Bryan/Reid bill and the Torricelli bill. In effect, many members of Congress are simply waiting for this process to end and to hear from their governors and attorney generals before taking action.

This process has not been favorable to our attempts to get clarifying language. We have been working with our members to contact their governors, their attorney generals, their Senators, and their Congressmen and ask them to stand fast to their announced positions and to support the bills that have been introduced.

This issue will certainly be debated in this Congress, possibly this session, which ends in October.

Right now, Senator Inouye holds the cards, and we are not part of the process. We need to get into it, and we can only do that through your efforts with the governors and attorney generals right now.

With regards to tax changes, the President's budget legislation has just been passed. Although there is nothing specifically in the legislation directed at the horse industry, it will certainly affect us.

Individual tax rates will increase, effective January 1, 1993. Individuals will be allowed to pay for that tax increase over three years, in three installments over '94 through '96, without interest or penalties. The new rate will be 39.6 percent for those with incomes over \$250,000. When you figure in the health insurance tax and the limits on itemized deductions, the top effective tax rate goes to about 42 percent. The capital gains tax rate remains at 28 percent.

The rate increase and the capital gains differential may offer some incentive to people to invest in capital assets again including horses.

One beneficial section of the legislation is that the expense write-off for horses rises from \$10,000 to \$17,500 per year for purchases in 1993 and thereafter. This provides a first-year immediate write-off of \$17,500 — an increase of \$7,500 — in addition to the first-year depreciation. This should stimulate additional investment.

An unfavorable part of the package is the reduction in the deductibility of meals and entertainment expenses from 80 percent to 50 percent, and the disallowance of the deduction for lobbying expenses.

Certainly a requirement that has vexed this industry and others since it was enacted in 1986 has been the passive loss rules. This must be revisited.

The budget bill includes the first relief granted an industry with respect to the passive loss rules. It involves limited relief to the real estate industry, the industry that I mentioned earlier in this talk.

Real estate professionals, defined as those who spend more than half their time in the real estate business, with a minimum of 750 hours a year, will now be able to deduct their rental losses from their other income. This change puts them in the same position that we are in presently. They were in a worse position prior to this. The change was paid for by lengthening the depreciation schedule on commercial real estate to 39 years.

We must continue to work to change the passive loss rules. An outright repeal of this section would cost the treasury \$10 billion a year.

To give you an idea of the size of that change, an increase in the gas tax of one penny raises \$1 billion a year. Repeal of the passive loss rules would require a ten-cent increase, if that was how it was paid for. You saw the battle involved in the last several months over

trying to raise the gas tax 4.3 cents. Consider the battle for ten cents.

Another approach would be to eliminate the current 100-hour requirement under the rules, with respect to activities involving the breeding, racing, and showing of horses. In the past, we have worked with other groups, including the timber industry, on a change like this.

Be assured that we will continue to push for changes to the passive loss rules in order to stimulate investment in the industry, which is labor intensive and provides a great deal of jobs. Jobs are very important to this President and to this Congress.

As Dinny mentioned, the AHC lost a very effective leader when Rich Rolapp passed away. No one is irreplaceable, but Rich came about as close as possible. But, as Dinny also mentioned, he put together a good organization that is still in place. And he left us a legacy of excellence, accomplishment, and unity in Washington, D.C.

People have asked me what is the biggest difference between my position at the AHC and being President. The

answer is that I feel a tangible and more personal responsibility to address what you and the industry want addressed in Washington, D.C. But we need your help.

The American Horse Council is a service organization. We don't have a concrete product to sell. We sell the horse industry . . . the horse itself, the farms, racing, showing, the sport and the recreation. We sell its importance to our national and local economies and our qualities of life. You can help us close that sale.

The horse industry has problems, just like other industries do. But they are solvable, so long as we work together. We must not dwell on our problems, as Dinny mentioned. We must address them and focus on the opportunities.

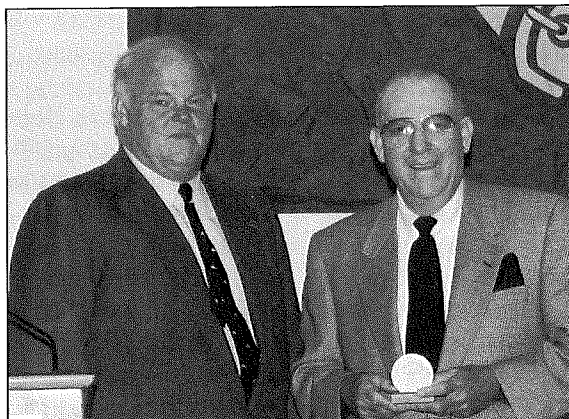
The American Horse Council asks for your help and support in this area. Only together can we continue our tradition of success into the next quarter century.

Thank you very much for your attention.

Ogden Mills Phipps: Jay, thank you.

Before we take a break, I'd like your attention for one of the more enjoyable moments of the proceedings. And that is the announcement of the winner of this year's Jockey Club Gold Medal.

THE 1993 JOCKEY CLUB GOLD MEDAL



Ogden Mills Phipps and 1993 Gold Medal honoree Kenneth Noe, Jr.

Ogden Mills Phipps: I'll remind you that we make this award each year in recognition of one outstanding individual's effort, dedication and contribution to Thoroughbred racing and breeding.

Since we started the award in 1984, we have had a distinguished list of award winners:

D. G. Van Clief of the Breeders' Cup; France's Jean Romanet; trainer Jack Van Berg; Dick Duchossois; ABC Sports President Dennis Swanson; Joe Hirsch; Dr. Charles Randall; Dr. Manny Gilman; and last year, the late Rich Rolapp.

That's a strong lineup. But the man we recognize this year stands tall even in that distinguished company.

Since he first started out on the backstretch working for his father, he's done just about every job there is to do on a racetrack.

He's worked on the backside, he's worked on the front side. He's been a steward, he's been a racing secretary, he's been a racetrack president. Above all, he's a horseman's horseman. From Florida to New York to Chicago to most places where racing is run, he's been an influence on people who today hold high positions in this indus-

try, and have all benefitted from his counsel.

No one can say that this gentleman isn't hardheaded. He has always said exactly what he believed, and thought only of the best long term interests of racing.

A tireless worker for our industry, and a person I am proud to say is a great friend of mine. This morning I'm pleased to award the 1993 Jockey Club Gold Medal to Kenny Noe.

Kenny Noe: Thank you. Mr. Chairman, Members of The Jockey Club, invited guests, those were quite kind remarks, Mr. Chairman, I appreciate them.

No one receives such a coveted award without a lot of help from a lot of folks. I see a lot of folks out there that helped me, and I appreciate it.

Since the inception of racing — and I've been around a long time, not since 1894, but it seems that way sometimes — The Jockey Club, I feel, has been the organization that racing looks to for integrity, guidance and leadership. We owe them a great deal of gratitude.

To the Members of The Jockey Club for this award, I'm very grateful, appreciative, and very, very honored.

INTERMISSION

Ogden Mills Phipps: That most traditional of countries, England, has changed a tradition that goes back more than two centuries.

In doing so, they have brought a unity of purpose to the wide and varied sectors which make up English Racing. That's an achievement which we certainly ought to be able to learn from.

