Gentlemen, New York Racing, Pari-Mutuel Wagering and Breeding Law section 102 provides that the New York State Gaming Commission shall consist of seven members appointed by the Governor by and with the advice and consent of the Senate. Six members having been confirmed by the New York State Senate, affords the Commission an ability to establish quorum and undertake action. This present meeting of the Commission is now called to order. Ms Secretary, will you please call the roll?

>> John Crotty?
>> Here.

>> Mark Gearan?
>> Here.

>> Peter Moschetti?
>> Here.

>> John Poklemba?
>> Here.

>> Barry Sample?
>> Here.

>> Todd Snyder?
>> Here.

>> Here.

Ms Secretary, please have the record reflect that a quorum of qualified members are present, thus enabling the transaction of business.

Well, good morning, and thank you all very much for joining us here today. I want to begin by welcoming and recognizing our new Commissioner, welcome. Thank you for answering the call to fellow service. Good to be here. And we look forward to welcoming you. Given your background and perspective, I'm sure you'll add immensely to our Commission so thank you.

I'd also like to take a moment to recognize that former Racing and Wagering Board Chairman, John Sabini, suffered a stroke 10 days ago so as we begin our duties here, we'd send our best wishes for a full and speedy recovery and all of our. I'd also like to take a moment to recognize that former Racing and Wagering Board Chairman, John Sabini, suffered a stroke 10 days ago so as we begin our duties here, we'd send our best wishes for a full and speedy recovery and all of our. So why don't we get right to work here. We begin with the minutes of the Commission meetings that were conducted on March 12 and 31 of 2014. They've been provided to members of the Commission in advance and
I'd like to ask the members if there are any edits or corrections or amendments to the minutes.

>> No.

Madam Secretary, please let the record reflect that the minutes were adopted.

Next in our agenda is the report of the acting executive director, Rob.

I'd like to discuss two issues of potential interest today. The first to apprise you of the activities of the Gaming Facility Location Board and second to briefly discuss the upcoming Belmont Stakes Day.

Since our last meeting on March 31, there has been tremendous activity by the Gaming Facility Location Board regarding the request for applications. Following our meeting, the Gaming Facility Location Board met and adopted the request for applications which was released that same day.

An initial set of questions were due from prospective bidders by April 11. In all, including subparts, the questions totaled approximately 475 and took some 90 pages to answer.

The next major activity was the payment of an application fee by an individual, entity, consortium or other party evincing interest in responding to the RFA. This fee was due on or before April 23. Overall, the Gaming Facility Location Board received 22 separate fees.

The mandatory Bidders' Conference followed. The purpose of this conference was twofold: one, as each potential applicant was required to be represented, it provided the first public facing of an applicant. It also allowed each potential applicant to ask questions in an open forum with the prospect that questions from one group could spawn additional questions from another. Unfortunately, virtually no questions were asked.

The media, however, did have an opportunity to interface with each of the bidder representatives. Another round of bidder questions followed, with approximately 125 questions and subparts received.

The Gaming Facility Location Board met on May 12 to define the minimum capital investment necessary for each region. The minimums follow the application fee structure, differing within each region, dependent upon location and in-region competition.

The Board also clarified some provisions of the RFA, relative to minority- and women-owned business enterprises.
Each entity that filed an application fee had an opportunity to withdraw by a date certain and have their full fee refunded. Only two entities chose to withdraw, leaving 20 potential applications to be filed. The next item in the process is the filing of the applications, and this is due no later than 4 p.m. Eastern Daylight time on June 30.

The next item I'd like to talk about today is the Belmont Stakes Day. Obviously, the marquee event is 146 running in the Belmont Stakes, where California Chrome seeks to become a Triple Crown winner. Chrome is the 34th horse eligible to win the Triple Crown. Only 11 have succeeded. The Belmont Stakes Day race card is phenomenal, with an additional nine stakes races including five grade I events. These include the Metropolitan Handicap, the Ogden Phipps, the Knob Creek Manhattan, the Longines Just a Game, and the TVG Acorn. In total, the 13-race card will be worth in excess of $8 million, making it the second richest day on the North American racing calendar, behind only the Saturday Breeders' Cup.

In addition to the racing, NYRA has provided a variety of other entertainment performances scheduled throughout the day. I would expect a very significant attendance. The last 2 times there was a Triple Crown on the line saw crowds exceeding 100,000, including a record 120,000 in 2004 when Smarty Jones was seeking immortality.

From our perspective, we will have additional experienced personnel on site during the lead-up to the Belmont Stakes. NYRA and the Commission also continue the standard enhanced security protocols for horses running in the four $1 million-plus grade I stakes. These protocols require all horses potentially participating to be on grounds by noon on June 4 and be subject to out-of-competition testing. Trainers of the horses participating in the races must provide complete veterinary records for 3 days leading up to the race, which we will make public and, additionally, horses will be monitored at all times from their arrival at the track leading up to the races themselves.

Chairman Gearan?

Any questions for Rob on any of his report?
00:06:43:28 Thank you, Rob.
00:06:45:00 Well, let's turn to rule-making.
00:06:47:10 the New York State Racing Pari-Mutuel Wagering and Breeding Law 104.19 authorizes the Commission to promulgate rules and regulations that it deems necessary to carry out its responsibilities.
00:06:58:29 So in that regard, the Commission will from time to time promulgate rules and rule amendments pursuant to the State Administrative Procedure Act.
00:07:05:10 Today, we have five rule-making items for consideration and we've asked Rob to outline the various proposals.
00:07:14:14 >> Items 4(a) and 4(b) are companion pieces.
00:07:20:17 Item 4(a) is an extension of an emergency rule-making pertaining to the Gaming Facility request for application and various Gaming Facility license application forms which were first adopted by the Commission on March 31 of this year. This emergency rule was published in the New York State Register on April 16.
00:07:41:26 The State Administrative Procedures Act allows adoption of an emergency rule for a maximum of 90 days. An emergency rule may be re-adopted but each such re-adoption will be effected for a maximum of 60 days.
00:07:52:10 To file a re-adoption, action must be initiated to adopt the rule as permanent, hence item 4(b).
00:08:03:15 Accordingly, for the Commission consideration is, one, a re-adoption of part 5300 as an emergency rule, with such re-adoption to be filed with the Department of State prior to the expiration of the emergency rule and, two, the proposed adoption of part 5300 as a permanent rule.
00:08:18:25 Any questions for Rob?
00:08:22:17 >> So, commissioners, any questions on the re-adoption of part 5300 as an emergency rule or the proposed adoption of part 5300 as permanent rules?
00:08:34:17 Any questions for Rob?
00:08:42:19 Any discussion?
00:08:47:19 >> So, well, why don't we, I guess, break it up for each part of the motion?
00:08:48:27 May I have a motion for re-adoption of part 5300 as an emergency rule?
00:08:54:08 >> So moved.
00:08:55:21 >> Moved.
00:08:57:19 >> Second?
00:08:58:19 >> Sure.
00:08:59:16 >> Great.
00:09:00:15 >> All those in favor?
00:09:01:14 >> Aye.
00:09:02:12 >> Aye.
00:09:03:10 >> Opposed?
Right, motion carries.

Now we turn to the motion to adopt part 5300 as a permanent rule.

And motion?

> Moved.

> Made.

And seconded?

Any discussion?

All those in favor?

> Aye.

> Aye.

> Opposed?

Great.

The motion carries.

The next item on the agenda regards restrictions on acceptance of public assistance.

Items 4(c) and 4(d) are also companion pieces.

