

## **Fifth Racing Congress**

**Thursday February 5, 2009**

**11:15 a.m. - Noon**

### **Going Along and Getting Along**

- **Tom Luchento, HHI**
- **Phil Langley, Balmoral-Maywood & U.S. Trotting Association**
- **John Walzak, Ontario Harness Horse Association**
- **Richard Shapiro, California Horse Racing Board**

**Stan Bergstein:** The next and final panel is going to discuss Getting Along and Going Along, or Going Along and Getting Along, either way you want to put it, the problem of cooperation and working together in getting racing to move forward. On the panel, Tom Luchento of Harness Horsemen International; Phil Langley of Balmoral and Maywood and of course, President of USTA; John Walzak, formerly of Ontario Harness Horse Association; and Richard Shapiro, former chairman of the California Horse Racing Board. Tom, do you want to start the discussion?

**Tom Luchento:** Yep, I'll be happy to. First thing I'd like to say is that my friend Bill O'Donnell is running around telling everybody that he paid his own way down here, which is a crock to begin with if you know Bill because he never paid for anything in his life, but he's telling everybody that he can't believe that I was put on a panel about getting along with people. So maybe I've grown and maybe we can all grow a little bit.

To get on with it, our relationship, at least in New Jersey, has never been better with the racetracks and we've had to be together because we are dealing with casinos, we're dealing with the state legislators, and we've gotten along fairly well. Our problem is not racetrack management. Our problem is our governor, who doesn't seem to think that we need slot machines like everybody else has all around us. He refuses to understand that and therefore, slots aren't just an answer, they're the only answer at this point. I'm going to get in a little bit later on as to what we're doing in New Jersey, but I want to pass it to someone else right now and we'll get back to it.

**Stan Bergstein:** Richard? Richard Shapiro.

**Richard Shapiro:** Good morning to everybody. First of all, a little bit of history, I grew up in this sport. My grandfather, at one time, owned Adios and from the harness side of it I ran a harness racetrack, we were fortunate enough to have a champion thoroughbred, and most recently I was chairman of the California Horse Racing Board. When I resigned, I said I did it for personal reasons, and I'm going to tell you what the personal reason was. The personal reason was because I came to the realization that regulators cannot fix what's wrong with the industry. The industry needs to fix what's wrong with the industry and it's very frustrating to be a regulator where we implement rules and we follow laws that are enacted by legislators that either don't care or don't understand or have been lobbied to a position and the people that are tasked with improving the game aren't doing their job. So I decided that I felt that I have this passion within me, it's something, I don't know why I have it other than I grew up with the game and I'm watching the game die.

This game is dying. This game is stale. There are people who are not willing to embrace the changes that it needs to make if it is going to survive. I appreciate the previous panel about marketing and using the Internet and social networking, and there is a lot of that taking place. Go on the Del Mar fan forum, and a lot of it, quite frankly, you don't like. I don't like. I'm a subject on it all the time and I don't like what I hear and read, but there is a social network in place. In terms of when there are carryovers, I can tell you now that every ADW provider is pushing those carryovers, but we're not building fans. That's the problem here.

About four years ago I appeared at a panel that Stan put me on and we were in Arizona and he asked at that session, what are we? Are we an entertainment industry or are we a gambling industry? I don't know if you remember it Stan, but you posed that question and nobody had the answer, and the answer is we're both, we have to be both. But unfortunately we're a poor form of gambling. We don't treat our customers well. We expect new customers to try to understand the game which means they have to try to learn to read past performance charts which today's society, which is based on instant gratification—when you walk out of here, look at what people are doing, they're pushing buttons or they're playing games where a wheel tells them whether they've won, whether they made 21 or they didn't make 21—to ask people to intellectually handicap racing is asking people to use intelligent thinking and thought and we have a game that requires it and it is outdated in the form of wagering that we currently have.

We need to embrace new technology, new forms of wagering, new wagers, so that we can bring younger people into the game and at the same time we cannot go to just become a studio sport. If we get to the point where we are a studio sport, then we are simply now trying to compete on the Internet, and we're not going to win. We're not going to beat poker, we're not going to beat other forms of online gaming with our sport, so we need to be better and we need to find a way to get people to attach to horseracing. That means getting them to the racetrack. That means showing them that there is a social aspect and there can be an enjoyable time at a racetrack.

