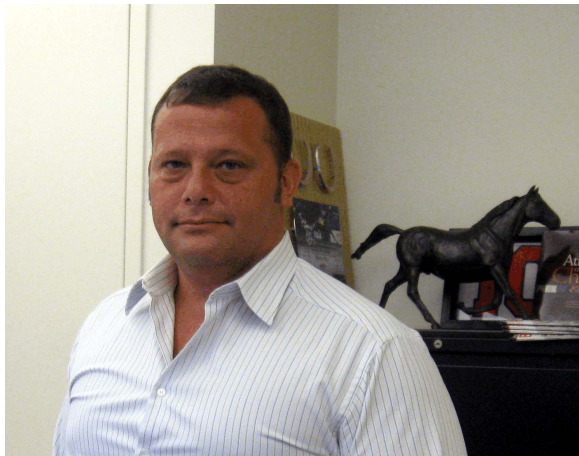


TDN & A

Tom Grossman is the owner of one of the top Standardbred outfits in the business--the Walkkill, New York-based Blue Chip Farms. The 45-year-old is also the founder of Union Avenue Advisors, an emerging-markets focused hedge fund. Blue Chip's 680 acres are home to Standardbred royalty: 2011's top pacing sire, Bettor's Delight; 2010 pacer and Horse of the Year, Rock N Roll Heaven; Credit Winner, the leading money-winning sire of 3YO trotters in 2010 and 2011; the World Champion trotter, Crazyed; and this year's pick of the crop among retiring stallions, Roll With Joe, who was 2011's leading money-winning Standardbred regardless of gait with \$1.6 million in earnings.

The owner of Blue Chip since 2001, and a Thoroughbred fan since childhood, Grossman has dabbled in the breed, but with the slots-fueled incentives to breed New York-bred Thoroughbreds, he is now considering jumping in...if not with both feet, than at least with one. Grossman says he's looking for a few good mares...and maybe a stallion or two as well.

The TDN's Sue Finley sat down with him to learn more about his plans.



Blue Chip's Tom Grossman

What is your involvement with Thoroughbreds right now?

At this point, I own three or four horses over in the U.K. that Richard Hannon trains, and I still have a mare or two on the farm, but beyond that, I'm just really a handicapper, bettor and big fan.



There's a huge opportunity in New York right now. In a perfect world, how would you like to capitalize upon that?

I think in the immediate, the easy task is that we do have some capacity for more boarders at Blue Chip, and I think our staff and facility really does stack up very well--as good or better than anything in New York, and we'd like to think we are as good as anything in Kentucky. The art of running a farm is that we have a huge fixed-cost base, and an excellent labor force. While boarding horses generally is not all that profitable, the incremental boarder is profitable. We'd like to attract a couple of people with a handful of mares and take care of everything for them in New York..

The insured value of our own Standardbred broodmare band is approximately \$4 million and we take care of a like amount of value in our Standardbred and Sporthorse boarders. (Blue Chip also has a Sporthorse division, headed by their Olympic Grand Prix jumper, Sapphire.)



Mares and foals roam Blue Chip's 680 acres

Beyond that, we have twice come very close to standing a stallion at Blue Chip, just through people I know at Coolmore and elsewhere. When the slots bill first passed, I bought 12 or 13 mares and started breeding New York-breds and was really one of the first real people to do that. Then we sort of lost the plot somewhere along the way while everyone messed up Aqueduct for 10 years.

But ultimately, the plan would be to stand a well-pedigreed Thoroughbred stallion worthy of breeding your top mare back to. That's obviously not an easy proposition in the New York Thoroughbred market. We are a little spoiled in that we think we have the best stallions in the game in Standardbreds, and obviously that's not going to happen right off the bat in Thoroughbreds. We're going to take our time because the right deal hasn't come along. To be honest, it does take a good deal of thought and investment on our part, in terms of live-cover insurance, staff, etc. But I think we'll be able to do live cover quite well.

You've raised a lot of standardbreds, and a few of your own Thoroughbreds. Are there differences?

At Blue Chip, we have industry-high fertility rates, and two guys who have literally been in the foaling barn for 30-odd years. We have an onsite veterinarian, Herb Burns, who I think is as good as it gets. So in terms of our facility, it's absolutely turn-key. Our horses generally grow up in groups in fields, with each field having raised several Standardbred champions. We have put out a group of Thoroughbred weanlings-to-yearlings alone, and have also mixed them in with the Standardbred population. We have tried it both ways and we have learned that the feed program has to be slightly different. But other than that, and other than the breeding shed itself, really, it is the same skill-set.