The federal Middle Class Tax Relief and Job Creation Act of 2012 required states to put in place policies and procedures to prevent federal public assistance benefits from being used in any electronic benefits transaction at designated types of businesses, including liquor stores, adult entertainment establishments, casinos, racinos, race tracks, off-track betting facilities, and bingo facilities.

To ensure compliance with the federal mandate, as part of the legislation necessary to implement the Health and Mental Hygiene budget for state fiscal year 2014/2015, the New York Legislature restricted the acceptance of federal public assistance benefits distributed by the state at such locations.

The state legislation, which becomes effective on May 30, authorizes the Commission to promulgate regulations on an emergency basis to implement these restrictions.

The Commission and the predecessor agencies had for years directed most relevant facilities that it regulates to restrict EBT acceptance at all jurisdictions including video lottery gaming facilities, race tracks, and off-track betting facilities.

This rule-making generally codifies existing practice.

Thank you, Rob.

Commissioners, any questions regarding proposed emergency or the proposed rule-making on these restrictions for public assistance acceptance?

Not really a question about the material but why don't they leave it up to the states?

I mean, if they say, you know, why don't the feds leave it up to the states?

Do we know?

Ed, would you?

Yeah, you know, my understanding of the way the
federal programs work is there's block grants that move to the various states so it's a condition that the federal government imposed upon the states in order to continue to receive the funding on a year-over-year basis, the states would have to demonstrate compliance with this federal law. It's a condition that the states would have to restrict in the fashion that we're doing. It just seemed odd 'cause they seem to be able to dictate, whatever, it doesn't matter. I suspect that's right, -- Nature of this assistance, yeah. Do you think we could impose it at the federal level and just have it decelerate? No, honestly, if they block it out at the state level, it's federal--well, it doesn't matter. It's a bit of a federalism issue. The money's not actually coming directly from the federal government, it's flowing from the federal government through the states so it's the states that have to -- . Interesting question of federalism. Yeah. Any other questions for Rob or others? Okay, well, may I have a motion to adopt the proposed or emergency rule-making on restrictions on acceptance of public assistance? So moved. Made and-- Second. Great. Any discussion on the motion? All those in favor? Aye. Aye. Opposed? The motion carries. So secondly, the motion to adopt the proposed rule-making on restrictions on public--this is the second part of -- separate. Any discussion on that part? I'm sorry, the first one was an extension of-- No, what was the initial emergency rule-making. This is now for adoption of the policy. Right. The change to the statute? Yes. Okay. So it's just to our regulations to conform with the state statute, sorry. Any questions on the motion or background? Great. Why don't we have a--motion's been made, I think, and
00:13:24:08 seconded.
00:13:25:05 Yeah.
00:13:26:13 Any further discussion?
00:13:28:06 All those in favor?
00:13:29:26 >> Aye.
00:13:30:26 >> Opposed?
00:13:32:10 The motion carries.
00:13:34:21 So the next item—we're working our way through here is an
00:13:38:23 adoption of a proposed amendment relative to the lottery.
00:13:43:22 >> Yes, the next item for consideration is the adoption of
00:13:45:18 a regulation governing the Commission's participation in a
00:13:49:08 new planned multi-state lottery game called "Cash For Life."
00:13:54:19 If you recollect, the Commission authorized proposed rule-
making
00:13:57:05 for this game on March 12, 2014.
00:14:01:06 Notice of the proposed rule-making was published in the
00:14:03:05 state register on April 9.
00:14:05:17 No public comments were received in regard to the proposal.
00:14:09:15 This new game would have drawings each Monday and
00:14:12:25 Thursday.
00:14:14:04 For each $2 wager, a player may select 5 numbers out of a
field
00:14:17:17 of 60 and 1 number out of a field of 4.
00:14:21:12 Players could also wager by way of quick picks which allow
the
00:14:24:16 system to generate random numbers as selections.
00:14:27:20 Generally, the jackpot prize would be $1000 a day for life
00:14:32:10 with the second prize being $1000 a week for life.
00:14:36:07 As the game name suggests, the top two prizes would be paid
for
00:14:42:04 life.
00:14:44:09 Lower-level prizes would be one-time prize payments ranging
00:14:47:28 between $2 and $2500 in amount.
00:14:52:04 This Cash For Life game would replace the current New York
00:14:54:26 lottery game, "Sweet Million," which is also presently drawn
on
00:14:58:22 Mondays and Thursday evenings.
00:15:01:13 Sweet Million has had limited success and has experienced
00:15:04:04 slowing sales and declining consumer interest.
00:15:07:27 Based on other "for life" life-based prizes, we anticipate
00:15:12:08 the net effect for aid to education to be between $8
00:15:16:17 million and $9 million annually.
00:15:22:27 >> Any questions or discussions for Rob on this?
00:15:27:25 I guess, to begin, the other states, Rob, that will be
00:15:32:05 joining us?
00:15:34:02 >> On the line, we have Gardner Gurney who was the acting
00:15:36:14 director of the lottery and, Gardner, can you hear us?
00:15:40:10 >> Yes, I can.
00:15:42:15 Chairman Gearan, the other states that'll be joining us is,
00:15:47:27 when this game starts, approximately June 13, will be
00:15:51:14 New York and New Jersey, with the drawings occurring in New
00:15:54:28 Jersey.
00:15:55:23 There are other states interested, including Virginia,
Ohio, and some other states that may join after the end of the calendar year.

And what's the timing on this?

Plan at this point is to start sales on Friday, the 13th of June, with the first drawing on June 16. A lucky day.

Special Olympics that day.

Yeah.

Okay, other questions for Gardner, anyone would have? So as I understand it, we discontinue this Sweet Millions game and that is concurrent with this starting on June 13?

That's correct.

That game will end on Thursday the 12th and the new game will start on the 13th.

I see.

Okay.

Any other questions on the regulation or the process?

Well, may I have a motion to adopt rule-making for the Cash For Life lottery game?

So moved.

Moved.

Seconded?

Second.

Any discussion on the motion?

All in favor?

Aye.

Aye.

Opposed?

The motion carries.

Okay, so we are through all of the rule-making now at this point?

Correct.

So we begin adjudications on the agenda.

And the Commission has four Carrying Officer reports for consideration today.

I've heard from members of the Commission that the materials for the Detrow and Kasimias consolidated hearing are quite voluminous, understandably, and additional time is necessary to properly review the materials.

I think that is prudent.

So unless anyone objects here, I'd like to continue consideration of that case until our next meeting.

We can talk about our scheduled meetings with more regularity but, given the voluminous nature of this, it would seem prudent to schedule that.

So unless there's any objection to that, we'll put that adjudicated matter to our next meeting but I'll ask Mr. Williams to outline the first case.

Thank you.

The first case regards Gregory J.
Analora who was fined $1000 and suspended--had his license suspended for 365 days for allegedly assaulting another driver, verbally abusing a racing official who tried to restore order, and verbally abusing and making contact with security personnel.

Mr. Analora appealed the sanctions and a hearing was conducted November 14, 2013.

All members have had a copy of the hearing officer report and have had an opportunity to review the record.

Before consideration, however, I believe there is a legal matter regarding the hearing officer's recommendation that I think is best addressed by counsel Burns.

>> Yes, I think if the commissioners were inclined to follow the gist of the hearing officer's recommendation, which essentially would end the suspension as of today, that the minutes should reflect your decision to make it a specific determinate time, in other words, the Commission should not--I would recommend against saying--phrasing it as a time served type of sanction but to say that the suspension runs from the time it was imposed until May 27, 2014. That would clarify the record for any subsequent, you know, litigation that may ensue about it of what the actual length of the suspension was.