Now clearly we have too much racing. Clearly we race year-round in California, we don't race in seasons, and part of our problem is because we don't get along. To try and have all of the different segments of the industry get along, get in a room and say, what the hell are we going to do? It doesn't happen. Now the NTRA has gone on to try to deal with some of the safety issues, and I've been part of that and I've attended those meetings and those are great. Those are great ideas, but look at what it takes, with 38 racing jurisdictions, to try and adopt model rules to eliminate anabolic steroids, for God's sake. And yet we can't do it because every state is different. We have no central governance. This industry has to learn to regulate itself, adopt rules and not depend on regulators to do it for them. The business needs to be reinvented and unless this business is reinvented, frankly, I don't think we have much choice because I don't think we have much chance. Now that sounds very gloomy, but that's the truth.

I can tell you now that just trying in California to get the tracks, the owners, the trainers and the breeders and the fans in the same room to talk about what we're going to do, is nearly impossible. I've attended RCI meetings, I've attended NTRA meetings, I've gone to the safety summits in Kentucky, and while there's lots of good ideas and lots of talk, there's no walk. There's no conclusion. There isn't enough study being done to say, how are we going to save our racetracks? Bay Meadows is gone, Hollywood Park will be gone, and God forbid, Santa Anita could be gone too. When that happens, there's no horseracing in California. None.

Harness racing is nearly nonexistent in California and yet harness racing, from an owner's perspective, is a better deal than thoroughbred racing. As a thoroughbred owner, horses race on average, 6.3 times a year and it costs \$100 a day to keep a horse at a racetrack in southern California. Harness racing, while the purses are much lower, they race every week, they don't break down, and you get to participate, and yet we're not marketing to bring people

into the sport. What we're focused on is, how are we going to keep marketing to those people who are already participating in our game on the Internet.

The whales, they're not betting on ADW, they're offshore. How are we going to bring them back? We need them in our pools. There are plenty of ADW companies but between the fights between the horsemen and the tracks and the ADW companies and the cutting off of signals, we alienate our fans.

This industry cannot get along and it needs to have a national racing commission. It needs to find a way to unite because otherwise we remain a fractionalized industry without a plan and without a plan there is no solution. We must go back to being an entertainment industry as well as a modernized, more technologically savvy, gaming industry. We must be on television and we must be on the Internet, but we also have to get people to the races other than the four or five big days that occur during the year. So I ask you to focus on how to not only improve the product, but to also focus on how we need to breed new fans because the ones we have are aging and they're dying off and frankly there are other forms of wagering that are a heck of a lot easier, they're a lot faster, they give much more action, and they're much more appealing to the youth in this country and elsewhere.

**Stan Bergstein:** Thank you. Phil, from a management point of view, how would you respond or what are your thoughts?

**Phil Langley:** Well to be honest, I was going to take a little more mundane approach here and look at some of the problems we have day to day getting along with the horsemen and along with the legislatures and stuff, and I've never in my life had a PowerPoint before, so I hope you'll indulge me and let me do this one.

Starting out, in the real world sometimes we get along, sometimes we don't. For example, I think sometimes we're like cats and dogs, sometimes we're like Democrats and Republicans, husbands and wives, Duke and North Carolina, the Mets and the Yankees, and Joe Faraldo and insert any name you want. I've got to preface this a little bit because Getting Along and Going Along, I want you to know where I learned to get along, and I'm a little bit like Tom, people wonder why I'm on a panel about getting along, but I learned at the foot of two masters that didn't get along sometimes, they both were a little bit easy to anger. My dad, who I always say that when horsemen left his office when he was race secretary they'd have to go out and say, "He didn't really mean that," and Stan Bergstein, a couple years later who was kind of the same

way, I'd have to go out and say, "Stan didn't really mean you ought to stick those eligibility papers where he said."

I learned over the years that there are a lot of things that we can do. For example, getting along with caretakers, owners, trainers and drivers. With caretakers and owners and trainers, especially on stake days when we have big stakes or a nice program, we have a person at Balmoral who calls every owner in the race and asks them if they're going to come, invites them to dinner, asks how many people are going to be with them, he'll leave word at the entry gate, have badges made up for them so they can go to the paddock and they really enjoy that. We get more letters that I ever thought we'd get saying how wonderful it is.