We are extremely fortunate to have with us today the man who has spearheaded that change . . . Lord Hartington, chairman of the new British Horseracing Board and Senior Steward of the English Jockey Club.

As a personal aside, I have been very privileged to work with Stoker over these last few years. Rarely have I seen a person so enthusiastic for new ideas, conscientious on follow-through and staunch in his ideals for improving Thoroughbred racing.

We are particularly grateful that he could find time for us in what, I'm sure, must be an almost impossibly busy schedule.

Stoker Hartington . . .

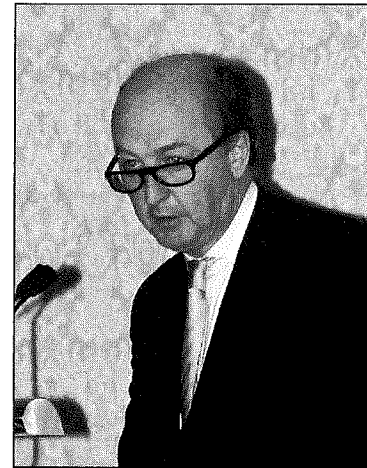
THE EVOLUTION AND FORMATION OF THE BRITISH HORSERACING BOARD

Lord Hartington: Mr. Chairman, you have very kindly invited me to speak to you about the recent changes in the structure and management of British racing and this, of course, I am delighted to do.

But I really must make it quite clear at the outset that my remarks are inevitably only about the British experience, and whether they have any relevance at all to the current position in this country is, of course, for you to decide.

I certainly know too little about the management and politics of American racing to presume to make any suggestions or comments. I look forward, however, to hearing the other speakers on this panel, as I am sure that I will learn a great deal from them.

I am lucky enough to have raced a fair amount in your country. It has always been an enormous pleasure to attend one of your racecourses, and the hospitality I have been shown over the last ten or so years has been overwhelming. I like to think I have made a number of friends amongst you and I



Marquess of Hartington

look forward to making more.

The contacts which our two countries have always had, have been close and are undoubtedly becoming closer still. More and more European horses are coming to race over here, either temporarily or permanently.

We have seen a few of your better horses running in stakes races in Europe and the notable victory of Fourstars Allstar in the Irish 2,000 Guineas in 1991 was an exciting

moment. I hope, for the sake of international racing, that we see more of that class of American horse running in Europe, but I do realize that there are good reasons why this is complicated.

With my admittedly limited experience of racing in the United States, I am well aware of the number of significant differences between here and at home in England, but the basic ingredients are the same.

As I said, an increasing number of horses are the same. They race here, they race there. And then there are the breeders, the trainers, the jockeys, the owners, the race track owners and those who bet on and off course.

There are the vets, the farriers, the stable staff, racecourse staff, the journalists, the regulators . . . and the taxmen. All have their own particular axe to grind. They have their own perception of the purpose of Thoroughbred racing, and for very many of them personal profit and personal pleasure are high among their priorities, as indeed they should be.

I became Senior Steward, which is Chairman of the Jockey Club, just over four years ago. The then-stated purpose of the Jockey Club was:

"The Jockey Club should continue to establish, where necessary, a positive and public role on all matters affecting racing and breeding, and should formulate and administer the Rules of Racing with efficiency and integrity so as to encourage the development of horseracing as a sport and as a viable leisure industry. The Jockey Club should extend its influence to see that the industry is properly financed."

My immediate predecessor decided, early in 1989, that the Jockey Club needed a Chief Executive, a post which we did not then have, and by the time I became Senior Steward Christopher Haines had been appointed. He was

appointed because it was quite clear to the Jockey Club that it needed a senior officer, with proven commercial skills, to improve British racing's parlous financial state.

I am sure that all of you here understand that the British Jockey Club is, and always has been, an entirely undemocratic body. We are about 120 strong, we elect our own members and we are accountable to nobody. As self-appointed guardians of the Turf we have been enforcing the Rules of Racing in Britain for over 200 years and, I'm glad to say, this is accepted by the participants in racing and is recognized by Government and Courts of Law.

Historically, the principal role of the Jockey Club has been regulatory. However, since 1960, when off-course betting became legal, racing became not only a sport but also a business in that, by its very existence, it enabled the off-course betting industry to exist and indeed to flourish mightily.

Without horseracing there would have been virtually no off-course betting industry. Even now non-horseracing betting turnover accounts for only somewhere between 20 and 30 percent of total turnover in off-course betting shops. In the early 1960s, non-horseracing turnover was even less than that. Since the legalization of off-course betting in 1960, and until June of this year, the Jockey Club was the only organization to represent racing in negotiations with the betting industry.

The Jockey Club was the only organization able to speak to Government with any authority on the subject of racing, although in 1980 it was joined by the Horseracing Advisory Council, which comprised representatives of all sectors of racing and which acted as a consultative body to and for the industry.

Thus, from 1960, the Jockey Club

took on two extremely important roles, in addition to the crucial one of regulation. It took on the role of political lobbyist for racing and it took on a role of commercial negotiation for racing.

As time passed, in addition to these roles, its role of central administration for all horseracing in England became more and more complex and thus inevitably more and more expensive. The Jockey Club funded most of this £12 million per annum administration cost by taxing the industry through the Rules of Racing.

The principal contributors, apart from money coming back from the off-course bettor, were the racecourses, to the tune of about 50 percent; and the owners, to about 25 percent. But many other participants contributed to the account.

When I say the Jockey Club raised these funds under Rule, I mean under Rule. The Jockey Club decided how much money it would need for the forthcoming year to balance its budget on administration, and then decided who would pay and who would pay how much. These decisions were enshrined in Rules and anybody who did not comply — i.e. pay — was in breach of the Rule and was liable to banishment from racing.

Over the last few years, although funds are still raised under Rule, an increasing amount of sensible consultation with the principal contributors has taken place.

Soon after Christopher Haines' arrival at the Jockey Club, toward the end of 1990, our House of Commons Home Affairs Select Committee — which is very, very loosely akin to your Congressional Committees — decided to inquire into the horserace betting levy and into our Tote, which is our pool-betting system and monopoly. The Horserace Betting Levy Board is the

statutory body which decides how much the bookmaking industry should pay racing, and the Levy Board also decides how that money should be spent.

Although these inquiries were as I say, in theory, into the role of the Levy Board, and the Tote, they became in reality an inquiry into the management of British Horseracing. So the Jockey Club's role was put under a very bright light.

The Parliamentary inquiry, among many recommendations, expressed the hope that the "Jockey Club and Horseracing Advisory Council will want voluntarily to establish what amounts to a de facto British Horseracing Authority" because, as the Committee put it, the racing industry lacked commercial skills, it lacked unity and it lacked clarity of purpose.

Now, from a purely Jockey Club perspective, it might seem at first glance, that these comments and recommendations represented a tremendous defeat. This, ladies and gentlemen, is not how I saw it. It is not how many, if not all, members of the Jockey Club saw it.

Twice before in the last 30 years the Jockey Club had endeavored to change the structure of the management of racing. The fact that it had not succeeded was not the fault of the Jockey Club. The climate had not then been right for what was perhaps too ambitious and all-embracing change. What the report of the Home Affairs Select Committee in May 1991 did was to provide the necessary impetus for those of us within the Jockey Club in favor of change to make an even more determined effort to achieve it.

