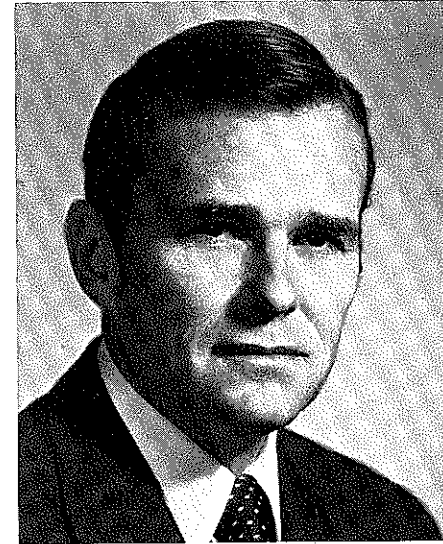




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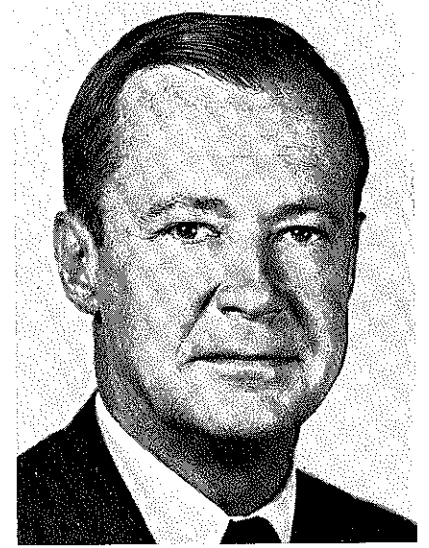
*The brown and powder blue scheme utilized on the cover reflect the racing colors of Dorothy and Sam Rubin's Dotsam Stable which were carried to victory in the 1981 Jockey Club Gold Cup by Horse of the Year John Henry. It has become a tradition to have the winning stable's racing colors used on the cover of the Round Table Conference Book.*



Nicholas F. Brady, Chairman



Paul Mellon, Vice-Chairman



G. W. Douglas Carver, Secretary-Treasurer

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TWENTY-NINTH ANNUAL ROUND TABLE CONFERENCE

ON MATTERS PERTAINING TO RACING

HELD BY THE JOCKEY CLUB

AT

THE NATIONAL MUSEUM OF RACING

SARATOGA SPRINGS

NEW YORK

SUNDAY, AUGUST 9, 1981

IN ATTENDANCE:

Thomas L. Aronson, Director, American Horse Council  
Dr. Eslie Asbury, Member, The Jockey Club; Owner/Breeder  
Dr. Taylor Asbury, Owner/Breeder  
William T. Ashton, Commissioner, New York State Racing Commission  
Peggy Augustus, Owner/Breeder  
Albert C. Becker, Vice-Chairman, American Quarter Horse Association  
John A. Bell III, Member, The Jockey Club; Owner/Breeder  
August Belmont, Steward, The Jockey Club; Owner/Breeder  
James C. Brady, Jr., Member, The Jockey Club; Owner/Breeder  
Nicholas F. Brady, Chairman, The Jockey Club; Trustee, American Horse Council;  
Trustee, National Museum of Racing; Owner/Breeder  
Mrs. Nicholas F. Brady, Owner/Breeder  
Peter M. Brant, Owner/Breeder  
Eli de Brignac, General Secretary, Breeders Association of France  
John Brunetti, President, Hialeah Park  
John T. Bryans, Chairman, Department of Veterinary Science, University of Kentucky  
Daniel J. Burke  
Gerard Burke, Racing Steward, New York Racing Association  
Graham Campbell, Managing Director, Dalgety Sales, Australia  
Snowden Carter, General Manager, Maryland Horse Breeders Association  
G.W. Douglas Carver, Secretary/Treasurer, The Jockey Club; Owner/Breeder  
R. Anthony Chamblin, Publisher, The Horsemen's Journal; Executive Director, HBPA  
George M. Cheston, Member, The Jockey Club; Owner/Breeder  
Mrs. George M. Cheston, Owner/Breeder  
Melville Church III, Owner/Breeder  
John S. Clark, Counsel, New York State Racing and Wagering Board  
Herman Cohen, Director, TRA; President, Pimlico  
Charles Colgan, Executive Secretary, National Steeplechase and Hunt Association  
Brownell Combs II, Member, Executive Committee,  
American Horse Council; Owner/Breeder  
Leslie Combs II, Member, The Jockey Club; Vice-President, The Keeneland  
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Edward Comerford, Columnist, Newsday