Caretakers also need to be watched out for a little bit. For example, on days we have stakes, the horses have to be in the paddock at 12 o'clock noon. At Balmoral, we're fortunate enough that we have a beautiful walking ring just outside the paddock entrance, it's almost like a big park, we call it Duncan Park because we named it after a trainer who suggested it to us and every time we have a stake race where they have to be in early, we have a picnic for the caretakers and the trainers that bring their horses in early and it's gotten to the point where a lot of people on the backstretch who don't have horses in the race that day know when the day is and they show up for the picnics. That's one thing we do. Now you can be nice and you get along and you try to cultivate the owners and the caretakers and you do get along for the most part.

The one thing that I've always kind of hated is contract negotiations. The first one I got involved in was in 1965, so I think I'm a little bit of an expert on it. There are a lot of issues in contracts. For a long time we had five-year contracts which was very nice, then we went to three, then two and now we're at our annual one-year contract where you're trying to settle things at the last minute. Some of the things in contracts, and I just put a bunch of things up there for you to look at, money obviously is always an issue. Even in Illinois where the purse money is allocated according to law, there are always a few issues on money that come up. We always get into arguments about integrity to some extent. For example, we don't think and the horsemen don't think that the blood gas testing in Illinois is done properly. For years we did it, in a contract with the horsemen. We did it before the races, we did every horse, we really didn't have too many problems but we got one president of the IHHA who kind of thought that it ought to be in the state's hands because we were going to pick on somebody, which had never

happened but then it got in the state's hands which was good for us because the state then paid for it and saved us a couple hundred thousand dollars a year.

Unfortunately, nobody thinks the state does it right, they only test a couple horses a night so now we argue about whether or not we can go back to the old system which, five years ago we could have because we had money, or maybe a little longer back than that, or if we get money from the legislature either through a bill that's pending—the bill's not pending, the money's pending—or slots, we'll have enough money and between us and the horsemen we can do that kind of stuff. Another problem that always comes is the length of the contract. I prefer a longer one, but I'm not really in it anymore so I let the young guys argue about it.

Local protection is a very interesting topic that has come up all around the country, mainly because the slot tracks have huge purses and they have made an effort when they got them to protect their local trainers, drivers and owners. I think Delaware was the first one that really had a system where if you weren't Delaware-owned, you couldn't go in. Indiana is doing it for their stakes. Actually, we've done it all along too. We've had 50 percent Illinois races, so it's not an unusual thing, but how you protect them and how you keep it from becoming wide open, and against the interests of the local horsemen, always gets interesting. From a track operator's point of view you'd always like to be able to take just the very best horses and trainers and drivers you can get from anywhere and say come on in, but sometimes reality gets in the way there.

Minimum purses in stakes is always a problem, especially when you're limited on money. I think over the years we've done pretty well. We have a lot of national stakes, a lot of good stakes, but they only use up maybe five percent of our purse account and then we have Illinois stakes that are maybe another five percent of our purse account, so 90 percent of our money goes to basically overnight races and it's always a problem how much money you have as to what your minimum can be. I think right now we're at \$2,900. I managed to win one of those big races last night for \$2,900, so it was \$1,450 minus the fees, I don't know how you can make it. But anyhow, that's the situation we're in.

The number of races, I've heard speaker after speaker after speaker talk about how we have too many races. I think probably we do, but this industry is not just for the elite. The industry is also supported by the people in the middle and at the bottom. It's always easy to say, well, we've got too many horses, everybody agrees and then you say well, why don't you leave?

And the guy that's being picked out to leave doesn't want to leave, so that's always a fight and always a problem. We even get into oddball issues, especially when you get down toward the end, everybody's been negotiating for a month and they get tired, like who's going to pay for the coffee in the paddock. We always say we won't, but we always do. It's only been going on for about 40 years.

Sulky insurance gets interesting. I don't know, probably some of the track operators here would wish I don't bring this up but we do have a sulky insurance clause in the contract where we pay up to \$1,500 if a sulky gets damaged in a race or in a training accident. \$1,500 used to be pretty good, now with the new sulkies costing \$5,000 or \$6,000 right now, some of the drivers are starting to scream and holler about it. On the other hand, the run-of-the-mill horsemen are saying they're the ones making all the money anyway, they can afford \$5,000. We had an interesting case about a year and a half ago, the power went out one night and Dave McGee wrecked his sulky in an accident because the power went out and the lights went out on the track. We've been arguing, we finally made kind of a compromise, but he's been arguing that because it was our fault that the lights went out that we should have to pay him the full value for his sulky. Well, it wasn't really our fault, some yahoo that had been drinking ran into a power line four miles down the road and the power went out because he knocked down the lines from Comm Edison. You get into arguments like that and sometimes they're ok.

