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**THE NEW REALITY OF THE RACING
COMMISSION**

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THE NEW REALITY OF THE RACING COMMISSION

Introduction to The Changing Face of Regulation Panel

ARCI-NAPRA Joint Convention APRIL 3, 2004

SEVENTY YEARS AGO, NEW YORK STATE INSTALLED A RACING COMMISSION CHAIRMAN NAMED HERBERT BAYARD SWOPE. HE WAS AT THAT TIME A MOST DISTINGUISHED MAN. SWOPE WON THE FIRST PULITZER PRIZE. HE HAD BEEN THE EDITOR OF THE NEW YORK WORLD, WHICH WAS PROBABLY THE MOST INFLUENTIAL NEWSPAPER OF THE 1920'S. HE COINED THE TERMS "COLD WAR" AND "WEAPONS OF MASS DESTRUCTION." SWOPE LOVED RACING AND MOST OF ALL, HE LIKED HIS CONTROL OVER THE RACES. HE BET THOUSANDS OF DOLLARS ON THE NEW YORK RACES HE REGULATED, AND HE USED TO BE ABLE TO CALL THE TRACKS AND HAVE POST TIMES ADJUSTED TO FIT INTO HIS SCHEDULE.

SWOPE EPITOMIZED THE RACING COMMISSIONER OF HIS ERA. BACK THEN, BEING A RACING COMMISSIONER SEEMED TO BE THE BEST OF ALL

POSSIBLE WORLDS. THE RACETRACKS WERE THRIVING. NOBODY CHALLENGED YOU IN COURT, AND YOU HAD ALMOST ABSOLUTE DOMINION OVER RACING. MOST IMPORTANTLY, RACING COMMISSIONERS WERE OBSCURE. THERE WAS NO HEAVY LIFTING AND NO ACCOUNTABILITY. LIFE WAS GOOD.

TIMES HAVE CHANGED. I WAS A COMMISSIONER IN NEW YORK DURING THE 90'S, AND SUDDENLY WE WERE ACCOUNTABLE FOR ALL OF THE ILLS OF RACING. WHY WAS ATTENDANCE FALLING? BLAME THE RACING COMMISSION. WHAT ABOUT DRUGS IN RACING? BLAME THE RACING COMMISSION. I WOULDN'T HAVE MINDED TAKING SOME OF THE BLAME, BUT I'VE NEVER HEARD ANYONE GIVE CREDIT TO A RACING COMMISSION WHEN THINGS WERE GOING WELL IN RACING. NOBODY HAS EVER CREDITED WISE REGULATORS AND REGULATIONS WITH THE SUCCESS OF RACING. NOBODY EVER SAID THAT ATTENDANCE AND HANDLE WERE UP AT SARATOGA BECAUSE OF THE FINE WORK OF THE RACING AND WAGERING BOARD. AT THE SAME TIME THE ACTUAL POWER THAT COMMISSIONERS HAD OVER RACING WAS DIMINISHING AS MOST EVERY

SIGNIFICANT DECISION MADE BY A COMMISSION WAS CHALLENGED IN COURT. WE WERE NO LONGER THE MASTERS OF OUR DOMAIN. I CAME TO BELIEVE THAT RACING COMMISSIONERS HAD BEEN RELEGATED TO THE POSITION OF THE PROVERBIAL BODY AT AN IRISH WAKE. THEY COULDN'T HOLD A RACE MEET OR A RACING CONVENTION WITHOUT US, BUT WE WEREN'T EXPECTED TO DO MUCH OF ANYTHING.

BUT WHILE WE WERE ACCOUNTABLE, WE WERE STILL OBSCURE. THE FIRST FIVE YEARS I WAS AT THE RACING BOARD WE HAD A TOTAL OF ONE PERSON OUTSIDE THE BOARD ATTEND ANY OF OUR MEETINGS. TRACKS, DIDN'T SHOW, THE MEDIA DIDN'T SHOW, THE OTB'S DIDN'T SHOW, AND THE PUBLIC DIDN'T SHOW. WE COULD HAVE HELD OUR MEETINGS AT A BOOTH AT MCDONALDS. FOR ALL I KNOW, THE ONE GUY WHO SHOWED UP AT THE ONE MEETING MAY HAVE THOUGHT WE WERE SERVING EGG MCMUFFINS.