Mark Costello, Vice-President, Properties, New York Racing Association  
Steve Crist, Columnist, The New York Times  
Jack DeFee, President, Horsemen's Benevolent and Protective Association  
William M. DeHart, Member, Kentucky State Racing Commission  
L.P. Doherty, Owner/Breeder  
Don Drew, Vice-President, Customer Services, New York Racing Association  
Francis P. Dunne  
Lee Eaton, Director, Thoroughbred Club of America; Owner/Breeder  
Lawrence E. Ensor, Jr., Vice-President, Fasig-Tipton, Inc.  
Mrs. Richard C. duPont, Owner/Breeder  
William duPont III, Member, The Jockey Club; Publisher, The Thoroughbred Record;  
Owner/Breeder  
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American Horse Council; Owner/Breeder  
Mrs. William S. Farish III, Owner/Breeder  
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Salvatore J. Ferrara, Racing Steward, New York State Racing and Wagering Board  
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Charles Frenz, Vice-President, Florida Thoroughbred Breeders Association  
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John W. Galbreath, Steward, The Jockey Club; Trustee,  
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Herb Goldstein, Columnist, Daily Racing Form  
John K. Goodman, Member, The Jockey Club; Member, Arizona Racing Commission;  
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Mrs. John K. Goodman  
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Eugene Jacobs, Trainer  
John Jacobs, Owner/Breeder  
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**TWENTY-NINTH ANNUAL ROUND TABLE CONFERENCE**

**ON MATTERS PERTAINING TO RACING**

**HELD BY**

**THE JOCKEY CLUB**

**August 9, 1981**

MR. BRADY: Good morning ladies and gentlemen and welcome to the Twenty-Ninth Annual Jockey Club Round Table Conference. I think the turnout is excellent when you think of the competition we're having with the parade, I congratulate you all on being great navigators.

Our panel this morning is entitled: The Effect of State Breeding Programs on the Thoroughbred Industry and the moderator is a member of The Jockey Club, James B. Moseley, Jim. . .

MR. MOSELEY: Thank you Nick. We have a couple of changes here this morning. Due to the strike, Airline Controllers Strike, Robert Gunderson will not be with us, but Jimmy Kilroe is going to read his speech, in fact I think Jimmy was one of the architects of it to begin with, anyway, so we're very fortunate to have Jimmy here this morning to help us out.

First of all, as you can see, the first part of the program is built around the effect of the state breeding programs on the Thoroughbred Industry and our first panelist is William Welch who is the Executive Administrator of the New York State Breeding Thoroughbred and Development Fund, and has been so since its inception, I think in 1972, Bill without further adieu, I'll turn over the microphone to you.

MR. WELCH: Thank you Jim. Nick and Robert thank you for inviting me to this distinguished gathering. First let me say that I don't mind hearing the rattle of ice cubes as you open your Saratoga Water because I know what it feels like this time Sunday morning, usually, in this town.

Breeding programs have almost always been criticized for promoting mediocrity, but we here in New York, and at this point, most of the other breeding funds in this country take strong exception to that. A good example is a horse called Fio Rito who won the Whitney Stakes (Grade I) here a week ago yesterday.

I think it's appropriate that at this point I give a brief history of the New York State Breeding and Development Fund, but bear in mind that most breeding funds as they were developed throughout the country had the same difficulties we did and probably preceded much along the same lines as us. I should point out to begin the brief history that a man sitting in this room today, Joseph Gimma, back in the early 70's the then Chairman of the Racing Commission, called together breeders from throughout the state of New York to pool their ideas to see just how we could form a breeding and development fund in New York. We had come a long way in trying to encourage people to come back to New York and breed but we were doing it without any money.

What followed that meeting was the drafting of legislation by our Counsel, John Clark, and several other interested parties within our Breeders Service Bureau (Alex Robb and myself, then part of the Racing Commission and representatives of the breeders).

What followed the drafting of the legislation, and this is the same in any other state, was the massive educational program to our legislators and our executive branch; that meant writing letters, it meant personal visits to all the key committee members and staff people, to convince them that this kind of program would be good for the agricultural economy of the State of New York.

Our bill then passed the legislature unanimously two years in a row and unfortunately was vetoed ostensibly for fiscal reasons within the State of New York. The third effort was launched in 1973



and at that point we became a part of an omnibus racing bill which changed a lot of the pari-mutuel laws here in New York and that year it was successful and signed into law. In the fall of '73, we began to take off.

At the beginning, our fund was made up of a small percentage of the breakage which amounted to a little over a million dollars a year. We thought at that time that was a terrific start and I still do today. It encouraged many people, one in particular sitting here at the table to talk to you later, John Hettinger, to come into the business.

In about 1976, still being very young, it was evident at that point that the fund was growing so fast that we were going to run out of money. So again, we went back to the legislature and said this thing is doing thus and so, we produced facts and figures in terms of numbers and quality of racing and so on and were successful again in getting legislation passed which on a graduated scale moved us from a quarter of 1% of the total handle on and off track to now, our maximum of a 1/2 of 1% of the handle on and off track throughout the state. That amounts to over \$8,000,000 a year.

This carrot obviously has been successful in attracting new people to the state. I don't want to bore you with facts and figures this morning, but one example that I think is appropriate is that in 1973 when we began, there were about 240 foals born in New York State and this year there will be well over 2,000 foals. That puts us fourth in the nation. In '73 we weren't in the top 25. What we're doing now is trying to turn those numbers into quality and I think some of that quality has been seen here recently.