Drivers insurance is another one we always argue about, not too bad but we believe that you should have a decent insurance policy for accidents on the track. We have \$250,000, which I think is about the most you can buy and I would have to urge every track to have that up there because if a guy gets hurt anymore they go in the hospital and they're there 15 minutes and by the time they get done with x-rays and everything it mounts up quick, so you might as well have good insurance, it doesn't cost that much.

Then I guess my favorite gets down to sometimes you get into a situation where you just have a strike because somebody wants to have a strike. Sometimes management's tired of racing, sometimes the horsemen are tired of racing and they just kind of decide we'll just put this off for a few more days and settle. It's especially true when you race 300 days a year, although we almost managed to do it this year when we weren't racing 300 days. But it's an interesting part of the thing. It's always aggravating. You strain your relationships with people. I mean, over the years most of our IHHA presidents, or many of them, have been my very best friends:

Kim Hankins, John Cisna, John Catrone, Dominic Frinzi. Hell, we'd sit there and argue and scream and holler and then we'd go out and have a drink together, which is probably the way things should end up in this business because everybody's in it together.

Let's see, where else should I go real quick here? Breeders wars, getting along with the breeders. In Illinois we don't have too much of a problem. The breeders get 12.5 percent of the winning share of any purses in Illinois, so they come along pretty good. The only problem they have is they need us to have the purses high enough so that they can sell the horses for what they're worth and they're pretty good horses. I've got to tell you, Terry Hunt and Doc Walker, well Doc Walker bred the winner of one of the awards last night, Fox Valley Topaz, and so they do a great job and they do get the money from the breeders awards that are paid by the track. The owners also get an award of 12 percent if you're first, second or third, that comes out of the purse account. Other than that I don't have too much to say about the breeders.

I think the last point I have is to do with the legislation and I agree with Tom Luchento that we've heard a lot of talk about different solutions and everything else, but I'll be darned if I can see one other than getting slots. There's just no substitute for it. It would be different if the slots were increasing your purses 20 percent, but when they're increasing them 500 or 600 percent I mean you guys who are in Delaware or at Yonkers and Pennsylvania know what your purses were and what they would be if you didn't have slots and I just don't see any way you increase business 500, 600, 700 percent. I said yesterday that the main goal of everybody should be to convince legislators that we need slots. As Lonny Powell pointed out this morning, the racinos got in it and they knew the rules when they got in it. An ordinary casino, as I understand it, makes about 25 percent on their money, or on their take and when they have a racino and they give the horsemen 10 or 12 percent, so they're only making 13 percent. But they knew that and they agreed that 13 percent was enough.

One good thing, I think, is that the horsemen have a great lobbying group, you have 30,000 or 40,000 people in the industry. Even in New York and Pennsylvania, most of your legislatures are not in the city and they want to listen to the people out on the farms, the people that race at the fairs. I don't think, personally, that two or three casino operators can go in and have as much influence as 35,000 voters. So I would urge everybody that has slots to keep fighting and to make sure that you don't let down your guard because they could disappear. Remember one thing, it's not money coming from the state—that's another mistake that

everybody makes—it's money coming out of the casino's profits. That's why Gary Loveman gets so upset. You think he'd care if that money was coming from the state? He wouldn't care at all. But when it's coming out of his pocket then he argues against it.

I do agree with Tom that the legislation, the racing commissions, are our main common concerns. I don't want to call them enemies because I don't want to have word get back to them that I think legislators are our enemies, but they are the persons we have to deal with and we have to deal with them together. That's where we really need to be getting along. Basically, it's a great industry, it's a lot of fun, we run into bumps along the way but everybody does. In business you have to fight for what you think should be yours but sooner or later you reach a compromise and then you go along and you get along until the next battle comes along. Thank you.

**Stan Bergstein:** Thank you. John Walzak has seen harness racing and racing in general from both sides of the trenches. In academia he was an associate professor at the University of Arizona's Race Track Industry Program and of course he learned the very hard and practical lessons of the firing line as the coordinator of the Ontario Harness Horse Association. John, some of your reactions.