In Britain, racing is financed from many sources — from owners, racegoers, sponsors, television companies and also a levy of about 1 percent on off-course betting.

Betting also serves our Treasury very well. A 7.75 percent tax on turnover, representing £328 million last year, is what the Treasury gets from betting.

Both the amount of the levy and the amount of betting tax are ultimately controlled by the Government. Government decides when betting shops can be open. For example, they are not allowed to be open on Sundays. Government decides what can happen in betting shops . . . whether there can be televisions or other gambling opportunities.

Government intrudes into all aspects of horseracing as it does into all aspects of life. Positive support from Government, therefore, is essential to British racing.

It is undoubtedly the case that the Jockey Club is respected in Britain as an honest, hardworking, conscientious regulatory body. However, it can make no claim of being representative in any kind of democratic way, nor is it accountable except to itself and to the laws of the land.

Politically, I believe the Jockey Club has failed to deflect the criticism of being an unrepresentative body.

I was aware early in my term of office, that no matter how rational and conclusive an argument to Parliament, the fact that we, the carriers, were the Jockey Club diminished the force of the argument significantly. This failing as a political lobbyist in one of the most important roles of the Jockey Club in serving the interests of racing, was brought home fair and square in the Home Affairs Select Committee Report.

What we then had to do, and indeed the Home Affairs Select Committee asked us to do — and the Government repeated this request in its response to the Committee — was, to use their

phraseology, "for racing to set its house in order."

My colleagues and I needed very little persuasion. For the sake of racing and its future prosperity, legitimate requests of Government, which will not only be requests for finance, must be carried to Government by a body which is acceptable to Government of whatever party and seen to be representative, democratic and accountable.

There is one other very good reason why such a body was needed. I mentioned earlier the way in which racing's central administration is paid for under the Rules of Racing. The fact that it has worked with little criticism in the past is not sufficient reason to continue a system which traduces the principle of no taxation without representation.

So we set about a new structure for the control of racing. We needed a new Board to unite racing in its efforts to improve the finances of the industry, and we needed to preserve the acknowledged regulatory role of the Jockey Club.

In mid 1991, the Jockey Club set up a Working Party, chaired jointly by myself as Senior Steward and the Chairman of the Horseracing Advisory Council, with representatives from the Jockey Club; The Horseracing Advisory Council itself; the Racehorse Owners Association; and the Racecourse Association, the latter representing the owners of the 59 tracks in the country. It was this body which drafted the constitution of the British Horseracing Board.

We first addressed the task of deciding who should hold power in the future. It took quite a time, but discussions were surprisingly straightforward. We focused, naturally perhaps, on those who paid the bills — the racecourses and the owners — and we focused on the need for representation

from all sections of the industry.

The finished product has eleven seats, three from the Industry, two from the Racecourses, two from the Owners and four from the Jockey Club. It operates through four formal Committees — Finance, Racecourse Development, Race Planning and the Industry Committee.

In order to improve our accountability we have agreed that the Industry Committee should hold a forum every year, at which the Board will explain its policies, its past activities and its future plans. This will be something akin to a company's Annual General Meeting, open also to the media.

The British Horseracing Board came into being officially on 7th June, 1993, only 24 months after the report of the Home Affairs Select Committee. We have a new Chief Executive, Tristram Rickett, formerly with the Levy Board.

At our first meeting of the Board it agreed on its objectives. And they are: ". . . (to) strive to secure and maintain significant improvements to the finances of the spectator sport, the entertainment industry and the betting medium of Flat and Jump horseracing. (The British Horseracing Board) will aim to do this for the benefit of all those who invest and work in racing and derive enjoyment from it, and in order to enhance British racing's competitive position internationally."

As to the regulation of horseracing, from the very beginning of our deliberations it was quite clear to me that not only the Jockey Club but the other constituent parts of the racing industry wished the Jockey Club to continue with its regulatory functions, licensing, discipline, security and integrity. This, as I say, is the Jockey Club's historic role and there has been no serious suggestion that it should relinquish it.

However, although the Jockey Club

remains independent, the money required to pay for its regulatory role will be raised now by the British Horseracing Board.

Apart from transferring responsibility for political lobbying and taxing the industry, the most important power transferred from the Jockey Club to the British Horseracing Board is the control of racing's product, that is to say, control of the number of race meetings held and the program content of those meetings. This provides the new Board with its power base.

I believe that the constitution that we have devised is sensible and practical as well as achieving a representative, democratic and accountable body. I should like to emphasize that we have achieved the new structure by discussion and with the enthusiastic agreement of all parties to the changes, and without recourse to Government legislation.

You may have noticed, ladies and gentlemen, there is no place on the British Horseracing Board for bookmakers. That is because the bookmaking industry's interface with the racing industry is, at the moment, the Horserace Betting Levy Board, where once a year there is a discussion — and often an argument — over how much the betting industry should pay the racing industry for providing its raw material.

In the medium term the British Horseracing Board has a stated objective of taking over the distributive functions of the Levy Board. It is a curious fact that the Levy Board, as well as collecting the money from the betting industry, also decides how that money should be spent. I believe that that function, the spending function, is properly the responsibility of the racing industry itself and of nobody else.

However, in order to achieve control of the distributive functions, we

have to convince our Government that the Board is responsible, reliable and competent to do so. At that stage of the British Horseracing Board's development it is possible that there may be a change to its constitution. It may well be, that will be the moment the betting industry comes to have a formal relationship with the British Horseracing Board.

In the meantime, of course, the Board goes out of its way to discuss mutual matters of importance with the betting industry — in particular, race fixtures, timings of the running of races, taxation and the deregulation of the betting industry.

Betting and racing have very many common goals and these are the areas on which we are concentrating in the first few months.

It is important, indeed crucial, that the betting and racing industries in Great Britain learn to live closer together. Inevitably there will always be pressure within racing for more money from betting. But there is no reason why that pressure should result in useless acrimony.

The main challenges of the British Horseracing Board will be twofold.

First of all it is essential that the Board carries the industry with it in its decision making. Inevitably, all decisions will not please all parts of the industry equally. Indeed some will disappoint, and perhaps anger, different sections of the industry. But if the British Horseracing Board fails to unite British racing it will itself have failed.

The second challenge comes from outside, that is the challenge of convincing Government of racing's arguments, of racing's needs, of racing's position in British life.

Racing plays an important role throughout the length and breadth of Britain, not only for leisure purposes

but also as an employer and a revenue earner for our Exchequer. In the past, racing has perhaps failed to capitalize on these strengths. I am confident that that failure is a thing of the past.

We have established a new framework for the management of racing. It has required commitment from all sides to reach this point. But this has only brought us to the start line. The real challenge is to use our new structure to make solid achievements on improving our finances.

We shall have to address basic issues such as the optimum size and shape of our industry — issues which the previous disunited structure was unable to tackle. I am confident that the creation of the British Horseracing Board positions us to tackle the fundamental policy of this sort.

The Board does, at last, provide a single forum where the issues of the day can be discussed and decided by a group elected to make those decisions. I am very fortunate to head a Board of individuals dedicated first to racing and breeding, and only second to the particular sectional interest they themselves represent. This attitude will be essential to the successful direction of our industry.