One of the new things that passed this year in order to promote this type of quality was what we call Owners Premiums. This will encourage people to breed better horses and to run in open competition and not just sit in the stalls waiting for the next condition closed New York-bred race. Racing associations and racing secretaries obviously like this kind of thing, and I think that the new owners of the New York-breds, whether they be breeders or owners, will enjoy this type of program. This will pay 40% to the owner of the horse; 40% of the amount earned when he wins or places second, third, or fourth in open competition. There is a cap on that of \$10,000 by law.

In addition to the dollars that our fund provides that everyone is talking about, our fund was the first to use The Jockey Club's new National Horse Identification Program. This is the photographing of NIGHT-EYES and the color shots of the mares, or foals or stallions. In order to implement this program, we contracted with Cliff Wickman and the T.R.P.B. for their agents and professional horse identifiers to act as inspection teams to utilize both the existing lip tattoo method and the newer photo I.D. system to give us what we think is the best of both worlds in our identification. The reason that we identify our mares is because we have to be sure that they're in residence during certain periods of time in addition to foaling in New York State. The mare must be, at some point in her life, considered a resident of the state. So our inspection teams continue to go around the state of New York keeping track of these mares and their movements.

One of the criticisms of this state has always been it's too cold in the winter here but I think those of us that have survived 20, 30 or 40 years in this state breeding horses would take exception to that. We have the best hay in the country with maybe one exception, and plenty of good water and limestone and it's just a great place to breed horses.

I think that success with these programs can be claimed by every state that has them. Again, the direction in which each state takes is important in terms of quality. We have never forced the race track to put on a New York-bred race, some people do by law, they say you must have one race today, you must have two races today. We have never done that and racing secretaries have always been appreciative of this. I think that this owners premium will change our direction considerably here in New York and you'll see a lot more Fio Ritos coming along very soon. Thank you very much.

MR. MOSELEY: Thank you Bill. I might add we're very lucky to have Bill running that program. He's been a real strength for the New York-bred industry ever since its inception. The next person was going to be Mr. Gunderson, who is President of the California Jockey Club, since he was unable

to make it, Jimmy Kilroe is going to help us out here. As I mentioned before he, I think, was the major architect of the speech anyways. Jimmy, thank you.

MR. KILROE: I'm very quick to deny the total responsibility or primary responsibility for this message, but I think we're lucky that we have Bob Gunderson to put it together because not only has he been a President of the TRA, but he is completely familiar with racing in Northern California and we do have two circuits there now; year-round circuits.

Bob begins by saying: In the west in recent years, State Breeders and Owners' Incentive Programs have had a most beneficial impact on race tracks. With our expanded racing dates, California Breeders have kept up with the need for more Thoroughbreds to fill the cards on so many racing days. We have two year-round circuits in California which need a lot of horse supply to keep them going. We've also noticed that as the cost of shipping horses around the country increases, very largely because the airlines don't want to be bothered, we have to have more local horses to beef up our programs and what we're really trying to do is get a quality of local horses to be comparable to what our customers have been accustomed to in our open races.

The California Bred Program for a number of years had a minimal effect on the quality of California racing. In the beginning we had a chairman of the racing board who had three stallions that nobody in his right mind would breed to and to encourage trade he put through a rule that a broodmare had to conceive and never leave the state line until she dropped a foal. That was really not an encouragement to mediocrity, it almost demanded it.

About 35% of the horses stabled at Santa Anita now are California-breds and they do very well, they win about 38% of their open races. In Bay Meadows, 65% of the horses up there are California-breds and they win 68% of the Open Races. In other words, they're not dependent on the rule that we're supposed to offer a California-bred race every day, they can do pretty well on their own.

The purse structure in California is not such that it would induce home-breds to wait for a California-bred race. If they want to run for the money they have to go into open competition and it has finally gotten to the point that they can more than hold their own. We're all agreed that one of the dangers of the state-bred programs is a sort of protectionist aspect. People pass as many rules as they can to put on pressure to get stabling for California-bred horses in preference to horses who might come in from out of state and that's just endsville with me. You're not really going anywhere with your program when you do that. But Bob says he is sure that by making adjustments in our state programs we can improve the quality of the horses and I think we're working on that. He points out that up in the state of Washington they have a very active Washington-bred program so that Longacres, which is the principal track in Washington, has plenty of local horses to fill their daily racing cards; and we notice that the Washington-breds who come into California have been very important in not only our overnight races but quite often in our stakes races. One of the benefits we've noticed from the California-bred program is we get local people interested in the game who might not be enterprising enough to go out of state to buy horses. If they get involved in the breeding program from the ground up, they're very valuable to us in their position in the community and there are very definite political benefits in the state-bred program. They educate our legislators to the fact that horse racing is really an end result to a very important agricultural program and that's a lot more attractive to the legislators than treating racing just as another form of urban recreation. All of us in racing are finally dependent on the state legislatures if we're going to stay in business.

Another important result of the breeder programs, is we find the news media gives strong coverage to home-bred champions and more state-bred stakes have given much more public interest to our racing than if we just import a lot of stars and ship them out again.