As far as foaling, maintenance, care, and the preliminary handling of horses, I think we have the reputation in the Standardbred industry that our horses are well mannered and very comfortable with human beings. I have the labor bill to prove it.

We have a staff of 33 and the average tenure would shock you—I would bet it's over 10 years. We have 15 houses on the farm, and that's how you keep the staff. We helped a lot of people with immigration through the years and have really lost very few people along the way.

Blue Chip can offer everything from getting your mare in foal to sale prep. Currently we prep 70+ yearlings per year for auction and have consigned Thoroughbred yearlings in Saratoga in prior years. Part of our success in raising top flight race horses, Thoroughbred and Standardbred, is our nutrition program. Our fields get tested on a yearly basis and the hay we purchased is also tested so that we can "tweak" our customized feed formula. And it is also important to constantly assess the individual condition of each horse.

How much capacity do you have to dedicate to Thoroughbreds?

I think we'd be capable of taking up to 30 this year. I think the ultimate number is more, but I'd rather walk, crawl, run, and prove that we can do it with the same quality that we're used to in Standardbreds.

From a stallion standpoint, what sort of transition would you need to make?

We have an 11-stall stallion barn, and I think facility-wise, we'd be fine with a very minor investment. We'd have to change our insurance somewhat and you need the right personnel to physically manage the stallions on a daily basis. We already have that now for our present needs in the Standardbred staff, which are responsible for stallions worth in excess of \$12 million in the Standardbred world. Interestingly, New York, in the Standardbred game, has a no-ship semen policy. It is sort of a hybrid between live cover and what all the other states are in Standardbred racing. I would likely at this point to go out and hire somebody who had been very involved at a good farm that does stand Thoroughbreds. I think it will enhance and refine our current services to include Thoroughbred stallion management. Blue Chip would be committed to making sure it is done to top, top standards.

In a perfect world, is the right opportunity a partnership with someone else, or a stallion you go out and purchase outright?

Certainly at the beginning, I'd want to go in on a partnership with someone else. I think we'd want to have skin in the game and equity, but I think we want to play on a level where we would want a partner. Unless we got very lucky, I'm guessing it would be a stallion that has stood somewhere else, but who is an individual that someone would be excited to breed a good mare to.

How did you become interested in Thoroughbred Racing?

I grew up in New York City, and was either at Aqueduct or Belmont every Saturday from the age of 4 to 14. I've been to Saratoga every summer since I was five or six. I had the good fortune of buying what I think is the best house in Saratoga; on Union Avenue, right across the gate from the track. It's a sacred place in my family, where my father loved to sit on the porch and watch the world go by in August. That's where the name of my company, Union Avenue Advisors, comes from.

So how did you end up in Standardbreds?

I grew up with the Kimelman family, who owned Blue Chip prior to me. I was introduced to Standardbred racing by them. As my other business got very good, there was an opportunity to purchase Blue Chip at a time where the Kimelmans weren't willing to invest in the mares and stallions to the degree the facility needed. The reality is that owning Standardbred racehorses is a much better business than owning Thoroughbreds. I know some of the most blue-blooded Thoroughbred fans, mostly from London, where I had a big office for a while. They used to call us 'racing in wheelchairs,' but they want to own Standardbreds now, because they can't believe we race every week, or that I was in two or three million-dollar races this year, and they can't believe that Roll With Joe earned \$1.8 million lifetime, and he cost \$100 grand. Yearling buyers can really make a return in Standardbred racing. Whatever I do, I try to do at the highest level, and it would have been very hard to do that in Thoroughbred racing from a standstill. I think we have a broodmare band that's as high-quality as anyone in the business, and I think that our stallions, as a group, are the best in the business. And I've made money breeding and selling horses in the Standardbred game. Most people I've talked to in the Thoroughbred game wince when they do the math.

And yet, you want to move into Thoroughbreds...

I do. I won't lie. My heart is still with the Thoroughbreds. My father was a Thoroughbred guy. I go to the Breeders' Cup every year, I go to Saratoga every year, and really, honestly, not being pushed, I have a 14-year-old son that is the world's biggest Thoroughbred racing fan. He's big into handicapping, big into breeding and bloodlines and crosses. He's taken on a big project at our place--looking at a different way to pick the optimum breeding for our mares, which uses a lot of his statistics knowledge, etc. We were in Kentucky at the Breeders' Cup, with all the Europeans and he was happy as a clam. It has really become a family thing.

We're not arrogant and think we can do everything as well as everyone else, but we're willing to invest and learn. I'm confident about our ability to take care of mares from day one, and I think we have the resources, facility and desire to do it the right way.

For more information, visit www.bluechipfarms.com, or call (845) 895-3930.



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