>> The original track level suspension was a 12-month, 365-day, suspension and the hearing officer recommended that it be reduced upon payment of the fine.

>> Yes.
And there's a Commission rule for harness racing that whenever a fine remains unpaid, that's a separate basis to have a suspension until the fine is satisfied. So to separate the two, I think your record should reflect that you're upholding the fine if that's what you decide to do and the suspension piece of it is a suspension through May 27, 2014. And as a result of doing that, if the fine were not paid, there would be a suspension until the fine is paid but on account of the failure to pay the fine. That's absolutely correct.

Is there a separate procedure for that, Ed? No. It's not new charges but it's under a Commission rule that when a fine is imposed and it's unpaid by rule, the licensee's not allowed to participate in racing until the fine's satisfied.

Any other questions for Mr. Burns on this? So it is enough to have this within our motion as modified, to have the record reflect this? Absolutely, yes. That's how we get it? Yes. So I would suggest that the motion be phrased in terms of upholding the fine and reducing the suspension to--and as of today's date. We have that for the records? Yeah, I'll make a motion for the record, as Ed described it, to uphold the fine and to terminate the suspension effective upon our vote. A motion's been made and seconded? I'll second it. Okay. To adopt the hearing officer's report and confirm its findings and recommendations as modified.

Is that correct? That would be satisfactory, yes. Any discussion on the motion? All those in favor? Aye. Aye. I'll second it. Okay. The motion carries. So Mr. Chairman, we're going to go past the next item.
Yea, we'll put that to the next--

Very good.

So 5(c), in the matter of Luis A. Gutierrez.

This case regards an appeal by thoroughbred owner/trainer, Luis A. Gutierrez.

The state steward at Finger Lakes race track fined Mr. Gutierrez $1000 and suspended his license for 15 days following a post race positive drug violation for a horse under his charge which ran in the eighth race at Finger Lakes on October 14, 2013.

Specifically, the blood sample taken from the horse, eCoach, showed an impermissible level of Flunixin in violation of Commission rules.

Mr. Gutierrez appealed and a hearing was conducted on November 21, 2013.

All members have received a copy of the hearing officer's report and have had an opportunity to review a record of the hearing.

Would anyone like to discuss the report or its recommendations?

In reviewing the Dutrow matter, the regulations provided specific penalties for the milkshake violation.

Is there a specific penalty for this drug?

There's not.

So the penalty was in the discretion of the hearing officer?

Ultimately, in your discretion but the recommendation, yeah.

The recommendation I meant.

Yes.

And does he have any type of guidelines as to what type of penalties are available?

Well, the hearing officer was a former member of the Racing and Wagering Board and, as such, had some experience with adjudications of equine violations based on his experience in that role and I believe that's what he drew upon making his recommendation here.

I brought up at the last meeting that there's too broad a discretion.

You can fine anybody from zero to $25,000 on some of these and that we should look to have more specific penalties.

Since there's a very specific penalty for administering this milkshake if you were to be found guilty of it, there should be similar specific penalties for administration of other drugs.

I don't see the reason to differentiate and maybe we should have a proposed rule on that regard, Rob, if the commission agrees.
I think some of the differences, the way they've been set forth in the rules that we have now, is based on the propensity to actually affect race performance. Certain drugs are considered therapeutic overages, if you will, if they're drugs that have time limitations that they can be administered up until, for example, 24 or 48 hours before the race. And there may be miscalibrations or overages and there's certainly enough slack built into the rule that they would have to be substantial overages that could affect race performance. In a TCO2 violation, I think the thinking behind the establishment of the mandatory penalty was there is absolutely no therapeutic use or value to that type of alcoholization of a horse's body chemistry and therefore a strict sanction is necessary for that type of violation, whereas these other drugs, for example, in this case, there may be therapeutic value, it's just a matter of the timing of when it's administered.

So there, you know, it's not--there are differences among the types of drugs and the types of violations. So are you saying if it's therapeutic we don't need any guidelines? No, I'm not suggesting one way or another about guidelines. I think--I would suggest you don't need a mandatory sanction for something that's a therapeutic overage. There may need to be some discretion there to consider all the facts and circumstances of the violation. Yeah, I think John's just looking for some guidelines on that exercise of discretion. You raised it before. Speaking for myself only, I agreed with you when you raised it.

It seemed like we had so much discretion that in these relatively small environments of the racing community, you're not quite sure what the motivations really are at any given time and we can't really know and so-- I would just want to make sure that similarly situated people are treated similarly so that-- Mandatory minimum would achieve that, right? If not, necessarily, the maximum. He broke the rules, the guidelines, even if it was reasonably benign, which would be the decision of the hearing officer at all, we penalize him. Rob, maybe what we ought to do is ask the staff to consider some guidelines and we can consider them when you guys have put an option in front of us.
Does that sound fair, Mr. Chairman?

We can also provide a background paper as to how these are all similarly situated.

I'd be interested as to what is the legislative history or what is the reason why we don't have--

Generally, you're thinking, like, the federal guidelines which are now advisory so you have a guideline range?

We'll certainly be back with a background memo.

Can I have just one follow-up question--

I'm sorry--by a vote.

I just want to understand, if you look at the findings of fact, and hearing officer finds that Mr. Gutierrez is the trainer of record where, in effect, the trainer is strictly liable for whatever is found in the horse.

Thank you very much, Ed.

Any other questions?

May I have a motion then to adopt the hearing officer's report and confirm its findings and recommendations as submitted?

So moved.

Moved.

Second?

Second.

Great.

Any discussion?

All those in favor?

Aye.

Aye.

Opposed?

The motion carries.
The last case regards an appeal by exercise rider, Robert S. Messina. The state steward at Finger Lakes race track fined Mr. Messina $100 for disregarding an instruction of the paddock judge and conducting himself in a disrespectful manner in violation of Commission rules. Mr. Messina appealed and a hearing was conducted December 9, 2013. All members have received a copy of the hearing officer's report and had an opportunity to review the record of the hearing. Anyone like to discuss the report or its recommendations?

You're--go ahead. You and I tend to have the same issues. This one strikes me--as I understand it, there is not an explicit rule against the conduct that gave rise to the whole discussion, right? Carrying an unlit cigarette, as I understand it. Have I got the right case?

Yeah, so there's no explicit rule against that in the paddock?

Right. And I completely understand the need for civility and decorum with respect to the paddock judge and I support that wholeheartedly.

At Finger Lakes?

Anywhere.


Especially at Finger Lakes.

Okay.

I just want to make sure that there isn't, you know, something just completely personal at work and I think we have to rely on the hearing officer to determine that.

But I just wanted to sort of observe--it strikes-- $100 on a cigarette and a couple of wise-ass comments. Yeah, who knows?

I mean, there is an allegation by the trainer--the trainer, yes?

The exercise--the, who was it now?

Exercise rider.

Exercise rider, that there had been a history.

I think we have no choice but to assume that the hearing officer made his findings in light of that history?

Yes.

It's a bad precedent overturning these guys. I think, I'll vote yes but, honestly, this one is a borderline one at best.
But it's $100.

Any other discussion or question?

Well, then, can I have a motion to adopt the hearing officer's report, confirm its findings and recommendations as submitted?

I'll make the motion.

Motion's made.

And seconded?

Second.

Any more discussion?

All those in favor?

Aye.

Aye.

Opposed?

The motion carries.

So that concludes matters we had to do.

We can turn now to the Racing Fan Advisory Council presentation, which is our next item on the agenda.

We've asked Rob to provide some background for the record on the establishment and the purpose of the Council.