Bob goes on to say that in conclusion, it is evident that the State Breeder Owner and Incentive Programs produce excellent results for the racetracks. Growing in importance as a larger share of the mutual handle is devoted to fund those programs. They are providing a substantial inventory of blood stock, they generate additional publicity for racing, and they provide, I guess this is the most important



part, they provide the public relations necessary for favorable legislation to nurture a sound and expanding Thoroughbred racing industry. Thank you.

MR. MOSELEY: Thank you Jimmy and a sincere thank you to Mr. Gunderson. Our next speaker needs no introduction, Larry Ensor is known, I'm sure, to all of you as a Vice President of Fasig-Tipton Company and Larry is going to talk on the impact of State Breeding Programs on the Thoroughbred Sales. Larry. . .

MR. ENSOR: I'm not too sure after what we witnessed this last week and in Kentucky several weeks prior, where the impact is coming from. It certainly bodes well for the whole industry and state bred, I think, profited as much as any others that don't have such a program. Many of the comments and illustrations I will use during this address relate directly to the New York State Thoroughbred Incentive Program. The only reason for this is that we have been closely involved in the marketing of the New York-breds up and down the line. The most measurable impact of any state Thoroughbred program has been in the increase of the foal crop. Unlike discussing the price escalation of Thoroughbreds, which includes a high element of inflation, the increase in the foal crop is purely as a result of the incentives offered under the program.

From very modest numbers in the early 1970's, New York will rank as the No. 5 producer of Thoroughbreds by 1981; ranking just behind Kentucky, California, Florida and Canada. Another good example of how a program helps, and all this relates to sales because with the increase in numbers there must be outlets for them and therefore we're selling more state-bred horses in the various states where we're involved. In Louisiana for example, in 1961 they had two racetracks, in 1978, and I haven't got a full up-date, there were 5. Breeders in Louisiana, 1961 were 15, that's an estimate, 1978 there were 738. Thoroughbred foals, 143; 1,368. Owners going from around 500 to 5,300, total investment from 20 million to 500 million. Seeing those numbers not only in Louisiana but in the other states where the fund programs are, you can see that just by numbers how many more we'll be merchandising, and I look for many more, as we go down the road. The state legislatures who set up these programs are interested not only in increased foal crops, they look for something that is infinitely more difficult to quantify, they look primarily for an expanded tax base from the activity they promote, they look for increase in land values and increase in employment opportunities. It would be nice but naive to believe that they have a broader interest of the Thoroughbred industry at heart, but in a very short space of time, the New York State Incentive Program will have a far reaching effect on the Thoroughbred industry, and will reach way beyond the borders of the state. From Fasig-Tipton's position, the local state incentive program creates an impact which is the opportunity to manage more sales horses and more sales. At Saratoga this year, for an example, we've already expanded the number of sales dates from four and a half to seven with the addition of a preferred yearling sale in September, and a mixed sale in October - these extra sales will provide the much needed outlet for the breeders in New York. The pressure for sales is a direct impact on such an incentive program. In the beginning, as in other states, the breeder needs were only the above mentioned type sales but now we see developing a need for a 2-year old in training sale. The increasing number of state bred yearlings who have the quality to be marketed during the main Saratoga sale is having a noticeable impact on those sales results. On Tuesday night this year, for example, we sold eight New York-bred yearlings for an average of \$109,000. The New York yearlings have definitely helped strengthen the sales. The fact that the top-priced yearlings among the New York-breds, a \$250,000 Stop The Music colt, which I think someone here had some interest in, was brought to race in Europe brings up what I feel is an interesting aside. The consignor was delighted with his price even though he knows he will not receive any lucrative breeders awards. He felt the sales price was more than adequate compensation for his efforts. The incentives offered by the New York Fund encouraged this particular consignor to invest in quality mares and stallions interest. The yearling stood on its own merits, the fund was not used as a crutch. Once the incentives are regarded as a Thoroughbred welfare system, mediocrity is just

a step around the corner.

Of course the fund had no impact on this buyers choice because he was English, the owners awards and restricted races program will be of no significance when racing in Europe. However, the interest of an overseas buyer in a New York bred is one of the most positive impacts of this program, it has encouraged the improvement of the quality of the state-breds to the point where they are judged purely on their own merits. The growth in number and quality can be best illustrated by just a few sales results. In 1977 we sold 15 New York-breds for a gross of \$107,000, an average of a little over \$7,000; 1978, 23 were sold, \$26,000 average; in 1980, 34 were sold at an average of \$37,000; in the main sale we just finished conducting, one consignor had three yearlings, two of which went overseas, one to a New York breeder. Another one had four, two were bought by residents of New York, one by a resident of Kentucky, one by an overseas buyer. The number of horses that are being nominated for sales has also increased dramatically. This we feel is an important step forward in the image building aspect of the state program. The New York Breeding Fund spends many thousands of dollars on promotion each year to create an awareness of the improved quality of its state-breds and then it can all be dashed with the careless and often uninformed remarks such as "That really wasn't much of a performance, he's only a state-bred."