**John Walzak:** Couple of things. One is, as a construct, think about race days. We hear that horsemen are always pushing for more race days and we hear that we've got too many race days. Let's put that out there. Let's talk about that a little bit. But what are we talking about? What's the scope of what we're talking about here? Is it at a racetrack level or at an industry level? Frankly, there is no industry in my view. We have broken ourselves into racetracks and we deal with each other racetrack to racetrack to racetrack. There is no coordination. There is no industry. Richard Shapiro, we agree on that again. There is no coordination on this thing. To say there are too many race days is approaching, for me, almost a meaningless discussion. There is no data about how many race days we need. There is no data supporting that there are too many. There's no data that supports any sort of race level.

One of the things we tried to do in Ontario as horsemen, because we did cover all the tracks and we were in a unique position there, and horse people across north America are in that unique position, they actually can and must take a unified view of the industry and take the unified view among two issues, race days and money. We're going to talk about money a little bit too, I guess because that's a pretty important part of what we're about. But we would try to

take a unified view of race days and bring it to the commission as we would negotiate days on a yearly basis. We would negotiate days on the basis of where the tracks are, where the horses are, and look at how many days we would need to service that population of horses or figure out where we've got to move the horses to have the days to service it.

It turned out that by and large we kind of talked to ourselves. The commission didn't want to get involved because that meant, and Richard's right, they'd have to make decisions affecting people. A commission can't decide our business for us. It's unrealistic to think the commission, in my view, is going to be the driving force between how we organize ourselves. So the tracks would oppose us. And our strategy was to try and get a consistent view of the world. Tracks had a strategy saying, "No, we're going to protect what we have in our little view." And we had some operators who were all about horseracing and that was fine. We liked that and they were our strong allies and partners because they're about the same thing we're for. But we had other operators who would take the opportunity to minimize racing.

Gary Loveman doesn't operate a track in Ontario, but people like him do operate tracks in Ontario and have similar kinds of goals. This is a situation, because there is no central view of the world, no central control on our world. It's a situation where those kinds of operators can take advantage, and take advantage to the disadvantage of horseracing. Why is live racing important to us? What is it all about? Are we really going after, all the time, more and more horses? It's really not about that. It's really about servicing the population of horses we have and that population, we know, fluctuates. We can control that population but we need to breed with some expectation of where we're going to have our horses. If we're going to breed a horse today, that means in five years time we need to know there's going to be an opportunity to race that animal because that animal's going to be on the ground, costing us money for five years before it really becomes productive. If race days start fluctuating yearly, what are we going to do with the animal? We're stuck with that animal. It's not a slot machine we can put on a shelf in the garage and wait until market demand comes forward and pull it out and plug it in, we need to plan that a little bit.

I don't agree with everything Jeff Gural talks about, but Jeff said something the other day that's absolutely right and it's one of the great disappointments, frankly, people have after slots have come to a jurisdiction. Where's the industry plan for the future? It doesn't exist. We have not come together and said, "Here's where we're going to be in five years time." Five years is

our minimum timeframe as horsemen, because that's the timeframe for our animals. That's where we've got to focus. We can't wait and plan our business on a year-to-year basis. We need a longer term than that. Where's that plan? Again, it's our great disappointment.

In Ontario and I think just about everywhere where slots have come in, where we've had this incredible, incredible opportunity given to us, money that we could never dream of coming to us and the track operators and we are not materially further ahead at most of our facilities than we were before the slots came. In many of our facilities, there are less people today than there were before we got the bonanza. Why is that? Where's the marketing? Where's the plan?

Yesterday, Dennis Robinson talked about a controlling, central organization, a sports model. I believe we need to start embracing that kind of a model. The problem is, you have to, and his word was, "seed" power. Power, money, control are the root of our conflicts now. How do we let people, encourage people, convince people to seed power without breaking up the industry? That's, frankly, our challenge and it needs to be done because without that central control, I'm a firm believer that, as Richard has said, we're not going anywhere. Without that business model that says we are all going to be under the direct control of a body that is working for all of our best interests—the best interest of track operators, of breeders and of horse people—we're not going to get anywhere. We might have to live with less race days. As horse people, we know that. We didn't sit around and say, "We want to have 30 races a day at every racetrack." We know the reality of the marketplace and we know that we may have to live with less race days, but we only want to make that decision after we've really taken a strong kick at the cat in putting our product up on the shelf and marketing that product in a way that products are marketed today in the entertainment and the betting world and really find out what the demand is, because right now we don't know what the demand for our product is.