In September 2011, the New York State Racing and Wagering Board formally created, I might add, at the urging of former chairman, John Sabini, the New York Racing Fan Advisory Council, to provide input and advice to the Board, now the Commission, on horse racing and wagering matters in New York State.

Upon establishment, the Commission explicitly continued the Council's existence.

Members of the Council are required to be long-term racing fans, selected on their involvement, interest, knowledge, and devotion to the sport.

The Council has five members.

Three are appointed by Commission chairman; two are appointed, one each by the chair of the Senate Committee on Racing Gaming and Wagering, and one by the chairman of the Assembly Committee on Racing and Wagering.

As outlined in the establishment directive, the Council's mission is to grow the fan base related to the sport of horse racing by,

among other things, recommending procedures to ensure that the opinion of the fan is a central part of the regulation of horse racing and advising the Commission on issues related to horse racing and wagering, advising the Commission on appropriate actions to encourage fan attendance and wagering at the state's thoroughbred and harness race tracks and the state's off-track betting corporations, recommending changes to the rules of the Commission and to the laws affecting horse racing, and preparing an annual report.
regarding the operation of the state's thoroughbred and harness race tracks and the state's off-track betting corporations.

So my understanding is today a member for the Council will present their annual report. At this time, we're fortunate to have the Council's chair, Mr. Patrick Connors. He is a professor of law at Albany Law School, has been an avid fan of horse racing since 1989, has made several presentations at our Albany Law School's annual Saratoga Institute on racing and gaming law. Professor Connors, welcome.

Thank you, Chairman Gearan, and thank you very much for the invitation. With me, I have Michael Amo who is also a member of our Council and you may know Michael's also the chair of Thorofan which is the largest organization of racing fans in the country. On the line, we have Kelly Young, who is the Associate Director of National Affairs for the New York Farm Bureau and she's also a valuable member of the Committee.

If I could just highlight some of the proposals in our report. Number one, always a hot button issue, is that we are recommending that the tracks reexamine their takeout rates to see if that would have an impact on business. The New York Racing Association has of last fall established a new bet, the Pick-5, with a 15% takeout rate, and that's generated a lot of business if you compare that pool to some of the other pools.

Also, Tioga Downs has the lowest takeout rates allowed under the law and they've had a lot of success at their track with that. Michael, did you want to speak to another aspect of this?

Thanks, Chairman Connors. I think that, as fans of the sport, that sometimes we're misrepresented as what our role is. I think we are equal stakeholders in the sport. If you take the handle as a topic here, $10 billion is taken in handle every year across the country and if you geographically take that to New York State, with a 20% takeout average blended, the fans put on the table $500 million a year in waste when they walk up to the winder and their 20% takeout is taken for the operation of the track.
And so the takeout is critical to the fans in terms of their ability to return a profit and to make money at the track. I think it's also a critical statement about how important fans are to the sport and to recognize as a stakeholder. I think we notice that rarely in any board of directors does a fan and representative impact the entity and the county accepted the Racing Fan Advisory Council which I would probably say to all of you is the only organization in the country where fans have an input to the regulatory body. And the New York State should be proud that Mr. Sabini started that process.

We're the only one to do that. And I think that there should be some consideration. I mean, even the NYRA Board, for example, has an ex officio racing horseman representing the horsemen but there's no fan representing them on that Board. Finger Lakes and other tracks, OTB, none of those are really represented and I think it's important we look at what fans do as one of the three legs of the stool of racing.

Whether it be the horsemen or the tracks or the fans, we all have an equal part. And I think that's a message we'd like to add to that. So when it comes to takeout, I think we should look at it. Everybody's study is weak or strong depending on your statistical understanding but I think we should get that to some closure to decide whether it is an advantage to do it.

A second, I guess, major point in the report would be the attendance at race tracks. We're concerned that racing is more and more becoming a sport run in abstentia and you see closings of race tracks throughout the country. And we make recommendations in our report to the tracks to encourage fans to come on site. That could be done through discounts with parking, admission, wagering.

You see how casinos are able to do that and this again may require some changes in the law but we think the tracks need to look at that.

Another part of our report addresses the price increases at the NYRA tracks, namely at Saratoga and Belmont Park and we're concerned about those because the attendance has gone down. And we expect the attendance for the spring 2014 meeting at Belmont to be rather strong in light of the Triple Crown but, if you
look at the attendance figures, they are going down.
They are low and I think that puts the sport of horse racing in a compromising position in dealing with the public and to the extent that the tracks can reward the person who comes through the gate.
One other interesting thing we've looked into—I mean, I think it would require a change in the law, but this would really, I think, bring out the wager. If you could offer, on track, a wager that would not be available at OTB or not be available through the phone or the Internet, that might be another way to attract people to the tracks themselves.
Michael, I think you wanted to speak to the issue of handicapping contests.
We have a recommendation we should look at this as a state. Across the country, handicapping contests are prevalent, they're growing. Just about every weekend, you can participate and some of them are free -- some of them cost you money. I participated in one sponsored by--a number of them, but the one recently was sponsored by West Point Thoroughbreds and I think, if I remember right, there was probably 10,000 fans had signed up for the contest. 1400 but, you know, I'm not very good at doing that but I think it's an exciting way to bring people into the game and let them experience the game in a fun way and I think our state rules limit our ability to do that. NYRA does a great job at trying to run major handicapping contests and those are for the big claims. I think you need to think about ways you can do a lot more activity year round.
Chairman Gearan, we conducted a public meeting last June up in Schenectady and we also had outreach at the race tracks. We had a table at the Belmont Stakes last year. We had a public forum on New York Showcase Day at Belmont Park in the fall and then we had a public forum at Saratoga Racing and Gaming on the harness side. Something that we hear about frequently from the fans is they're troubled by the odds changing after the race goes off. Now, this is--the races in Galway where you can purchase your bet-- That's how you can tell who the winner is.
Yeah. Yeah, and be guaranteed, you know, an outcome.
But that was a concern raised by many of the fans and we thought
that maybe the tracks could do a better job to educate the
fans.

You know, the score board is used throughout the day at the
various tracks to promote various parts of the track,
racing.

We think if there could be an educational component to that
presentation and in other venues to help educate the fans on
why

Michael, did you want to add to that?

Yeah, I think, across the country, I think race tracks
think fan education is how to pick a winner.

And they miss the whole concept about the sport and what the
people need to know about the sport that leads into it.

We've run a number of education programs as my group,
Thorofan,

and the one thing I--the example I would give to you, I had a
woman come to an education program at Saratoga, raise her
hand, and ask me what the numbers in the starting gate
were for.

And immediately it told me how broad the knowledge is.

Yet most education at the tracks is, you know, who's gonna
win

the trifecta, why is this horse gonna run better, rather than
some of the more basic stuff and I think we need to think
about

is fan education a major component of track operations.

And maybe even part of the licensing agreement where, you
know, when you do it, you must have some type of education
program that addresses things like -- .

The next global issue, integrity in the game.

The fans are very concerned about the penalties being
imposed on trainers, jockeys, and we're surprised, everywhere
we go, both on the harness side and the thoroughbred side.

That's something that the fans always voice concern over, the
alleged, you know, use of drugs on the tracks and they, I
think,

want to know what's being done about it and, if there is a
way
to better educate them as to the procedures and the
penalties, I

think that would be very helpful.

We also wanted to know, we're encouraged that the Commission
has asked us to review the steward's procedures.

That's another very confusing part of the game for the fan
that comes, maybe, the fifth time to the race track and they
wager on a horse and the horse is taken down and there really
isn't a great explanation for why that's done.

And to the extent that we can educate the fans in that area,
we think it would be very helpful.

You know, just a comment.