NEW YORK YEARLING SALES			
YEAR	NO. HEAD SOLD	GROSS	AVERAGE
1977	15	\$107,400	\$7,160
1978	23	\$599,300	\$26,057
1979	47	\$1,017,800	\$21,665
1980	34	\$1,271,500	\$37,397
AKINDALE - MAIN SALE IN 1981			
Vigors Colt		\$100,000	Overseas Buyer
Blushing Groom colt		\$34,000	NY Buyer
Stop The Music colt		\$250,000	Overseas Buyer
3 sold - gross \$384,000 average - \$128,000			
KINDERHILL			
Intrepid Hero colt		\$101,000	NY Buyer
King Pellinore colt		\$70,000	NY Buyer
L'Enjoleur filly		\$45,000	Overseas Buyer
Soy Numero Uno filly		\$87,000	NY Buyer
4 sold - gross \$303,000 average - \$75,750			

Of course, the controlling authority of any state fund program should be cautious in its promotion. It must measure the success of its own state-breds against the wider parameters of national statistics. To crow about a nothing better than average performance in a restricted race is positively damaging to how trainers around the nation view any state-bred. Ultimately, the only meaningful measure is superior performance in open company. Fio Rito, which of course was mentioned earlier, the New York-bred winner of this year's Grade One Whitney Handicap, is the best advertising the Fund and the Sales could ever hope to achieve.

This brings us to the most critical area of any Thoroughbred Incentive Program affecting the industry.

Once again, I use New York as an example - only because it is my home and because of the working relationship we have developed with the state's policy directors.

In a Blood-Horse article of March this year, it was stated that the growth of the foal population has "created certain problems, not the least of which is the demand for more restricted races".

Although the demand for more races is certainly there, an even more pressing problem in New York is stall space. The impact of this particular program has given the New York Racing Association the headache of providing not just races, but also finding a way to physically accommodate New York-breds at its tracks. Lack of stalls in any racing area has a negative effect on sales as many times you hear - I would like to buy but I haven't got any place to put it.

The very lengthy discussions still currently in progress regarding the expansion of racing dates in New York is, without question, a serious concern for the state's breeders, the racing authorities and the state legislators.

If the state forces the racing authority to give preference to state-breds in its stall allocations without any regard to maintaining the quality of its racing program, needless to say the impact of such a policy would be detrimental to racing. The public has clearly shown that quality horses and quality racing is what will encourage them to go to the tracks and to the betting windows, and to come to the sales.

If, however, a situation exists where the state-breds can find no racing base, there will be an outcry from the breeders who find the demand for their products badly diminished and an outcry from the owners who cannot train and get their state-breds to the gate.

Over-production, with no viable training and racing opportunities is a very negative impact which must be seriously studied if a continuing improvement in a state-breeding program is a goal.

Stimulus - not subsidy - should always be the aim of any state-bred racing or breeding program if it seeks to have a positive effect on the Thoroughbred industry as a whole.

The New York State Program faced a unique problem when it looked into expanding its Thoroughbred population. The N.Y.R.A. circuit attracts the highest quality of competition to its races. The nation's most competitive stables bring the cream of the Thoroughbred crop to New York and it would have been unrealistic to expect New York bred to thrive and prosper in open company in their formative years.

So the restricted race program was set up. It drew the Thoroughbred production machinery to the state which was its primary intention. But, of course, the impact of creating too many restricted race opportunities is negative. And Bill Welch, Executive Director of the New York State Fund said, "Champions aren't made in closed company." New York, in 1981, took a bold step, we feel, of starting the Owners' Awards Program which rewards New York-breds handsomely when they earn in open company. A few years down the road, as we see the competitiveness of New York-breds improving, the emphasis of the Fund's incentives will lean more towards open race awards than the close race program. This again is important, if we wish to see a positive impact on the industry as a whole as a result of state breeding programs.

Another important consideration is the additional purse money these funds provide to racing associations. In 1980, for example, the New York Fund paid out more than \$3,000,000 in purse enrichments for restricted races to N.Y.R.A. and Finger Lakes. That is a sizable chunk of cash and a positive impact on the credit side of any balance sheet. When you add up these contributions on a nation wide basis, you can imagine the positive impact these state racing programs have on purse structures, therefore, money into the pocket of breeders, and more horses available to sales.

In closing, I'd like to say that when intelligently managed, a state breeding and racing program can only have a beneficial impact on the Thoroughbred industry.

It can be a fairytale situation where everybody wins and nobody loses. The state can dramatically expand its tax base from Thoroughbred activities. If you don't believe that, ask yourself why the Kentucky Legislature is so anxious to provide an equable climate to maintain its dominancy in Thoroughbred production. An active fund program will provide many more jobs - from farm hands to farriers, from veterinarians to the contractors required to put these farms together. A program will encourage better land management and increased property values.

But maintaining and constantly improving the quality of any local state Thoroughbred population is the only way to insure that the impact of these incentive programs continues to be positive to the industry as a whole, and therefore to those that are bringing their products to the sales. Thank you.

MR. MOSELEY: Thank you Larry, that was terrific. Our next panelist is John Hettinger, member of the New York Thoroughbred Breeders, who's going to talk on the state-bred programs in the perspective of the investor. John is also master of Akindale Farm which is, although I haven't seen it myself I understand, one of the real show places of the New York-bred program. John. . .