Before closing, I should like briefly to put the changes in England into a European perspective.

We at home are not alone in addressing changes. The downturn in the economics of racing, whether caused by recessionary pressure or by loss of market share to other sports or to other forms of betting, has been felt generally across Europe.

The participants in racing, seeing their businesses and livelihoods at risk, have rightly demanded a voice in the decision making-processes which determine the future of their sport, their industry. So we have seen struc-

tural changes in the management of racing both in France and in Ireland designed to provide greater unity and sense of purpose. In both those countries, however, the solutions have been reached through Government legislation.

Changing the structures will not be enough to change the fundamental economics. This will only be achieved by single-minded determination to succeed and by hard work.

Ogden Mills Phipps: Thank you Stoker. And a special personal thanks again for taking the time to speak with us. We wish you every success and we also know that your leadership will make the difference and be successful.

Ogden Mills Phipps: How much have we learned from what we've just heard? And how should we go about adapting to our own changing world?

David Vance is our new TRA president. He hasn't been in the job too long, but he's already given us plenty of signs of what he intends to do to shake up the industry and look at different ways of presenting our sport.

Today, David is going to give us a road map which he believes will lead to a better future for racing.

A NEW DIRECTION FOR AMERICAN RACING

David Vance: Thank you, very much, Mr. Chairman.

Members of the Jockey Club and Stewards, distinguished guests. It is a pleasure for me to be with you again this year . . . with a left shoe and a right shoe. For those of you who don't remember, there have been occasions in my life when I did not have that luxury.

I would like to especially thank Lord Hartington for your presentation. I feel it offered some excellent insights into the accomplishments you've made in the U.K. and, interestingly enough, although not intentionally, provides an excellent segue into my own remarks.

All of us in this room are involved in a wonderful sport. It is rich in tradition, and glamour, and romance . . . and it is

an industry under siege, a fact we cannot take lightly.

I also happen to believe that it is an industry with perhaps its brightest future ever. If we can unite and take advantage of the resources we have available to us today to become a force in the United States, just as Lord Hartington has done in England.

We are an industry under siege — and I believe that is a fair and accurate assessment — for many different reasons. One is our failure to unite, another is our failure to deal with the competition.

One of the first cardinal rules of any business plan is to understand the competition. Not only is there competition in America for the gaming dollar, but the tug on the leisure dollar, along with an ever-expanding technology that is captivating today's youth, demands that we act, now.

We must deal with Indian gaming, which uses funding from Las Vegas casinos and a tax-free status to enjoy a unique example of free enterprise. We have video poker which appeals to the senses of the thrill-a-second demands of the '90s. We have riverboat gaming, which in reality is casinos surrounded by water. We have lotteries, continuing to generate little or no new money for their states but avoiding the negative connotation of a tax.

And we have Super Mario, the Nin-



David M. Vance

tendo mascot, which is more recognizable to children in the United States today than Mickey Mouse. Nintendo earned more profit in the early '90s than the three major U.S. television networks combined. That is competition.

If you read the July 10 edition of *The Blood-Horse* you read the following headlines: "New York Legislation Pending," "Santa Anita Appeals Judgment," "Brennan Denies Garden Sale Close," "Europe Might Ban More Substances," "Calder Wins Again in Hialeah ITW Dispute," and "Ellis Park, Horsemen Reach Rocky Accord."

Other than Mr. Mellon's remarkable philanthropic gesture of a \$1 million dollar donation to the Grayson-Jockey Club Research Foundation, reading that particular magazine was a depressing experience.

Not long after that I was thumbing through a hard-bound book with beautiful pictures of Bluegrass farms, and I had the uncomfortable feeling that I might be reading a history book.

Recent reports show that in 1991, \$240 billion (about 80 percent of all betting) was conducted in Nevada and Atlantic City. Lotteries accounted for \$21 billion (which was seven percent of the market). And horse racing — all breeds — showed \$14 billion (or 4.5 percent). In 1982, our market share was 22 percent . . . 4.5 percent today, 22 percent ten years ago.

Video lottery terminals or video poker will top the \$1.3 billion mark in 1993 and they continue to grow. Add to that the fact that in three years, there will be 32,000 fewer Thoroughbreds between the ages of two and four than there were last year.

What that means is we simply can't conduct the same number of live races two years from now that we did last year. And the truth of the matter is we are too busy being reactive to be proac-

tive. We are fighting each other in our state capitols while the real enemy stalks the halls with powerful lobbying efforts designed to kill our great sport. Clearly, this brings us to a crisis level.

Recognizing this tremendous competition and our inability to be proactive as an industry, many of our trade organizations have launched new efforts and they should be commended. But we must first remember that they really are just trade organizations, ill-equipped and woefully underfunded to deal with the demands we currently face.

So how do we deal with this? As Abigail Adams told her husband John Quincy in 1780, "Great necessities call out great virtues." In the '90s, that might sound more like "fear is a wonderful motivator." And it is.

With that in mind, allow me now to introduce the theme of my presentation today. You've heard it before, but simply put, it is time to unite.

We must put aside our parochialism. We must bury provincialism. It is time to act in the best interest of racing . . . not what's good for Ohio or Oklahoma or Louisiana or California or New York, but what's good for racing.

Let me first share with you recent efforts by the TRA to deal with these mounting problems.

Following this year's Eclipse Awards, the Executive Committee of the TRA held a three-day retreat in Dallas. It was, I think it is safe to say, very enlightening for all of us. We were fortunate enough to have Dennis Swanson, President of ABC Sports, and Bruce McNall, owner of the Los Angeles Kings of the National Hockey League, join us to talk about their experiences. Since both men are students of our own industry, they were able to provide their own observations about how this growing competition can

affect us and how we can best deal with it.

Swanson talked about the growth of the new technology, fiber optics, interactive television, and how that might play in the future.

McNall talked about how the National Hockey League made a conscious decision to establish a strong base for their day-to-day operations. They retained an executive search firm to go out and hire Gary Bettman as Commissioner of the National Hockey League. He was the second man in command of the NBA and helped pilot that tremendous growth.

McNall also encouraged us, as an industry, to go to our strength, which is pari-mutuel wagering. I'll explain how later.

Both of these men encouraged us, the Executive Committee, to move to what they called a higher agenda. They said that racing simply did not have that higher agenda like other sports do. So we began to examine other leagues and the successes they have enjoyed. We all know of the NFL and its marriage to television under Pete Rozelle. We know of Dean Beamon's wonderful success bringing golf and television together. Golf was a boring television experience, conducted twelve months out of the year. If that sounds familiar, it is only a coincidence.

Today, however, golf is on all three networks, as well as some cable, and its participants are heroes and wealthy, and not necessarily in that order.

I was in pro basketball for seven years, before the merger of the two leagues, and when I went into racing in 1976, it was pretty well decided that pro basketball wouldn't have a very long life, that it simply wasn't a good television sport, that football had the corner on that market.

In 1980, the final game of the cham-

pionship series of the NBA was tape-delayed until after the nightly news.

Most everyone in this room saw tremendous interest in Michael Jordan and the Chicago Bulls in the NBA finals and the ratings of those games on network television this year.