As some of you know, some of the other tracks, Hong Kong is a
great example, is that they publish the steward's report at length so if you wonder what happened you can go look that up. And we don't do it that well in New York or in the United States and so a fan could say, "Well, how come my horse was taken down? I don't know." And then you really never get the answer. You might get a media report of two or three lines but you don't get the answer.

And I think that I think that one of the things that we came up with on integrity and it's in the report, is that there should be some type of real hot line where folks can call in if they see something so under the aegis of "See something, say something," on the track 'cause I think there's a lot that goes on that certainly the fans can see and say, "Hey, wait a minute, we got a problem here. Somebody should look into it." And they should record it. And they should record it. Okay, you know, I mean, I think that there's just—we see things but, you know, you don't have an opportunity to say, "This is a problem," so I think that's a really good one.

And one of the things I would take the time to talk about and I really compliment NYRA and the New York tracks is I'm on the Advisory Board of the NTRA's Safety and Integrity Alliance which accredits race tracks across the country and I've been on it for about 5 years and we develop the standards. In New York, all the tracks are accredited and that's a good thing. I really think New York might take the lead and make it a requirement and let other states know that we need to have a national, you know, good housekeeping approval stamp by a national organization of what we're doing.

It wouldn't hurt. We're doing it already. I think it would send the message to other people, "This is an important thing to do." And it's a rigorous experience. I know Mr. Kay could probably express it. It's a rigorous experience that we ask—that the accreditation process asks about.

Our next point would be the rewards programs at the various tracks.
Our recommendation is to bring the rewards down from, you know, the -- are being rewarded but we like to see programs that award the regular fan who might be putting, let's say, even $500 a year through the windows. It's some way to give them a reward, we think would help establish a better fan base.

And I guess the last item would be a budget. You know, these meetings that we have, the fan forums, we've relied on NYRA's generosity and NYRA has been very helpful in giving us space and Chris Kay, NYRA, has given us, you know, the handouts, basically the calendars and things which really the fans appreciate. But we really are reliant on the tracks to get the word out and sometimes we're a bit handcuffed in promoting the events that we're having so there is a recommendation in the report for a budget.

Michael, did you want to add anything else?

>> I think just two things on that. One of the things that we work with the Gaming Commission staff, I think, on this is we thought about having the founder's finish -- I mean, excuse me, the farm award.

A non-monetary award. And the whole idea behind that is that if you have a farm in St. Louis county, what are you doing to promoting the sport. Are you opening your breeding farm? Are you opening your farm up so fans and local people can go in and see what it's about, learn about the sport? Or why are we putting it on the back of the race track? If we started thinking about ways that we can encourage other parts of the racing industry to help talk about our sport, I think that would be a good thing.

I know old friends up in Saratoga does something similar. On New Year's Day, they have a birthday party 'cause every horse turns a new age at that point and they invite fans to come in. And it's a wonderful experience and I thought what can we do to have something like that around the state.

Maybe make it competitive. We tried to get started but it certainly takes resources. Charlie Diamond and I have worked on that a little bit to try to get it going but really it takes resources and one of our members of the board, Michael Mills, has proposed a symposium for fans in New York State that we would be able to say, "Well, let's have an opportunity for fans to come and learn about the sport."

Maybe they want to know what to do, how to place a bet." Maybe they want to come to a central location. It's certainly better than getting 20 or 30 people to come on our forums if you get 300 or 400 people to come to a major
Again, funding would be important.

And then finally, we'd like to take questions but we also would like to acknowledge Lee Park's assistance, Chairman Gearan, through our, I guess, we're in our third year now and he really has helped us in innumerable ways.

Thank you.

Well, that's--your final point is no surprise to any of us about Lee's good work.

But thank you for your report.

Probably you're doing--for follow-up, just a question.

So much of your mission is the educational piece of this, I think there's a way that we could have a similar conference in New York which is really, you know, the center of thoroughbred racing in the country, where we could draw fans in and provide education at that.

Just to mention, you know, when we think a little bit about-- to the race track operators, marketing has their goal and we understand what that is but it's not necessarily good education.

And when you get to education, you go down the budget, you
know, priorities for getting here, I suspect, fan education falls a little bit down near the bottom. And we need to be thinking about it, you know? We need to have educators who know how to teach a lesson, to teach somebody. Tom Amello who's up in Saratoga used to do a TV show, a retired schoolteacher, involved in our organization, you know, talks about doing lesson plans, how do I teach new fans, as opposed to "I'm a marketing guy and I'm just gonna come out and tell you who's gonna win." You've got to think it through. I would think that the track should have some type of a venue, whether it's a, you know, onsite tent or an onsite opportunity where a real education program is put out. The fans who don't know what the starting gate numbers are can go and ask those questions without being embarrassed. And I think you've got television opportunities. I think you got Internet opportunities to do interactive—and some of it's not being done. >> From your perspective, Michael, you said the fan information base might be different than the track's marketing base. How do you see that play out? What's the difference in your mind? Simply said, I think the marketing job is to get people to sit in the seats, come to the track, and meet their goal of investing in it. I think education is a more long-term effort. How do you find folks going into the sport, that they might want to learn to that—they might want to learn more about the sport. Maybe someday, they'll want to be an owner, join a partnership, so it's a whole—teaching them about the sport. did a program--my group did a program in Saratoga 3 years ago at the Fasig-Tipton's stable and we called it "From the Farm to the Finish Line."

And we got over 400 people, about 400 people, came on a Sunday morning to that venue to listen to speaking. We had interesting speakers. We just were the promoters of it. We had Cates Clay from Three Chimneys speak about the breeding aspect. We had Wayne Lukas talk about, as a trainer, he was a person--we had Meg Levy talk about how do you sell a horse, what do you do in that process? And of course, our star was Bobby Flay who was our speaker.
on being an owner. And then, I mean, it was fantastic. Meg Levy brought a yearling on the stage and actually showed conformation to 400 people who probably would never be that close to that experience ever before and she was measuring conformation and showing the design and everything. It was so informational to people and feedback we got was terrific. It had nothing to do about who you were gonna bet on that afternoon. It was introducing you to the sport and I think if we invest in that, we're gonna build our base, which is what I think our group and I think we're trying to -- how do we build a base?

>> How is that different than, say, NYRA's marketing?

>> Aren't they trying to build a base?

>> Well, I'm sure they are.

>> I would have to ask Mr. Kay to respond what his goal is. Or the Breeders' Association.

>> Yeah.

>> I think everybody's trying to do it for different reasons, if you understand.

>> I think NYRA is trying to build a base but if you get on the website and you look at the majority of what they're doing is to attract somebody who's already involved in the sport and is already wagering. Most of it is at that end of the spectrum, whereas something we see is we believe that the sport needs new customers.

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us, "Please help us with the image."
They said, "If I'm a horse player and I go to the track, somehow I'm considered less than," and I responded, an example, I say to people that I'm not a golfer. But a lot of friends who are.
And on Saturday they go out and golf and their 19 holes and all the things they do.
I decide to go to Belmont and I take $200 or $500 with me to Belmont and I have a terrible day and I lose it all. My friends go to the golf club and they spend $50 that day. They come home and their significant other says to them, "Did you have a good time?" What do they say to me? Did I win? Did I win?
What do you care? I had a good time. It was my entertainment.
And I think that's part of the image that we need to direct them in but I mean it's part of the entertainment I think Mr. Kay is trying to develop when he talks about the fan experience and I think that's really trying to make you feel like this is an entertainment venue. This is something we should enjoy, it's not just a way to make money.
I tell people when I write my articles, like, keep the day job, you know, keep the day job. This is just fun.
>> Do you represent the fans at Aqueduct as well?
>> Well, all over the country.
We, you know, it's not an individual. We have 700, 800 members that are active members.
We have a mailing list about 1000. We have chapters in New York City, Monmouth Park, South Florida, Saratoga Springs, and Southern California, we have 4 groups. And those groups.
We give an annual award every year to an industry person who we think has promoted the fan base the most. We do it at Gulfstream Park every year in January, the Eclipse Awards. We're the fan event down there and we draw 100 or so members that come to the group. Our first awardee was Patrice Wolfson, who you all know is the owner of Affirmed and she was our first awardee and last year we gave it to Cot Campbell who has Palace Malice and has done so much to bring fans in. We're coming up on our third year, trying to find our next...
But we try to go out and reach out to people and say, "Here's the people who help us do what we wanna pass."