BUT NOW WE'VE ENTERED A TOTALLY BRAVE NEW WORLD OF RACING REGULATION. RACING COMMISSIONS ARE NOW UNDER THE GLARE AND

UNDER THE GUN. JUST LOOK AT WHAT WE'VE WITNESSED IN THE LAST YEAR AND A HALF. GOVERNOR JOHNSON IN NEW MEXICO BASICALLY FIRED ENOUGH MEMBERS OF THE RACING COMMISSION TO PREVENT THEM FROM HAVING A QUORUM. KENTUCKY GOVERNOR ERNIE FLETCHER COMES IN AND ABOLISHES THE RACING COMMISSION, PRESSES TO GET IT AUDITED, AND SETS UP HIS OWN HORSE RACING AUTHORITY. THE RACING COMMISSION IN NEW JERSEY GETS FORMALLY TERMINATED LAST YEAR AND REPLACED WITH A NEW COMMISSION MANDATING REGIONAL AND HORSEMEN'S REPRESENTATION. THE OHIO RACING COMMISSION GETS BLASTED IN AN AUDIT, THE MEMBERS OF THE LOUISIANA RACING COMMISSION ARE REPLACED, AND THE MAINE HARNESS RACING COMMISSION GETS ALMOST TOTALLY REVAMPED. LEGISLATION GETS INTRODUCED BY GOVERNOR BLAGOJEVICH IN ILLINOIS TO END THE TERMS OF THE EXISTING COMMISSIONERS AND REPLACE THEM WITH A NEW COMMISSION. THE GOVERNORS IN MARYLAND, WASHINGTON, AND WEST VIRGINIA HAVE PROPOSED ABOLISHING THE RACING COMMISSIONS THERE AND SETTING UP A GENERAL

GAMING COMMISSION COMBINING THE FUNCTIONS OF THE GAMBLING COMMISSIONS WITH THE RACING COMMISSION. SIMILARLY, A BILL HAS PASSED THE ASSEMBLY IN NEW JERSEY MANDATING THE RACING COMMISSION TO ADVOCATE “THE GROWTH, DEVELOPMENT AND PROMOTION OF THE HORSE RACING INDUSTRY.” GOVERNOR FLETCHER’S HORSE RACING AUTHORITY HAS A MISSION STATEMENT TO “PROMOTE, FOSTER, AND ENCOURAGE THE HORSE BREEDING INDUSTRY AND TO IMPROVE THE BREEDS OF HORSES, THROUGH THE BUSINESS OF LEGITIMATE HORSE RACING WITH PARI-MUTUEL WAGERING, CONDUCTED ON THE HIGHEST PLANE.” SUDDENLY, EVERYBODY’S ON THE CASE OF THE RACING COMMISSIONS.

WHAT BECOMES OF THE RACING COMMISSIONS IN THIS BRAVE NEW WORLD OF ACCOUNTABILITY AND SUNSHINE? HOW DOES A RACING COMMISSION ENCOURAGE AND PROMOTE HORSE RACING WITHOUT GETTING ENTANGLED WITH THE ETHICAL PROBLEMS SURROUNDING THE FORMER KENTUCKY RACING COMMISSION? HOW DO YOU PROMOTE HORSE RACING

WHEN NOBODY IS GIVING YOU A BUDGET TO PROMOTE HORSE RACING? WHY ARE YOU PROMOTING HORSE RACING WHEN PROBABLY THE MOST RESPECTED GAMBLING REGULATORY ORGANIZATIONS IN NORTH AMERICA – THE NEW JERSEY CASINO CONTROL COMMISSION AND THE NEVADA GAMING CONTROL BOARD – SIMPLY DO REGULATION, ISSUE STIFF PENALTIES, AND DON'T DO PROMOTION? CYNICS WILL SAY THAT RACING COMMISSIONS CAN BARELY DO REGULATION; WHY SHOULD THEY DO ECONOMIC DEVELOPMENT? WILL BUDGET PROBLEMS AT THE STATE LEVEL MAKE FOR ADDITIONAL MERGERS OF RACING COMMISSIONS? WHAT HAPPENS TO RACING WHEN ITS COMMISSION BECOMES PART OF A GAMING COMMISSION? DOES CASINO GAMBLING PLAY THE BIG ROOM WHILE RACING GET RELEGATED TO THE LOUNGE?

THESE AND MORE QUESTIONS WILL ASSUREDLY BE ADDRESSED AND ANSWERED BY OUR PANELISTS TODAY. LONNIE POWELL AND FRANK LAMB HAVE BROUGHT YOU THE BEST IN THE BUSINESS TODAY,

AND IT IS A PRIVILEGE TO BE ASKED TO MODERATE
THIS PANEL.