We have seen David Stern as Commissioner take that league and turn it into perhaps the most impressive marketing effort in sports history. Today, it is a giant international conglomerate.

David Stern had a mission statement when he first took over. He was in charge of recruiting new people for broadcasting, public relations, and marketing. It was that simple. Maybe we, as an industry, can learn something from that.

So the Executive Committee accumulated all this information during a three-day retreat and went back to the TRA Board of Directors with a proposal. The Board supported the idea, and we elected to hire an executive search firm, the very same three-man team that found Gary Bettman for the NHL.

Again, with the support of the Board of Directors, we were able to launch that search. I am pleased to report to you today that it is developing well as we speak.

The TOBA also should be applauded for launching a major initiative in an effort to resolve what they interpret as the problems in Thoroughbred racing. I think from my vantage point, one of the very positive things that came out of their research and their study was a recommendation that we go to a macro-micro concept of running racing.

Macro, as I interpret it, represents the big organization, the Central Office, if you will. What I am proposing to you today is that the Central Office would have the mandate of acting in the best interest of racing, creat-

ing new revenue opportunities, offering a more effective means of exposing us to the new frontier of telecommunications. It would allow us to take full advantage of our strengths and one of the great benefits would be a stronger, more unified voice in Washington and the state capitols throughout this land.

We must be more aggressive in finding new sources of revenue which can allow us to increase purses, making it more attractive to own horses and become involved in our business. It will require a Central Office to accomplish this.

That micro, in the macro-micro, would be us, the individual satellites, the trainers, the jockeys, the veterinarians, the race tracks, all of us able to concentrate more fully on the job at hand, and not have to try to run this particular sport on a volunteer basis as we do now. Let the Central Office handle that for us.

The fact remains that through simulcasting and intertrack wagering, we have been able to raise purses but, for the most part, revenues for tracks have been in decline. This concept would allow race tracks to focus on increased revenues. We must be allowed to treat our business as a business.

And I suppose I should repeat that. Race tracks must be allowed to treat their business as a business.

If that means introducing new product lines, so be it, as long as we are acting in the best interests of our sport. And that can be done. I know from experience.

We have to be able to see the big picture. We must deal with the competition. Horsemen, the race tracks are not your enemy. We are not even inept.

It's time we stopped pointing fingers and recognized that the problem is not necessarily in the way we have managed or failed to manage, any more

than it is a trainer's failure to win races or an owner's failure to make money. It is simply a sign of the times. The people are telling us something. It's up to us to listen, and to act.

Too many industries and large corporations have made very sophisticated efforts to reverse negative sales trends without ever acknowledging that the problem just might be the product itself.

Our charge, then, is to look at our problem as any corporation would look at its problem. We must pursue consumer acceptance. We must establish proper distribution.

We must develop effective packaging, in this particular case, especially for television. That Central Office, would also allow the TOBA to launch an aggressive effort to help the breeding industry, to search out and create new owners.

Sales companies could flourish again. Trainers could concentrate on training. Jockeys could parlay their success into major endorsements. None of these things are happening now, so change is imperative.

A Central Office, in its simplest form, would "grow" the entire industry of Thoroughbred racing.

Please understand that I am not suggesting that we disband all of the trade organizations in this industry. On the contrary, I am convinced they all serve a very meaningful purpose. In fact, the creation of a Central Office would only serve each of those trade organizations, and vice versa.

We need the TRA and the service it renders. We need the TRPB to protect the integrity of our great sport. We must have a voice in Washington, be it through the American Horse Council or the American Horse Racing Federation or a Central Office, or all three. We must have the TRC, which I think does

an excellent job under very difficult circumstances. But the fact remains that they all need some help.

A Central Office would avoid the possibility of our two major events in this country negotiating separate contracts with separate television networks. Just think of the force we could be if we could all work together, sharing a common bond, with common goals and an uncommon strength.

I must be painfully candid and tell you that one of our great problems in this industry is that there are far too many egos as we search for a solution. Pride of authorship seems to be an issue, and that should not be the case.

But if we do it together, we are all responsible for its success. Any marketing or business consultant would tell us in professional terms that we are a maturing, perhaps even an aging, product. That would be their terminology.

In most cases, those mature products are in mature markets, and that's a bad combination. Add to that the onslaught of competition for the leisure dollar and we have to acknowledge that crisis is not an understatement. Frankly, I have been part of the problem far too long, and I'm certain from discussions with many of you in this room that you share my desire to at long last be part of the solution.

Please understand, this is not doomsday talk. I happen to believe very strongly, as I said earlier, that this can, indeed, be the most exciting time in our industry's history. But we must act now. We must act through a Central Office. We must act as one.

You may have read recently about plans for a golf channel. Twenty-four hours of golf. Think about it. Once upon a time a camera followed Arnold Palmer through nine holes . . . and people were bored. Once upon a time, racing had one two-minute race on an

hour show with a lot of talking heads . . . and people were bored.

Bruce McNall told us we should go to our strength, which is pari-mutuel wagering. Dennis Swanson told us interactive television should be part of racing's future.

So, the idea of a national Racing Channel employing our strength, pari-mutuel wagering, tied to the new technology of interactive television, as Will pointed out earlier, becomes a very real and exciting possibility.

What's good for racing is a Central Office which will allow us to explore new and exciting ways to market our sport, using that new technology to once again glamorize, romanticize and, most importantly, to globalize our great sport.

We must have a Central Office. A Commissioner, or President if you will, but not a czar. One who answers to a Board of Governors which represents the entire industry. We need to lock that Commissioner and his Board in a room and allow them to do the following things:

1. Evaluate our assets, our people, and our facilities.
2. Identify our strengths and weaknesses.
3. Agree on realistic, obtainable goals, both short-term and long-term, setting deadlines for all of them.
4. They must be willing to conceptualize our industry goals.
5. They must initiate strategic planning sessions throughout the industry.
6. They must establish a mission statement for the years to come.

That Board should not be concerned with special interests. The individuals should not be chosen to protect their own turf, but to act in the best interest of racing.

We cannot be afraid to issue new product lines. At issue is how we pack-

age it, present it, and market it to the consumer, and serve all aspects of the racing industry. That means purses. The operative term here is revenue sharing.

We have strength in numbers for areas such as licensing and merchandising. We offer an attractive package to anyone wanting to be the official soft drink or official hot dog of Thoroughbred racing. No sport can offer the market exposure and entertainment value we can, if we work together.

I am excited about this. I believe we can do some wonderful things for this industry if we will only work together for the greater good, and I happen to believe we can.

So it is only appropriate that here at historic Saratoga, rich in Thoroughbred history, we initiate talks that will provide a springboard for keeping those memories alive, and also serve as a foundation that will allow our industry to contemporize, to take full advantage of our assets. They include a wealth of human resources, giants in corporate boardrooms, celebrities and pro athletes across this land who, like you and I, have a vested interest in this sport.

We really are limited only by our own imagination. So imagine with me, if you will, a major carryover on a national or international level, not unlike the Powerball lottery and the interest it generated.

Imagine a structured league concept, or thoroughbred racing tour, leading up to a national championship in each division, not unlike the Breeders' Cup. Imagine racing on MTV targeting younger demographics. Imagine Kent Desormeaux and Julie Krone with their charismatic personalities endorsing major sports on national television.