MR. HETTINGER: Thank you Jim, members of the Jockey Club, Ladies and Gentlemen. I started breeding horses in New York eight years ago and at that time, though I had access to some very good advice supplied by friends both here and in Kentucky, knew very little about the economics of Thoroughbred breeding. I did have some experience however, which has been valuable to me and has made it easier to understand the direction the development of Thoroughbred breeding would take in New York State. This was the experience of having worked in developing countries for all of my adult life. New York in 1973 was certainly an underdeveloped area in Thoroughbred breeding and many parallels existed between what would take place here and what has taken place in every emerging nation where a new industry has been established. I think this gave me some of the courage that I needed to start in something that I didn't know a lot about.

Though this is probably an over-simplification, I think there are three steps involved in establishing a new industry in an under developed area. The first step is the creation of a protected market achieved by artificially endowing a mediocre article with a value it otherwise would not command on the open market. The second step is to force vertical integration in investment. The third step, once the desired level of investment has been attained, is to force the producers of the article to become more competitive.

My first job was in a Latin American country for one of the largest U.S. investors in that country, a company which produced chemicals and chemical fibers. This company was the first major foreign investor in that country after expropriation of the petroleum industry in the late 1930's, and I don't think it would be an exaggeration to say that the company tested the water gingerly and that the government sweetened the pot considerably to get them in. The tariff imposed upon the yarn we produced guaranteed excellent profits for virtually any quality product and the government demanded only that the yarn be extruded there, (the final step in the production process), allowing free import of all needed raw materials.

Once the market was established, and the company had enjoyed profits for a year or two, the government began to apply pressure for the principal raw material to be produced locally. Though this was the last thing the parent company wanted to do (since they were exporting the raw material from the U.S. where they produced it). However, the government controlled the market place and there was no choice but to accede. Had the tariff been lowered or dropped, we could not have sold a single cone of yarn. Once this step had been digested, the government pointed out that the raw material was made from cotton linters, of which the country had an ample supply and forced vertical integration one step further back.

As the company grew and prospered, through the use of the tariff and tax advantages for new investors, the government forced the company to become more competitive and produce a better article.

The parallels with the establishment of the Thoroughbred breeding industry here in New York are striking. First, enormous profits were offered to anyone capable of producing a horse that could compete in mediocre company. When sufficient interest had been generated, an increased commitment was required of the breeders in order to achieve vertical integration. This was done through the use of two tools; A rule requiring that a mare be bred every other year in New York State and; more stringent residency requirements for mares wishing to qualify for the program. Personally, I feel that the state struck exactly the right balance with the alternate year breed-back plan since by forcing mares to breed every other year in New York, they created a demand for better stallions and forced investment in land, fences, barns, etc., which otherwise would not have taken place. Had it not been for this rule, New York State would have become the largest foaling station in the world. However,

by allowing breeders to go out and breed to the best bloodlines available anywhere every other year, they assured a proper degree of competition. Our proximity or relative proximity to Kentucky and Maryland have helped us in that.

Now I would say we are somewhere between Stage 2 and Stage 3. Interest has been aroused and investment stimulated. Vertical integration has been forced through the use of the alternate year breed-back and more stringent residency requirements. The area most in need of attention is an increased commitment to quality; though I think it's important to point out that New York-breds have been running much more creditably lately. It is now not unheard of to find that the best time of the day at a given distance is run in a New York-bred race. However, I believe we can all agree that the true measure of these horses will be determined by how they compete in open company. In this context, Fio Rito gained a lot of credibility for all of us last Saturday.

Again, I feel the state's response has been opportune. In July of this year, Governor Carey signed into law a bill providing for an extremely large premium for New York-breds which compete successfully in open company. The long range impact of this legislation can hardly be exaggerated though the immediate results will likely not be dramatic, since there are few New York-breds presently capable of competing in open company at N.Y.R.A tracks. However, by artificially endowing the earnings potential of New York-breds competing in open company to the tune of 40%, a powerful incentive to upgrade has been created. There is no doubt in my mind that this new incentive will result in greatly increased investment in better mares and stallions.

I feel it will also influence the type of breeding stock that will be sought in the future by those wanting to participate in the program. Up until now, the conventional wisdom has been that there is a prototype of breeding stock suitable for state bred programs; the emphasis being on early two year olds and horses inclined to run short. The new legislation which provides for owners premiums for ALL allowance and stakes run in New York, and some claiming races I imagine, literally opens the whole condition book to New York-breds. There will be opportunities for state-breds running long and short, early and late. The type of New York-bred necessary to compete here will become, quite simply, a good horse.

My hope is that the emphasis in the future will gradually shift from closed races to the open race premium. However, it would be a mistake to expect this to happen overnight since open company in New York means something very different from open company anywhere else. A delicate balance must be reached whereby the goals of the state, the needs of the breeders and the good of the sport are not allowed to suffer. The program must become ever more competitive. It is not and should not be perceived to be a welfare program. However, sufficient racing opportunities must exist for New York-breds to maintain the momentum they have going for them now.