We had a fan forum in Aqueduct. I think it was the first one we had.

And, you know, 6 months of the year the facing is conducted there and we still hope that somehow that venue can be used to attract fans and bring fans.

So the largest restaurant in New York City is the restaurant there at Aqueduct, as far as I know.

>> We had a fan forum in Aqueduct.

And if there's a way, you know, you got all those people going out there.

They're right next door and it's hoped that you could somehow use that opportunity, get them on the other side.

You won't see it to the extent you see it at Saratoga but an increase there would be something, I think, would be welcome, given that racing's run there for 6 months out of the year.

You talked about an on-track wager only as a way of attracting folks to the track.

What would that look like?

And is that done any other place?

We haven't seen it done at any other place.

It would be a wager where the takeout essentially was lower or maybe you could come up with a wager that's just attractive but not offered, you know, you have these rainbow wagers that are available at tracks outside of New York, something like that, where you could have a lower takeout and/or a unique wager that you couldn't find elsewhere to encourage people to come out.

Yeah, I think if you saw the rainbow 6 down in Gulfstream parking, it's not--it's been a success.

$0.20 bet and it's somewhat lottery-like because even if you picked the 6 winners you've got to be the only winner to collect.

Well, the -- is almost $7 million on it.

A gentleman hit it on Sunday for $0.20.

$0.20 got him $7 million.

He got lucky.

Great story is the guy that essentially won it but he bet it twice so there wasn't only one winner.

He didn't collect.

But--

You're identifying a group of non-betting fans?

'Scuse me?

Is there an identifiable group of non-betting fans?
Unfortunately, yeah.
A lot of folks go to a ball game and they bet, you know,
some people go to a ball game and watch the ball game.
Is there identifiable significant group of individuals
who go to the track to watch the races as a sport?
Absolutely.
It's diminished.
When Secretariat was retired, he went out to Aqueduct.
I think they conducted a program at 10 o'clock in the morning
on a weekday and I think they had several thousand fans there.
There was no wagering or anything going on.
But, yeah, we do hear from those people that come to the track
and they're just there for the experience.
For the sport, yeah.
Exactly.
Just for the sport and I think that group is diminishing.
I think we need to do something to build that group up.
And that shrinkage you attribute to what?
I think that a lot of it's the perception of horse racing
and I think a lot of it is if you're a fan and you're not
wagering and you go, there's not a lot offered to you.
There's little things like, Mary--what's Mary's last name,
that does the morning--
Mary Ryan.
Mary Ryan does a great program in Saratoga in the
morning where, you know, you go, you can bring your breakfast
in.
She talks about the horses, she identifies the horses which is
important.
Then she gives away posters and things like that.
You know, my kids, other children, families, they love
it.
The tracks need to do more to promote that, you know, that
family experience and the fan experience.
I think our group has a larger percentage of women
members and we really expect that as a percentage of people
who like the sport and a lot of them are owners.
They're part of the partnership movement, they like
to be part of it.
They want to take care of the aftercare so they're involved in
getting involved in that.
And they like to go to the races and enjoy it, you know.
On the other hand, we've got to try to--we always try to
courage them to place a wager 'cause that's how we fund the
industry so you got to do a little bit of both to make the
industry succeed but--
the kids can learn but they may have an interest in the
It's a lot less expensive to go to a race track than it is to go to a Yankee game or a Met game and, even if you do wager a reasonable amount. And if we could somehow reach those fans who either are not gambling or, you know, with an idea that they might gamble $20 and go to the race track and highlight that, yeah, it's a great experience and it's a lot less expensive than going elsewhere. I think a big part of that, you see it at Saratoga when the jockeys walk through the crowd, is the contact with the fans. And the more the sport can, you know, encourage that where the fans are right there, you know, close enough to the horses with the jockeys, you know, the owners, the trainers are all there. That's something you don't get in a lot of the other sports today. My family is a classic example of what you're talking about. When my children were little and we were in Saratoga, we took them to the track. I was not a better dog, I wasn't a better 'cause you're not sure what to do so you avoid the tellers who are very helpful if you get yourself up there but you just have to get yourself up there. And we had the added advantage of being surrounded by horsemen because of where we lived but, over time, for us, we were able to learn the system. My children went, it was like a festival for them. And then they grew up and we bought horses off the track, retired horses or took them and own them now just to ride them. But my children are now older and they can go and bet and they bring their friends, their college friends but it was a slow process. I was thinking your idea if there were areas on the track of Saratoga where almost like someone was walking who could talk to people about, you know, if you want to place a bet, this is the way to do it, it's really simple, this is what you say to
the teller, you know, they'll tell you exactly what you need. Not the sophisticated bets, but they have to start somewhere. And I think that's a fabulous idea. 'Cause you have to seed because the sophisticated betters get older and then they go away. There's a rate of attrition there. So, you know, you have to have new blood to be interested in it. And the second thing to me, from what I hear and from the circles that I come from, there's the two big concerns are drugs and the way the horses are treated, whether--it's just a perception and, you know, when something goes wrong, it's sometimes blown out of proportion but it's front and center, that is a big, big concern of non-attendees and attendees and then what happens to the horses after, when they're done, which is a big problem.

There's only so many, a finite number of people that can take all those horses, right?

It's not easy to sustain a horse after they're done. So I think if, somewhere along the line, we can address those and address them seriously, I think the sport's in a better shape.

>> Just a comment on the aftercare, not that it--the Jack Wolf from, you know, Starlight Stable little heads up what we call the Thoroughbred Aftercare Alliance and I sit on the advisory board. My background is in healthcare and I did a lot of Joint Commission accreditation stuff and helping hospitals get accredited. So i write standards so I sort of got the role of sitting in this group to learn how to write standards.

How do you write a standard, you know, and that's how I can write it. But it's exciting.

We've raised, I don't know, probably $5 million in the last year and we're accrediting farms across the country so they can take the horses and we can help pay for it.

It's a great idea and I think it's growing across the country.

Tracks are participating -- It's a big issue.