And finally, imagine a Central Office, run by this industry, funded by this industry, employing the services of all

of the trade and benevolent organizations, working together, lockstep toward a bright and exciting future. Ladies and gentlemen, it works.

I understand, and regret, the controversy that comes with this. I understand there are those who disagree with this. I accept that.

And I must emphasize that I stand before you not representing the TRA because I do not have that authority, but I do have this forum. And thanks to the encouragement and support from men and women I respect the most, I come to you with a very strong sense of commitment.

I therefore challenge this industry to work together as never before. I call on the TRA, the HBPA, the TOBA, the RCI, The Jockey Club, the Breeders' Cup and the Triple Crown to join together in a show of force that can only lead to good.

I encourage you to come to the table with no hidden agenda, but a commitment to provide the leadership and the funding necessary to accomplish our goals.

Please remember, without change, there is no change. And change today is necessary and right. Not for the sake of change, but for the sake of this industry.

I happened to have been a young child in Lexington, Kentucky, when Man o'War died, and I remember the long line of people at his funeral. It was my first exposure to Thoroughbred racing.

The first job I ever had was the 1954 Kentucky Derby; a little gray horse named Determine won it, I was 12 years old. I was there, Penny, when Secretariat was moving like a tremendous machine. I saw Affirmed and Alydar and little Stevie Cauthen; and Seattle Slew and Spectacular Bid and yes, even Ruffian. I love this sport, as you

do. It's a wonderful sport.

But, as David Heckerman wrote recently: "In the hearts of horsemen everywhere, there beats the nostalgic wish that racing could return to the way it was before the forms of gaming gave the public numerous alternatives to pari-mutuel wagering."

That, ladies and gentlemen, I am afraid is not going to happen.

I recently read a poem about six people sitting around a fire, on a bitter winter evening, each with a stick of wood needed to keep the fire going. They came from all walks of life. They all refused to share their wood because of their own individual prejudices. The poem concludes:

*Their logs held tight in Death's still hand
Was proof of human sin.
They didn't die from the cold without,
They died from the cold within.*

Ogden Mills Phipps: Thank you, David. You call and tell us where to be and we'll be there. That was a wonderful talk and a large mission.

I would submit to you today that it is time all of us throw a little wood on the fire. I should tell you that I am not just making a speech today. This is not your usual rhetoric. I am going to follow through and I am going to make a commitment to this project, and I will be calling the leaders of this industry within the next thirty days.

I will be calling you, and we will meet, and we will talk, and we will search for solutions, and we will find the proper funding, and we will use the words of the late Richards Rolapp: "The ties that bind us together are stronger than those that divide us."

Let us work together and let us do what's good for racing.

I would like to thank The Jockey Club for allowing me this opportunity to speak to the leaders of our industry about this very vital issue.

CLOSING REMARKS

Ogden Mills Phipps: I think you'll agree that the message from all our speakers this morning has been a positive one. That's the way it should be. Because I am convinced today that we stand on the threshold of opportunity as exciting as any we've ever had before us.

But there is one thing that is more important than anything we have heard. It's the reason we're all sitting here. It's the one element without which we wouldn't have any racing . . . the Thoroughbred.

This year, the general public has shared our anguish over a Triple Crown series marred by tragedy. The public shared it because these particular events, unlike those that take place, unfortunately, from time to time on all our race tracks, took place in the spotlight of national television.

There's a lesson to be learned from this.

We tend to look towards television as our savior these days. But television comes with a price. If we want the world to watch our sport, we'd better be ready to show not only its glories but also its imperfections. That also goes for the way we conduct racing . . . our rules, our medication policies, our integrity.

When, this year, the public started asking us how often horses broke down in races and what we were doing about it, our answers had a shallow ring.

The facts are that, even though the Grayson-Jockey Club Foundation puts \$450,000 a year into much needed research, we should do more.

Now, a 100th anniversary is a pretty special occasion for anybody. But it's also an opportunity we should not waste.

We can be proud of The Jockey Club's record of service during the last 100 years. There isn't a Thoroughbred registry in the world which registers as many horses as we do, as cheaply as we do, or with as much regard to the integrity of the Stud Book.

What's more, the fine people who work at The Jockey Club today are totally dedicated to working on your industry problems. Our members and stewards are proud of them and we are proud of the job they do.

I'm not here today to preside over the closing of our first century. I'm here really to launch the beginning of our second century.

The 100th anniversary of The Jockey Club should be special, not for us, but for the Thoroughbred. I would like 1994 to go down in history as the year our industry addressed with total commitment the health issues of the horse. That means research and expanding our knowledge for future generations. And we can only do that if we raise the level of financial support to where it ought to be. That is our goal for next year.

I'm not talking about putting on fancy banquets or balls or other social occasions. I'm talking about getting everyone involved at whatever level they can afford . . . owners, breeders, trainers, jockeys, the vets, the farriers, track employees. Even, might I suggest, the turf writers and radio and television commentators who cover our sport and earn a living from our wonderful horses.

We want the \$2, the \$5, and the \$10. We want organizations like state pony clubs involved . . . anyone and everyone who has an interest in our sport.

I'm not asking this for The Jockey Club . . . I'm asking it for the horse.

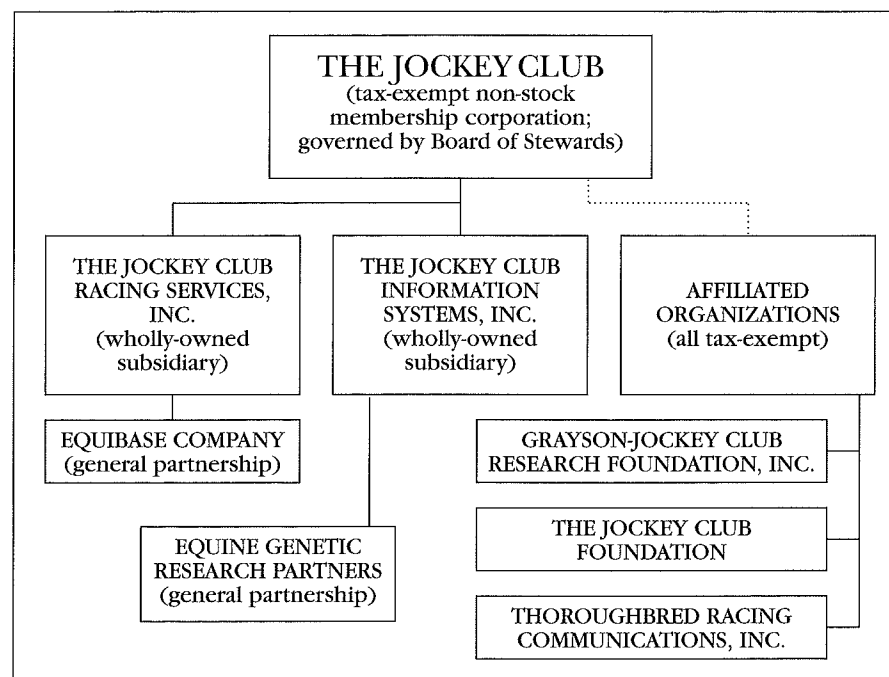
Let us use the Kleberg and Mellon donations not as an end but as a begin-

ning to what we can and should do.