A few general comments on the environment might be in order here. There is an abundance of reasonably priced land in New York state suitable for raising horses. Probably the ideal horse farm here will be a farm which has been used for dairy cattle up until now. Grass is generally excellent on these farms and it must be remembered, since most of them have not had a horse on them for 40 years or so, they are parasite free.

Though there are horse farms scattered throughout the state, I believe it is fair to say that there are two centers of Thoroughbred breeding in New York which could loosely be termed the Hudson Valley and the Genesee Valley. I believe land costs here are substantially lower than they would be in central Kentucky; but improvement costs are higher due to the higher cost of labor here, to the amount of drainage that's often necessary on these farms, and to the ledgey nature of some of the subsoil that makes fencing more expensive.

I believe pastures in New York compare favorably with pastures anywhere; it should be remembered that Blue Grass is native to New York state. Many of the farms have a limestone base but personally I think it is a mistake to over-emphasize the presence of a mineral available in a bag at a reasonable cost.

The mean temperatures here are obviously cooler than those that prevail in central Kentucky. I

don't think it gets much colder but it does stay cold longer. My guess is that this results in our getting spring grass about three weeks later. However, on the other side, summers are somewhat cooler and over the past eight years I can't remember once seeing the pastures burned.

Finally, what does the future hold for New York breeding. The thing that makes the New York Breeders' Fund different from any other breeders' fund in the country is that there is no upper limit on the quality of horse one can breed to race in New York since New York today has much of the highest quality racing in the world. One of the main outlets of top summer sale yearlings has always been New York. If, and this is a very important "IF", the horses bred here are good enough to compete in open company here, and their earnings potential is enhanced, a buyer would almost have to dislike a profit not to consider buying a New York-bred.

I think there are three main elements involved in horse breeding here or anywhere else. They are capital, husbandry, and the environment. Of these three, the only one that is immutable is the environment, which consists of the land, the climate and the water. If it can be proven (which I believe it can) that there is nothing in the environment to preclude raising an absolutely top horse here in New York, the capital and the husbandry will be forthcoming, responding to incentives provided by the fund and horses bred in new York, in the end, will be completely competitive with horses bred anywhere. Thank you.

MR. MOSELEY: Thank you very much John. That in essence is the end of the first part of our program. If any of you have any questions of any of the panelists on the New York-bred Fund or any state-bred fund, really it wasn't just necessarily geared to New York, I'd like to have those questions at this time.

MR. HEFFERNAN: For John. How long do you think it will take before New York-breds can consistently run in open company competitively?

MR. HETTINGER: I really don't know how to answer that. I would say probably five years or thereabouts.

MR. MOSELEY: I was talking to Bill Welch a second ago and he said it's interesting the expansion in the number of farms, particularly here in New York state, what was it you were saying Bill?

MR. WELCH: Well, it's been more the expansion of farms than the numbers, it's gone from about 250 to over 300 farms now.

MR. MOSELEY: That's incredible. Are there any other questions? If not, thank you very much panelists. I really appreciate your coming today.

MR. BRADY: Thank you Jim. We'll now take a five minute break before we get into the second part of our conference.

MR. BRADY: The second part of our panel this morning is entitled Federal Legislation and the Medication Issue. I'm sure, as you're all aware, this is the most explosive and emotional issue to come before the Thoroughbred industry in many, many years. And we're very lucky this morning to have as our principal speaker, the distinguished senior Senator from Maryland, Charles McC. Mathias, Jr. Senator Mathias was elected to his third term in 1980 by the largest number of votes ever cast for any elected official in the history of the state of Maryland.

Among his many duties in the Senate, Senator Mathias is chairman of the Senate Judiciary Committee, Senate Judiciary Sub-Committee on Criminal Justice. It is this committee which will consider the Corrupt Horse Racing Practices Bill. Please join me in giving a big Saratoga welcome to Senator Mathias.

SENATOR MATHIAS: It's a very great pleasure for me to be here to join you at this Twenty-Ninth Annual Round Table Conference on Matters Pertaining to Racing and I'm very grateful, particularly to the Stewards and to the Members of The Jockey Club for suggesting this. It's a very refreshing experience always to come to Saratoga and I wish I could promise you as refreshing an experience as you've offered me.

But I'm afraid that that may not be in the cards. In fact you may be overtaken by some sense of *deja vu* when you hear what I have to say.

As some of you may remember, Jim Hickey wound up his talk last year here by quoting a speech of mine in the Senate in which I had warned of a "small dark cloud on the horizon" that possibility of federal legislation on the problems of horse drugging.

And so here I am to repeat that warning in the flesh. That "small dark cloud" is still "on the horizon" and I must say to you that it isn't getting appreciably smaller, or lighter, or any farther away. Perhaps I should however deviate for just a moment to make a disclosure of interest that I have because I see Mr. Belmont sitting here in front of me here. You know it is the custom now in public office that you disclose all your assets and interests and I should tell you that the only race horse I own no longer is racing. His name is BELMONT RULER. He is not on the track but he keeps up with my cows pretty well.

