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Racing Congress

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This will mark the third time that I have been asked to appear before the Congress, and I'm certain that throughout the next few minutes that some of my remarks will be similar to what I have said in the past, or what you may have heard either here or perhaps at the Racing Symposium in Tucson over the years.

The title of my talk today is where racing is going in the next 5 years. If the last 10 years are any indication, the end result is not good. Earlier this year it was reported that pari-mutual handle dropped to its lowest level since 1998. Sure there was limited growth sprinkled in amongst those years but it's no longer sufficient to look back - racing must go forward.

To me, it's time racing stopped trying to emphasize the pageantry and glamour of horse racing to players.

Most if not all of you in this room likely fell in love with the sport on one of your first visits to a race track... The majesty of the horses as they are lead out of the paddock, the anticipation of the race as the horses head to the gate, and then getting caught up in the roar of the crowd as the field charges through the stretch toward the finish line.

Unfortunately, racing is no longer having that same kind of effect, and perhaps instead of trying to dwell on the pageantry and glamour of racing, it is time to market it as a bet rather than a sport. I understand that's not going to sit well in this room, but think about it - the scoreboard at Raymond James Stadium in Tampa this past Sunday read, "Pittsburgh 27 - Arizona 23". Our scoreboard is known as a tote board, and if horse racing is not a bet, why do we keep track of them on our scoreboard?

How else can purses be funded if not with more wagering? Racinos, as well as instant racing, are here to stay, and as we've seen (and whether we like them or not), it's a fact that they have increased purses in every jurisdiction that has passed either of them. There simply isn't any other proven way of growing purses without generating more wagering.

Think back to when you were a child, or more recently when you raised your children. Did you play catch with your kids, throw a football around? Or perhaps for the Canadians in the room, play road hockey? How many of you took the kids into the back yard to play a game of horse racing? Our game is a bet and we have not done enough to hold or add players.

In 4 of the last 6 years, despite making it easier to wager, handle has decreased. How has this happened? There have been numerous theories floating around as to why were trending downward and without a doubt some of them have merit. Infighting amongst tracks, horsemen and ADW's... television carriers not having access to all signals... synthetic tracks have scared players away on top of small fields and high takeouts. Our players who's score we display on our scoreboard are the ones who are caught in the middle, and scoring is down.

These questions aren't new - they've been brought up at racing industry meetings before, but what hasn't been brought up are ways to fix it. When they are, they're shot down because of the "that won't work" theory. How do we know? The core demographic is changing, and let's be frank, dying off. How is racing cultivating a new audience that will increase handle? I challenge you to take time and visit any of the hotel race books while you're here, and then go back to your track's simulcasting area and take a long hard look at the patrons who are there - it's the same bunch. Most of those players have been betting horses for 25, 35 maybe 50 or more years, but sooner or later they're no longer in their usual seat. Where did they go and why is the seat vacant?

How can we fill those vacant seats both on and off track with 20 and 30 something's that weren't brought up on the game as a good number of us in this room were? This is something that my company has to now focus on, as in 24 days we will run both the race and sports book in Las Vegas' newest casino, the M Resort · Spa · Casino which opens March 1st.

We can no longer copy and paste what this industry has done over and over again. It's time to move away from the industry-changing idea of taking the "bet \$50 get \$50", turning it into "bet \$75 get \$75", and thinking that is brilliant marketing. Put away the typewriters, park the station wagons - it's 2009 and its time we cater to a new audience.

Just a couple of weeks ago the NTRA and the DRF held their annual handicapping championship across town at the Red Rock casino. By all accounts it was another successful promotion, but as I followed Dave Tuley's daily reports at drf.com, one fact jumped off the page. Take a look at the daily leaders age, and ask yourselves what are we doing to create new bettor's? If this was a poker tournament I'm certain that the daily leader board would include someone who was born after 1960.

Champion horseplayer had a clue

By Dave Tuley - Posted 1/26/09

LAS VEGAS - His foiled opponents called him Inspector Clouseau. **John Conte, 68**, didn't mind because he won \$500,000 and the Handicapper of the Year title by topping a field of 302 in the 10th annual *Daily Racing Form*/NTRA National Handicapping Championship at the Red Rock Resort last weekend.

Houston takes lead with one mandatory left

By Dave Tuley - Posted 1/24/09

LAS VEGAS – **Gwyn Houston, 57**, of Fallston, Md., has moved into the lead of the 10th annual *Daily Racing Form*/NTRA National Handicapping Championship at the Red Rock Resort.

Licata moves into lead on final day

By Dave Tuley - Posted 1/24/09

LAS VEGAS – **Louis Licata, 49**, of Chagrin Falls, Ohio, started Saturday's final day of the 10th annual *Daily Racing Form*/NTRA National Handicapping Championship with seconditis, but the one winner he found put him into the early-afternoon lead.