Then we will begin to have the sort of on-going support for veterinary research which we so vitally need.

Ogden Mills Phipps: Thank you so much for coming. We look forward to seeing you at all race tracks across the country and look forward to seeing you here next year.

ANNUAL REPORT OF THE JOCKEY CLUB
AND RELATED ORGANIZATIONS



"Few realize the scope of The Jockey Club's activities in fulfilling its commitment to serve all sectors of the industry for the betterment of Thoroughbred breeding and racing."

William S. Farish
Vice Chairman, The Jockey Club

REGISTRY

The primary responsibility of The Jockey Club is to maintain and publish *The American Stud Book* in a manner which insures the integrity of the breed in the United States of America, Canada and Puerto Rico.

FOAL CROP DECLINE CONTINUES, REGISTRATION FEE STABILIZED

The projected 1993 foal crop of 36,300 represents the seventh consecu-

tive year that the foal crop has decreased.

In the 1985 breeding season, which produced a record 51,293 registered foals, 92,921 mares were reported bred.

During the 1992 season, an estimated 65,500 mares were reported bred. This represented a decrease of 27,421 in the number of mares bred, against 1985 statistics. During the same period the number of active stallions declined from 8,585 to 6,875.

In spite of these declines and the resulting drop in revenues used to support the fixed costs of the Registry, the basic registration fee continues to be stabilized. The integrity of the American Stud Book, however, still remains protected and efforts to provide the highest level of service to breeders sustained.

In this respect the Registry is grateful to breeders who have adopted many cost- and time-saving innovations, such as the remote-software which is designed for use with basic Personal Computer hardware to complete naming, live foal, and breeding reports.

It is hoped that the new Performance Thoroughbred Registry (see Special Projects below) will stimulate a market for Thoroughbreds which, hitherto, has been generally little-recognized.

TJCIS

Incorporated in 1989 as a wholly-owned for-profit subsidiary of The Jockey Club, all the profits from which are reinvested in the Thoroughbred industry, helping to stabilize Registration fees and funding industry projects.

AGGRESSIVE MARKETING & DIVERSIFICATION ASSURE INDUSTRY SUPPORT

The Jockey Club Information Systems, Inc. (TJCIS) has successfully targeted areas in which to expand its Equine Line service, including agreements in Europe, South Africa, Australia and the Far East, where TJCIS on-line services are now being marketed.

The agreement with the Horsemen's Benevolent and Protective Association is in full execution, and hundreds of HBPA members throughout the country are benefitting from access to the

TJCIS services now provided to all regional HBPA offices.

TJCIS continues to be the industry leader in preparing camera-ready catalogue pages for the vast majority of all Thoroughbreds sold at public auction in North America each year.

The Software Consulting Division, especially through its AS400 conversion expertise, has been successfully expanded into non-equine markets. This has lessened the division's financial vulnerability to Thoroughbred industry fluctuations.

TJCIS has formed a General Partnership with Molecular Tool, Inc., of Baltimore, Maryland to develop equine DNA techniques (see below)

EGRP

A general partnership between The Jockey Club Information Systems, Inc. and biotechnologists Molecular Tool, Inc. Its first project is to develop a commercially viable DNA test for equine parentage verification.

DNA TECHNIQUES FOR EQUINE PARENTAGE VERIFICATION

Equine Genetics Research Partners (EGRP) has, since its inception in 1991, met and surpassed a series of test benchmarks paving the way for adoption of DNA techniques in the parentage verification of all Thoroughbreds registered in the American Stud Book.

The first aim of the Partnership was to contain parentage verification costs so that basic Registration fee stabilization could continue.

While early benchmarks established the feasibility of DNA-parentage verification under laboratory conditions, later work concentrated on minimizing the test costs and developing DNA-sample collection procedures giving immediate cost benefits to breeders.

Extensive field trials of the DNA test, developed by EGRP scientists working at Johns Hopkins Research Campus, are currently under way. Early results have been positive.

A detailed report of EGRP progress and activities is the subject of a presentation at the 1993 Round Table Conference (see page 11).

EQUIBASE

A partnership between The Jockey Club and TRA to establish a single industry-owned database of racing and pedigree information.

INDUSTRY'S RACE RECORD DATABASE ON SOLID FOOTING

In this, the first year of full Equibase operation, financial reports show that the company is already on a sound financial basis.

Race track programs throughout North America bear little resemblance to the minimal-information programs of the pre-Equibase era.

Industry-owned data also gives forward-looking tracks the flexibility to expand program distribution and use the program as a forceful and effective marketing tool.

Instant availability of data has also given tracks freedom of decision in simulcasting development. Equibase Company is successfully meeting these challenges, transmitting both whole-card and single-race information to simulcast receiving tracks on demand.

Demonstrating full acceptance of Equibase Company data integrity and quality of service, an increasing number of communications and information services are developing products designed to help and educate fans. These range from hand-held electronic handicapping devices and in-depth performance analyses, to electronic news

distribution services.

By providing data to these new sources, Equibase Company continues to fulfill its mission to expand the availability and use of racing information. This will continue to be of benefit to racing fans and to the racing industry in general.

TRC

Funded by The Jockey Club, Breeders' Cup Ltd. and the TRA, and founded in 1986 to meet the highly competitive need for distribution of Thoroughbred news and information to sports and other media.

NEW TV SHOW PROFILES RACING PERSONALITIES, EVENTS

Thoroughbred Racing Communications (TRC) broke new ground in July with the introduction of a televised monthly racing magazine called "Thoroughbred World."

Produced by PHoenix Communications in association with TRC and hosted by Tom Durkin, the show includes features on personalities and events in Thoroughbred racing. It can be seen in approximately 33 million homes on Prime Network.

TRC continues to host media teleconferences previewing major racing events such as the Breeders' Cup and the Triple Crown. In October, it will publish a "Newsroom Guide to Thoroughbred Racing" to help editors, writers and producers better understand racing terminology and operations.

Other ongoing projects include its weekly media newsletter, TRC News; nationally distributed TRC Video News Features; the TRC National Thoroughbred Poll; the TRC Notebook, distributed by the Associated Press each Thursday; and TRC audio feeds to radio networks and stations from important

races and/or events.

TRC's nationally syndicated weekly radio show, "The Thoroughbred Connection," hosted by Jim McKay, has profiled nearly 200 guests since its inception in April, 1990, and is heard on approximately 55 stations nationwide.

GRAYSON

The Grayson Foundation, established in 1940 to raise funding for equine veterinary research was combined with the similarly-chartered Jockey Club Research Foundation in 1989.

MELLON GIFT YEAR'S HIGH POINT, GRANTS EXCEED \$475,000

Last year's distribution of funds reached more than \$475,000 in support of 15 research projects. This brought total funding just short of \$1.8 million, since the merger of the Grayson Foundation and The Jockey Club Research Foundation in 1989.

The 1992-93 distributions were shared equally among various medical disciplines including infectious diseases and immunology, reproduction, and conditions that may affect a horse's performance such as bleeding, orthopedics and stress.

This year, 79 requests from 32 universities asking for approximately \$2,735,000 have been considered and evaluated by the Scientific Advisory and Veterinary Advisory Committees. The quest for an increase in membership and other financial contributions for equine medical research, therefore, remains a major priority.