That's another great disappointment to horse people is that we don't know why people don't go to the racetrack. We did some research, when I was with OHHA, that looked at the market and the researchers came back and said there are three interesting things here. One is, the good news is, nobody's got any bad thoughts about horseracing. And the bad news is, nobody has any thoughts about horseracing. You don't exist. In Ontario, we've got 16 racetracks, we have great distribution in all the big cities and a lot of the minor cities, yet we don't exist in people's minds. So our marketers said, you have an incredible opportunity here because you have a marketplace that wants to bet, that wants to be entertained, that wants to be involved in

sports, now go find out a way to get it. Now of course we don't have the central organization to do it, but that's another story.

The other thing they came forward with and said is, well you've got another problem here. You're number four. At all your facilities, you've got slots, you've got dining, you've got simulcasting, and you've got live racing. We're all about live racing. We don't really worry about betting on races from Santa Anita or from Chicago. We want people betting on the races that we're producing within our jurisdiction. We're number four. How do you get around that kind of a problem? As horse people, we can't without that central organization where we get to work with racetracks and say our core business is live racing, let's do what we need to do with live racing, let's take a shot at it, let's use the opportunity slots have given us, let's use that money, let's spend it wisely, let's pool it. We've even offered to pool our money, by the way, in Ontario. Let's pool all the slot money and let's build an industry that really will be a juggernaut in our marketplace and around the world because we think that we've got a product that can sell anywhere. We haven't been able to quite do it and we should be able to do it. We should be doing it because that's our future.

So those are some things about where we're coming from and what we're trying to do, what I was trying to do in building awareness around racing and building cooperation and building ways to bridge the conflict. One of the things slots has given us is money. You talk about purses tripling, quadrupling, of course the other side of the coin is that track operators' revenues have tripled, quadrupled as well because we split the money 50-50. It has given horse people the ability to hire professionals and get those professionals out there, and of course it's given racetracks the ability to hire professionals. Unfortunately some of the professionals that we end up hiring are professionals to fight. I think there's a better way and the better way is to have that central way of organizing where we can actually get a plan for the industry to move us all forward.

**Stan Bergstein:** Comments or questions from the floor? And while I'm waiting for them, go right ahead Tom.

**Tom Luchento:** I would like to add something. I just want to say that I feel really good right now because I hadn't talked to these gentlemen about this central organization but it was one of the things that I really wanted to speak to and in my opinion, and obviously in their opinion also, this central organization is the only way that we can get this done because there's strength in

money and numbers. We're all going in different directions. Everybody knows that. So we have to have this organization. Now, you need a head, I hate to use the word czar, but you need something like baseball has, and football has. That's how they get on television: they have the money, they have the power, they have the people. We need to do that. After listening to some of the panels last night, I wanted to go upstairs and cut my wrists, but I'm an optimist and I would hope that the majority of the people here are optimists. You can't go home and not do anything about this. The only answer is a central organization. And when I said slots, slots are a temporary answer until we can figure this thing out, how to bring people back to the racetracks.

We were once a big spectator sport, probably one of the top two in the country. Why can't we get back to that? Why can't we be a spectator sport again? I believe that we have to get out there. I don't know, possibly if they have baseball video games, football video games, maybe we need racing video games so that the young people can understand the game and come up. I don't know how young people are going to learn about racing right now. Who's going to teach them? Who takes them to the racetrack? And a lot of people now are going to the OTWs. I believe the Internet and the blogging and all that stuff is great but let me tell you something, we need people back at the track. That's the only way we're going to survive.

In New Jersey, we formed a horseracing alliance and with that alliance we have a partnership between the thoroughbreds, the standardbreds, and the non-racing people. Thanks to Dr. Karyn Malinowski and the Rutgers University Equine Center, we have put out a unified message. We have infomercials for legislators and residents of New Jersey. It's tough sometimes talking to legislators because they don't always think like people. So the University has provided a neutral playground for discussion and research. One of the highlights was we had a legislators day at Monmouth Park in 2006. We had 200 people show up, 20 legislators, and the legislators promised us everything, yeah, we're going to get it, we're going to get everything. Well, you know where we're at at this point. The economic impact in New Jersey is really great. I would just like to tell you that the agreement between the NJSEA and the casino industry has gone a long way to get us a supplement, but we're not going to see another supplement, I don't think. So it's either slots or we have to find another way to raise money.