And I think fans want to see that, they really do. They don't like to see -- I think they want to see what's happening from the breeder to the owner and then what happens afterwards and who
is responsible for the care of the animal because that's a big concern.
And I'm a big fan of racing.
I mean, I love the track.
I think it's a great thing and I'm a big fan of horses but I know I hear that concern constantly.
Also a concern that, you know, there's a lot of fundraising for that but why is that necessary when maybe that's the responsibility of the industry.
And I know that's an expensive venture and, owning horses, I know it's a very expensive venture from the vet to the ferrier to the feed to the board to whatever.
There's a small partnership that friends of mine are involved in called Mosaic Stables and nobody really wants to make money, it's all friends.
And they put a 401k together when you buy the horse. When you buy into it, they set aside a certain amount of money for aftercare.
And so much of the purse money goes into that fund so if the horse is no longer able to run you can give him away along with some money to say, "Here, take care of it."
It's a good idea.
I heard talk about annuities.
Yeah, yeah, that's right, same thing.
That's—we're not as sophisticated but it's—They know what they're doing.
It's a good idea.
And you've got to take that responsibility.
You raised two points I just wanted to follow up on.
You were talking about the perception, I guess, in the fan base or whomever it is that you generally are speaking for, I think it's the fan base, that there was a lack of transparency in the rulings and the stewards and the discipline in the paddock and on the track, et cetera.
Is there concern, and maybe there's no answer to this, but is there concern that decisions are arbitrary and too stringent or that there's too much leniency?
I didn't understand the comment when you made it.
I just wanted to make sure I understood what you were saying.
I'm recalling specifically, Michael, when we were up at Saratoga Racino, some of the people there, and again, these are the harness fans, they were very upset that the word was that various trainers were clearly using illegal drugs or methods with their horses and they weren't being punished for it.
So the concern is for more stringent enforcement?
On that end, yes. I think as far as—there's another group of fans, though, that are concerned about, I think, transparency and clarity with regard to rulings at the track. Like why a horse might be taken down. These are usually the regular customers. They're more concerned with the clarity in the rules regarding the racing and why the stewards are very specific as to why a horse would come down.

Yeah, I think it's, you know, it was that old management axiom, "Without the facts, you get rumors," and I think that's the thing. If you don't put the facts up, people will create their own facts. They'll fill in the space themselves, yeah. You know, and there's nothing more frustrating to go into the ninth race at a race track and be alive in the Pick-4, looking at a $3000 ticket, get a photo finish and wonder why you lost, you know, you go, "How did I--" And I had, the Florida Derby, I had three horses. I got beat by a horse in a $4000 Pick-4, you know, and "Why did that happen? You know, how did he--did he really get by? Didn't he shove him?"

I don't know the answer to that question but the average fans are gonna go, "There must be something wrong, I didn't win." Spread wide is the point I'm making. I'm not saying it's wrong but-- Should have spread more on the last leg. I should-- I only went four deep. I should have gone there, right? Yeah, see?

There was one other point that you raised. I just wanted to give you a chance to help me understand it. When you made the comment about the takeout. The way I understood it when you first said it was that it's the takeout that has the ability to improve the fan experience. Did I understand you correctly, Michael?

I think you said that. Yeah, I think, yeah, to a degree. I think it's--and maybe it's more a smaller segment of the whole. We hear about churn.

If somebody has less money taken out, you're likely to put it
back in the window, you're likely to have more money coming back in and you feel like you're into it. I think at the same time, the larger players which we're claiming against, you know, can go offshore, get all kinds of benefits from them and -- our takeouts. So it's just looking at it and then the idea we've heard from horsemen is that, you know, if the take the take, reduce the takeout, it's gonna be less revenue for us, you know, if we're taking 20% off the top, on the average, it'll be less.

So it's just looking at it and then the idea we've heard from horsemen is that, you know, if the take the take, reduce the takeout, it's gonna be less revenue for us, you know, if we're taking 20% off the top, on the average, it'll be less revenue.

I understand that. But there are people who've said that they can prove that that generates more handle and there's people will say that that doesn't make any sense.

But that has to be resolved. That's our point. So your point is only a study if necessary. Because I did hear, I thought I heard you saying that if there was relatively more takeout, there'd be relatively more funds to improve the experience at the track, that's what I thought I heard you saying.

That's not what you're saying. And then I --just to make my point clear, I definitely heard you saying that the track only bet could benefit from reducing the takeout.

Well, the hope would be that if the tracks offered a bet that you could only get on the track, it would increase attendance.

I don't know what it would do to the bottom line and maybe, you know, you would take a loss in that pool if you're the track, but you have the people on site so, hopefully, you'd be generating revenue from other sources.

Also the signal cost, I think, is less on cross bets. So your point of view is it needs some study.

And I think there's two different things. One would be to attract the fan on site, the other is just really to market that, you know, like the popularity of that Pick-5 bet that NYRA offers now has gone through the roof and what Tioga's done is it's more attractive to the fan to know the takeout is, let's say, at 15%.

And again, this is for the more seasoned horse player or seasoned fan. They find that attractive and the studies, there's conflicting studies on that but I think Barry Schwartz many years ago, his idea was, "We're gonna reduce this to 15% or so for the
01:11:57:17 takeout rates because, in the end, we're gonna get more money
01:12:00:23 through the windows.
01:12:02:16 That's right.
01:12:04:22 I mean, he went bankrupt.
01:12:08:23 Bygones.
01:12:10:19 If you get to zero, sure.
01:12:11:10 No, I know but --
01:12:13:03 But my only point was you guys haven't--you're not
01:12:15:04 proposing that you've done a study.
01:12:16:27 No, no.
01:12:18:05 We don't have the funds for that.
01:12:19:10 I understand.
01:12:20:05 Okay.
01:12:21:00 Do we think it could be done if we think it--there probably
01:12:23:11 could be a sort of anthology's the wrong word, I guess, from
01:12:25:08 all the studies we've done to bring it together and say, "What
01:12:27:02 do we know here," you know?
01:12:29:04 And who are you suggesting is the right sponsor for the
study?
01:12:34:08 I think Gaming Commission be appointed.
01:12:35:19 Again, I think the Racing Fan Advisory Council, if we have a
01:12:37:24 budget, can do it.
01:12:39:04 And I think it would be most unbiased to look at.
01:12:42:28 I think the data's out there.
01:12:44:06 The data are out there, it's just a matter of looking at it
01:12:46:00 and saying, "What does it really mean?"
01:12:47:26 'Cause whenever we raise it, we get opinions from different
01:12:49:26 people and they quote this study or that study or this study
and
01:12:53:26 I think the one point that Pat made about special wagers for
01:12:57:08 on-track, maybe I've been playing the game too long.
01:13:01:04 I was telling Mr. Kay my first day at the races out of
graduate
01:13:04:05 school was the Alydar Affirmed race at Belmont and I haven't
01:13:07:15 missed a Belmont Stakes in 36 years, you know, so I mean
01:13:10:10 it's--I've been around a little longer but it seems to me
that
01:13:15:29 you really can't get into this game unless you can smell the
01:13:17:28 hay.
01:13:19:16 You can't get into this game unless you're really there at
01:13:21:04 the track.
01:13:21:22 Otherwise, it's just a numbers game.
01:13:24:13 There's a whole lot about being there and feeling the
experience
01:13:26:27 and understanding it.
01:13:28:02 We know it at Saratoga real well, you know, at --
01:13:31:08 wonderful experience, you know, when you go to --
01:13:33:22 and even the breakfast at Gulfstream brings you into that
01:13:36:20 experience.
01:13:37:13 You've got to feel like this is something I enjoy doing.
01:13:40:16 This is not just how do I make a living?
Let's bet.
This is a sport and you should enjoy.
>> Thank you.
>> Does the takeout vary among stakes or what is the--the range is from what to what?
I mean--
Yeah, I think we studied that.
It does range anywhere from, I think, 14% up to 25% based on the various bets but it's all governed, I think in every state, it's governed by state law as it is here in New York.
I think we were told when we looked at this at one of our meetings --
Has anyone ever looked at the health of the industry in relationship to the takeout at all or not really?
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Has anyone ever looked at the health of the industry in relationship to the takeout at all or not really?
Thank you.
This fits into our discussion, what we just heard from the Racing Fan Advisory Council.
Let me provide some background on an item we have been working on.