In this respect, total fund-raising activities by the Foundation during the year were eclipsed by the dramatic and generous gesture of Director Emeritus Paul Mellon, who donated the entire

\$1,000,000 Triple Crown bonus earned by his Kentucky Derby winner Sea Hero, to the Foundation's endowment.

Mr. Mellon expressed a wish that his fellow members of The Jockey Club and others in the horse industry match his contribution with gifts and pledges totalling \$2 million by the end of 1994. In compliance with that wish, the Foundation has embarked on an extensive fund-raising program.

Contributions in support of this vital cause may be addressed to: The Grayson-Jockey Club Research Foundation, Inc., 821 Corporate Drive, Lexington, Kentucky 40503.

TJC FOUNDATION

Established in 1943 to provide relief of poverty and distress among indigent members of the Thoroughbred industry and their families.

CHARITABLE SUPPORT INCREASES TO MORE THAN \$500,000

Grants from The Jockey Club Foundation and Cavanagh Trust increased last year to more than \$500,000.

In addition to the 45 recipients who receive a monthly stipend to help them meet their day-to-day living expenses, the Foundation also assists individuals in paying for their medical expenses. Charitable organizations benefitting from support included the Disabled Jockeys Fund; the Race Track Chaplaincy Program of New York; and the Backstretch Employees Assistance Team (BEAT).

Support was also extended to the Race Track Chaplaincy Program of America, to assist with their program of help to stable personnel across America.

Distributions from the Cavanagh Trust included grants to the University of Arizona Race Track Industry Program and Windrush Farm Therapeutic

Equitation, Inc. Windrush Farm operates a rehabilitation center for the handicapped.

SPECIAL PROJECTS

The Jockey Club continues its support of special projects in many areas. These include:

NEW PERFORMANCE HORSE REGISTRY TO BE ESTABLISHED

The Jockey Club is to establish a new Registry that will be known as the Performance Thoroughbred Registry.

The new Registry will incorporate a central database relating performance records of Thoroughbreds and half-Thoroughbreds in non-racing equestrian events to their pedigrees.

Establishment of the PTR is the result of extensive discussions with the American Horse Shows Association, the United States Combined Training Association, the United States Dressage Federation and other equestrian organi-

zations and breed registries.

Although specific rules have not been finalized, all horses already in the American Stud Book, and their Thoroughbred or half-Thoroughbred offspring, will be eligible for registration.

Demand for such a Registry has been on the increase as breeders and trainers of "sport horses" look to Thoroughbreds and half-Thoroughbreds for the natural attributes which make them excellent performers in many disciplines, from show-jumping to dressage, combined training, and polo.

Without a central registry, however, there has been no way to identify which Thoroughbred bloodlines and crosses are more successful than others. The PTR will provide a benchmark for quality.

It is expected that the new registry will stimulate a Thoroughbred market which has been little recognized.

The first PTR Certificates of Registration are expected to be issued in mid-1994.

Members of The Jockey Club

Helen C. Alexander	Daniel M. Galbreath	Paul Mellon
Joe Allbritton	Richard L. Gelb	Dr. John A. Morris, Jr.
John Ed Anthony	Edward H. Gerry	James B. Moseley
Charles Baker	Henry A. Gerry	John H. Peace
Thomas M. Bancroft, Jr.	Martha F. Gerry	W. Haggin Perry
William W. Bancroft	M. Tyson Gilpin	James W. Phillips
*James E. Bassett III	*John K. Goodman	Ogden Phipps
John A. Bell III	Gordon Grayson	*Ogden Mills Phipps
August Belmont	Arthur B. Hancock III	William A. Purdey
James H. Binger	Seth W. Hancock	David P. Reynolds
Edward S. Bonnie	Joseph W. Harper	Reuben F. Richards
Frank A. Bonsal, Jr.	*John C. Harris	William P. Rogers
*James C. Brady, Jr.	George M. Hendrie	Donald P. Ross, Jr.
Nicholas F. Brady	John Hettinger	Timothy H. Sams
Baird C. Brittingham	Fred W. Hooper	Ernest L. Samuel
Alexander G. Campbell, Jr.	E. Edward Houghton	Reeve Schley, Jr.
Charles J. Cella	G. Watts Humphrey, Jr.	Bayard Sharp
Alice Headley Chandler	Stuart S. Janney III	Viola Sommer
Helen B. Chenery	*Richard I. G. Jones	Robert S. Strauss
George M. Cheston	Russell B. Jones, Jr.	George Strawbridge, Jr.
Robert N. Clay	Warner L. Jones, Jr.	Charles P. B. Taylor
Keene Daingerfield	Howard B. Keck	Shirley H. Taylor
F. Eugene Dixon, Jr.	James R. Kerr	Charles H. Thieriot
Allan R. Dragone	Frank E. Kilroe	Oakleigh B. Thorne
Jack J. Dreyfus, Jr.	John T. Landry	Donald J. Valpredo
*Richard L. Duchossois	F. Jack Liebau	Daniel G. Van Clief, Jr.
Allaire duPont	John C. Mabee	Alfred G. Vanderbilt
William duPont III	William C. MacMillen, Jr.	Joseph Walker, Jr.
Robert S. Evans	Kenneth L. Maddy	Betsey Cushing Whitney
Thomas M. Evans	J.W.Y. Martin, Jr.	Wheelock Whitney
*William S. Farish	Peter McBean	P. A. B. Widener III
Hugh A. Fitzsimons, Jr.	Donald M. McKellar	Donald G. Willmot
Anderson Fowler	James K. McManus	Jacques D. Wimpfheimer
George Frostad		* William T. Young

* Stewards

Honorary Members

Marquess of Hartington (England)	Brig. H. J. de W. Waller (Ireland)
Baron Bertrand de Breuil (France)	R.L. Charley (Australia)

Officers

Ogden Mills Phipps <i>Chairman</i>	William S. Farish <i>Vice Chairman</i>	James C. Brady, Jr. <i>Secretary-Treasurer</i>
Hans J. Stahl <i>Executive Director</i>	Alan Marzelli <i>Chief Financial Officer</i>	



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NEWS RELEASE

1994 FOAL CROP FORECAST & NAMING RULE CHANGES

The Jockey Club is projecting a 1994 registered Thoroughbred foal crop of 34,500, reflecting continuation of annual foal crop declines since the 1986 high of 51,293.

The projection, traditionally announced at the time of The Jockey Club annual Round Table Conference, is computed from Reports of Mares Bred so far received for the 1993 breeding season.

The 1994 estimate represents a decline of 4.9 percent against current 1993 foal crop forecast of 36,300.

In other Thoroughbred Registry-related matters, The Jockey Club also announced Rule changes aimed at reducing the number of Thoroughbred names currently listed as "non-available." The changes are expected to release some 55,000 from the 650-700,000 currently protected on the list.

Specifically, Rule 6(E) has been amended to release names of horses ten years old which have not raced or been used in the stud for the preceding five years; and the names of geldings, or horses which have never raced or been used in the stud, five years from the date of their death, as reported.

A further Naming Rule change amends the time a reserved name will be held from the end of the calendar year to 365 days from the date the name is reserved.

ends