We have to educate the non-racing segment of the horse industry, get everybody involved. I just want to tell you that, for a \$4 billion value, which will generate \$1.1 billion to the state of New Jersey and \$160 million that's paid annually in local and state and federal taxes.

We also pay \$1 million in sales tax revenue from horses claimed at New Jersey tracks. We have 176,000 acres of working agricultural landscape because of horses. That's 20 percent of all the New Jersey farmland. Another 46,000 acres are kept for agricultural purposes such as feed, bedding and such for horses.

Now, I'm saying that if we can get that going in New Jersey, we ought to be able to do that nationally. We made some strides but not enough. It's hard to convince the people in New Jersey. I told you before that we need help. But we're going to have to help ourselves and the only way that you get the attention of the legislators in your state is with money and influence with people that are influential, lobbying and such. So in my opinion, yes, this is the main focal point we need to address, we need to get together. Some of the smaller racetracks might not be able to participate, I don't know, that's not my call, but they need to get together, decide when they should race, what's best for every racetrack, not buck heads, not take away from each other, work together. That's the only way it's going to happen. Thank you.

**Stan Bergstein:** You have a candidate sitting right next to you, or two candidates sitting right next to you. I don't want to cut you off Richard, but we're at closing hour and if you have a brief comment go right ahead.

**Richard Shapiro:** Well I just wanted to say, in California we'd have no chance at slots because it takes a constitutional amendment, ok? But the truth is, and I want to emphasize the point that you were making, slots are just a band-aid, and pretty soon they're going to be everywhere. The party's going to be over for slots. It's not going to save the game. Yeah, it's going to help some people, sometimes. It's helping others right now. But the truth is that we need to take our game to the people on a national level. We need to come up with a national horse racing wager, similar to a lottery. We need to find a way to make horseracing what people are wagering on. There are ways to do that. Find other ways than just relying on slot machines because pretty soon that day's going to be over. They're going to be everywhere.

**Stan Bergstein:** The national lottery idea is one that has tremendous promise if we can get them all together to discuss it. But the problem now is simply finding the will to do it, the right person to do it and the way to do it. You'll know when that time arrives, you'll see them walking right across the water toward you. On that note, Phil did you have a final quick comment?

**Phil Langley:** I listened to all this stuff about let's go out, let's get a national organization, let's do this, let's do that. But realistically we're no different than any other business and we're not in

the business of basketball, football and stuff where they need each other to compete. Pittsburgh needs New York to compete against. They only have 16 or I don't know how many teams they've got, but they've only got one game a week. Basketball has 40 games a year in a given stadium. We're more like a restaurant business. In a restaurant business, right now if you go into a restaurant on Monday, Tuesday, Wednesday, Thursday, you can get your choice of table, Friday and Saturday they're pretty busy and that's what they live on. That's sort of what we do and I've been at it a long time.

I'm as optimistic as anybody. I think it's a great business and I love it. On the other hand, I'm a little bit of a realist and I think that we think more of our sport and our business than the rest of the world does. I've been married for 49 years and my wife goes to the races two or three times a year and hasn't learned a damn thing. My son likes it. I'm not sure that we're not attracting the same amount of young people we used to. At my country club, half of the caddies go to the track; they're 18 and 19 years old. On Saturday night we've got a young crowd. We've got to be a little more realistic instead of making the wild dream, let's concentrate on what we're doing. I know slots may or may not last forever but they're the best we've got right now so let's do what we can.

**John Walzak:** Eighty percent of our business is off-track. We're not a restaurant down the street. We may be like a McDonald's where we've got a franchise going everywhere. We depend on people, literally around the world, for our business. Horse people know that and they want to take a chance, but you don't need someone to walk on water here. What we need is good, sound business leadership that we can all get behind. We've got good, sound business leadership in individual tracks, we need it collectively.

**Stan Bergstein:** Thank you very much, I've got to close it up. Phil Langley and John Walzak, Richard Shapiro and Tom Luchento, we thank you for adding to this Congress, we thank you for staying with us. 12 o'clock lunchtime.