Since the Commission's meeting in March, staff have spent considerable time in discussing and reviewing the initiative proposed by Commissioner Crotty that would increase transparency and reform of the stewards' practices of explaining their official calls and actions to the public.
Currently, information regarding inquiries at Belmont, Aqueduct, or Saratoga are provided by the stewards in the Stewards' Corner on NYRA's website. The site provides a basic explanation of what the stewards decided after an inquiry has been posted.
The initiative we are examining would expand on that process by providing a weekly report with additional information available to the public.

Specifically the proposal would require, among other things, a vote summary and who the steward spoke with in reviewing the facts to decide on an inquiry. The report would not only provide information on steward's decision but also other important information that the public should be provided.

All this information would be compiled and summarized in a written report that would be available by track on the Gaming Commissioners' website.

Over the past 2 months we have been researching what other states do where such reporting is currently provided. In the United States, California, Delaware, Washington, have written stewards' reports that are available on their respective Commission websites.
We are reviewing them to determine what information is provided and the timeline for each report, daily or weekly.

In the development of this proposal, we have also sought out the expertise of the ones that would be preparing these reports, namely the stewards. In fact, we have already discussed the proposal with the stewards working at the NYRA track.

In April, acting executive director Williams and I met with state steward Steve Lewandowski, NYRA steward Braulio Baeza, and Jockey Club steward Dr. Ted Hill, and discussed the concept of this specific reporting item.

We were specifically interested in their feedback and opinions on not just requiring such information but how such
information could be provided in the least restrictive manner.
We discussed the following: providing that all individual votes by the stewards involving the possible disqualification of horses be maintained and disclosed, providing a record of all horses tested for drugs after races and disclosed by the steward, maintaining a record of contacts made by the stewards during the course of any inquiry or objection.
The preliminary meeting with the stewards at NYRA was not only productive but well received by all three stewards at presenting the proposal and receiving their feedback. We will also be meeting in the next week or so with the Finger Lakes race track steward, state steward Stuart Rainey, Finger Lakes Racing Association steward Richard Coyne and Jockey Club steward Don Holmes.
We also discussed guidelines, protocols that would be needed to be in place and would also welcome expanding this process to the harness tracks over time. That would require the development of a uniform and consistent policy for all stewards and presiding judges to follow.
We also plan on meeting with the Racing Fan Advisory Council and solicit their input on both our overall discussion and the results of our canvassing and research. To that end, the Commission will ask the New York Racing Fan Advisory Council for their thoughts on how best to achieve these goals.
It is our expectation that we will begin with the thoroughbred tracks reporting and should be prepared to report back to the Commission with a policy directive by the end of July. Hopefully, as previously stated, this report will be expanded to the harness track once the thoroughbred component is in place.
Thank you.
Commissioner Crotty, any-- It sounds very complete. I think that would be excellent, any one of those would be great.
so.
Great job, Ron, great job, Rob.
I think that would be a very meaningful improvement.
Thank you.
Secondly, just to report back to the full Commission, April 9 in Albany we had a very productive forum on the issue of
If you recall, my first Commission meeting I suggested that we take a look at this issue because of the impact it would have in New York State, what was known, and two of the commissioners joined us for that. I thank you both for being there and we had a really distinguished group of witnesses, researchers, public service providers, individuals, families, -- the industry itself. It was really a very meaningful full day of work. So I think we may want to get a little update of where we're going from there.

I don't know if Rob or --

Yes, certainly. At this point, I'd like Ed Burns to address it. He's been working with his staff relating to some regulations. Ed?

Sure.

As the commissioners who were there in Albany know, there was a wealth of useful information submitted in connection with the public hearing and we are analyzing all that and studying it very carefully in the context of developing the Commission's proposed comprehensive regulations at the casinos that will start in New York State and are integrating that information into the drafts that we'll develop for your consideration.

What would your timing be on that? How do you see that? I think probably sometime this summer, we'll, you know, be circulating a draft of what the comprehensive state regulations might look like. Right.

There's a preliminary to that. We're going to get out a white paper on regulatory -- Preliminary.

Very shortly, we are going to come out with some guidance of what the regulations might look like in outline form and some of the areas in which other jurisdictions might differ and what the range of theories in which states regulate certain aspects of the casino industry and we're pulling all that together for you now and should have that to you very shortly.

Ed, will you be able to time that so that it interlaces reasonably with what the Location Board is doing? Because they have a component of their application that goes to this issue and I don't want to be in a situation where we've suddenly done a bunch of rule-making after the fact.
We would circulate to both you and the Facility Board what Rob refers to as a white paper of kind of giving you the scope or outline of what proposed regulations might look like and what some of the decision points you're gonna have to consider are gonna be. And get some feedback from all of you so we can give some guidance to the potential casino applicants before they--

And my only observation is, if I took my notes correctly, the apps due on June 30? The preliminary apps, we want to make sure that's foremost in our timing?

It absolutely is.

Okay.

So it would be sent up in a way for--

Yes.

Well, the fact that we had the hearing also indicates to anyone--it did not come up in any of the questions from any of the applications.

Are we involving OASAS in this process?

I haven't been in touch with them but certainly, you know, they could have valuable input into it.

We are on the Responsible Play Partnership, which is a different component of the responsible gambling elements that we're advancing.

They're one of the three major players in that Responsible Play Partnership.

I've just raised that for doing things that they're not aware of, that's when I start hearing things--

Yeah, in that regard, I think, Rob, and the entire staff, you suggested--

very distinguished panel and I think the treasure trove of information --.

Thank you.

It was really amazing you were able to put that together in such a short period of time.

Absolutely, yeah.

The next item on our agenda is scheduling of our next meetings.

I've had conversations with Rob in this regard.

I guess my recommendation is that we establish a uniform date rather than try and coordinate everyone's calendar.

I think it's burdensome to the staff and not necessary so I would suggest we just pick perhaps the fourth Monday of each month and proceed with that kind of calendaring.

If the agenda's not wholesome enough, we can suspend the meeting but if we get it on everyone's calendars, we would all know, the Commission staff would know and I think we'd be in better shape going forward.

But I'm open to any other revisions of dates or times that
You know, John, you and I had hesitation about that only because we were worried about a quorum. Now that we're five, I think we have a better shot at it. Yeah, right, sure. Any day we pick is fine with me. And this seems to be the best location for everybody. I mean, we could rotate it around if it mattered. I don't really care. No, not if it matters, it's-- Teleconferencing worked from Geneva so that was -- And it's nice to see Ron. You weren't proposing meetings in Geneva, were you? [laughing] We should go over this summertime. It's absolutely beautiful. When they're in the dead of winter, it wasn't half bad. Not Switzerland. Yeah. New York. So -- Switzerland -- But the notion of that regular calendaring, I think, makes the most sense for planning purposes for everyone? Okay, so we'll-- Of course, your first Monday or your last Monday of June is the week of 4th of July. So maybe the week before. Then play around with it. At least it's a scheduling so that way we can put it on the calendar. It's a stake in the ground. Even if-- A stake in the ground, fair enough. Right. And some made the fair enough point that maybe holidays or will interrupt that. But locking in November's date or having it tentatively out there would be very helpful. Yeah, I would even say for the balance of the calendar-- Yeah, yeah, that's what I mean, you know, put it down-- Then we can revisit it and see what we're--okay, so I think that concludes today's published agenda. Do any other commissioners have any other additional items they would like to present for consideration here?

Well, hearing none-- This means that we do meet again before the applications come in at the end of June, is that right? But not necessarily the fourth Monday in June. Okay.

Well, thank you all very much.
We will adjourn this meeting of the New York State Gaming Commission.

We welcome our new colleague --

to the table.

I thank you all for coming.

Thank you.

Thanks.