New Yorker on top as final day of NHC begins

By Dave Tuley - Posted 1/24/09

LAS VEGAS - Thomas Mooney, 55, of Lindenhurst, N.Y., enters the final day as the leader of the 10th annual Daily Racing Form/NTRA National Handicapping Championship with a score of \$152 but he's only halfway to the finish line.

The most sought after demographic, whether it be in advertising or gambling, is men 25-54 as it's believed that this is the audience that has the most disposable income. I'm assuming most of your tracks offered tournament qualifiers - do any of you know what the average age was of your participants? Where are the twenty and thirty something's and why aren't they interested?

Unfortunately due to competitive reasons, I can't go into everything that we will incorporate at the M, but let me say this it's going to be done differently than any race book you'll visit during your stay this week. It's way past time that the pari-mutuel industry changed the way they presented horse racing, and did so to a new audience.

As we all know pari-mutuel wagering via the internet is legal in most states in the US, yet there isn't an ADW that directly targets beginners. What's preventing an entity such as the NTRA or this association from going after the vast group of non-racing fans, and doing it in a way that will provide them with simple-to-understand wagers, and presenting it in a fashion that most non-racing fans would understand.

Let me show you an idea of what, at this point, let's call "Horseracing Roulette". The thought behind this is to make wagering on a horse as easy and without intimidation. Most people have at one time in their lives either played roulette, or at the very least know a roulette wheel when they see one. Racing can create its own roulette wheel modifying it in such a way that we can provide users with fast action and easy to understand bets.

You'll notice that the board itself no longer has the traditional layout. It has been replaced with simple wagers. The wheel itself is gone and as you can see, players will find the video and countdown to the next race. The target audience in most cases has never heard of Emerald Downs or The Meadowlands, but they know where Seattle is, and most can likely pick out New Jersey on a map. The quality of the race, the weight the horse carries or track conditions are irrelevant. It can be a stake race or non-winners of \$5,000 last 6 starts - they don't care.

Fast action a new race every two minutes, place your wagers, and before you know, you may have created a new horseplayer. Maybe they won't ever graduate into the Pick 6 pool, but who knows, maybe down the road they will. We'll never know until we try - and let's face it, the game isn't exactly in the best of shape.

Right now simple wagers on over/under or odd/ even or individual win wagers, or a group bet - it's all made easy. The money feeds right into the tracks' existing pools. Racing owns this data. Racing should find a method to offers these wagers to a new audience.

Simple bets, and at the same time, create turnover in the pools. Want to play? The chips are \$2.00 each. Place them on the wager of your choice, and instead of a roulette ball making you

dizzy as it finally finds its resting place, let our equine athletes determine the outcome of Horse Racing Roulette.

Something has to be done to turn this around. The way racing has done business in the past isn't working anymore. Earlier we talked about the reduction of handle in North America - here's a number that may help drive home the point: Using a blended takeout rate of 15% after you subtract the 2008 handle from the previous year, the horse racing pari-mutuel industry lost a staggering \$154,000,000 in revenue.

Horse Racing Roulette may be a dumb idea, but it is different. No one thought virtual racing would get any play in betting shops in the UK, but people are in love with making wagers on virtual horses.

\$154,000,000 that could be used to increase purses, or to help with employment costs.

There's a long line of people making their way to Washington in hopes of an economic bailout. The auto industry, the banking industry - there won't be a pari-mutuel bailout coming from the government anytime soon. It's up to you to come up with a bailout; no one outside our industry is going to help.

Changing post time from 1:00 to 2:00 doesn't cut it, half price programs won't solve the problem. Be open to new ideas; whether it is technology, or new bets, just listen. Don't recycle old ideas - create new ones.

Instant racing has boosted purses by hundreds of dollars per race at Oaklawn Park. Think of what it could do on a national scale. Or maybe an exchange that is run by racetrack consortia is something that may be worth looking at.

Professional sports have embraced change: baseball now has wildcard teams in the playoffs. Since the shootout was introduced, there are no longer ties in the NHL. The NFL and college football now have instant replay.

Meanwhile in the pari-mutuel world, the daily double became the Pic 3 and then the Pic 4, synthetic tracks were introduced - and while they may or may not be better in the long run for the horse, it's done nothing to create new players. Account deposit wagering, while certainly making playing the races more convenient, has done little to bring more people to the game or recapture ones that have gotten away.

Look around the room - it's up to you. We all want this to survive and to thrive but it's getting away. In 5 years our simulcast centers and racebooks will have many more open chairs. The Super High 5 will be the Super Sensational 7 and we will continue to write the obituary for the game we all love.

Thank you.