First the subject of Thoroughbred racing and really anything that affects it is very near to the heart of every Marylander. It's not only the Preakness, the second jewel in the Triple Crown which has carried the fame of Maryland all over the world, I think we are very proud of the historic traditions that are associated with such a classic race. But in fact, as most of you know, the Preakness is only one facet of Maryland's abiding love affair with Thoroughbreds.

We claim in Maryland, and I think correctly, to be the cradle of all horse racing in the United States because the first Thoroughbred on this continent was owned by a Governor of Maryland, Governor Ogle. In the middle of the 18th Century he had a mare, SELIMA, brought to his plantation in Belair, which is not too far from Washington. And ever since then, breeding, training and racing of fine horses has been a conspicuous part of the Maryland sporting tradition. It has always given me a little sense of pride to think that George Washington had to come across the Potomac River to enjoy horse racing in the vicinity of Annapolis, as his diary frequently attests.

So when I speak to you I'm speaking not just as the Chairman of the Sub-Committee which will have before it the Corrupt Horse Racing Practices Bill, but as a typical Marylander who loves the sport. But in both of these capacities, I really have the same message, I have the same thing to say, and that is that the time has come to do something about horse drugging, horse medication.

Now my position on federal regulation, and I might say my position on federal regulation in general, not just as it relates to horses, is that the federal government should only be the regulator of last resort. It should only intervene where there is a widely perceived need for action and where no action is being taken either by the individuals in groups who are affected and involved, or lacking that, by the states. And I think there is a widespread feeling that we have that kind of situation developing in relation to horses.

As you all know, and as your own interest in the subject attests the pressure is mounting. And it isn't just pressure from humane societies alone. It comes from some owners. It comes from some bettors. It comes from the general public. All are talking about doing something about horse drugging. On Capitol Hill there is a rising chorus about the use or, I think it's more proper to say, the abuse of medicinal drugs on race horses. And of course, you're far too familiar with the reasons that these drugs are used to get into that here. I think that what is clear is that some consensus is forming. It's forming among people who love the sport, people who love horses, that the use of drugs just before a race can be inhumane to horses and it can be unfair to bettors since the record of past performances becomes less and less meaningful when drugs enter the picture.

Now in the past, drugs have been tolerated. Perhaps more than tolerated, condoned by most states on the recommendations of trainers and veterinarians who sometimes have seemed more concerned about the immediate prospects of the horses than about the long term prospects of the sport. And their

disingenuous talk of harmless cures is, of course, belied by the rapid increase in the number of accidents when the pre-race use of pain killers and respiration aids and other medication has led to serious and sometimes to fatal breakdowns. Horses in no condition to run have been brought to the starting gate only to break down in the middle of the race and we've had unhappily more than one death of both the horses and the jockeys. I'm sure some of you have seen some of this with your own eyes.

As these incidents continue, the threat of federal regulation grows.

I'm happy to be able to report that there are some rays of hope on this situation. In the last two years, several states have perceived the problem and have done really a remarkable job of cleaning up their own stables. More than a dozen states have banned the use of any pre-race medication or perhaps permit only a small amount of lasix on confirmed bleeders. Several states now freeze urine samples. Others require pre-race examinations of all horses and in those states the laboratories have developed very sophisticated tests that are able to detect and to crack down on the use of illegal drugs.

I have a very personal interest in how we do this testing, because the most embarrassing experience in my whole legal career came as a result of one of these episodes. I was at that time an Assistant Attorney General of Maryland and one of my clients was the Maryland Racing Commission and I was notified that the commission had a suspected stimulation case and I should come up and act as the counsel and prosecutor. To make a long story short, we had the state veterinarian testifying and I said: "Now Doctor will you explain exactly how you identify this specimen." "Well," he said: "Yes, we take the sample from the horse and we put it in a test tube and we attach a label to it." And I said: "Well, how do you know which sample came from which horse?" And he said: "Well, it's very simple. We take the label and we take a pair of scissors and we make a random cut. When you put the two ends of this random cut label together and they match perfectly you know you have the right sample and the right horse." I said: "Fine Doctor will you, in the presence of the commission and the press and public here, will you match the two parts of this label?" And he said: "Sure." So he does, and they go wham. So when I talk about sophisticated laboratory procedures I want you to know that I have a very visceral feeling that they have to be accurate and right.

I, at that point, suggested to the Maryland Racing Commission that it take a ten minute recess and that ten minutes is still running.

Well I am particularly happy to say that just 17 months ago, Maryland banned the use of bute on all horses that are scheduled to race and it now allows the use of lasix only on confirmed bleeders. And I am told that the Maryland Racing Commission is considering even stronger restrictions as far as lasix is concerned. I think that we could use greater vigilance in enforcing the regulations, but at least what is encouraging to me, is that there is some movement in what I believe is the right direction. But, just as one swallow does not a summer make, the actions of a few states do not a movement make. And I think what we need now is to transform this first hopeful sign into a nationwide movement.

Right now more than a third of the 30 states with pari-mutuel betting do not restrict in any way the use of anti-inflammatories or steroids or diuretics. And tracks that take in millions of dollars a day spend less than \$200 a day in enforcing the drug laws. So, after a brave start in some places, the trend towards reform seems to be already running out of steam. And after passing strict anti-drug laws, several of the states have started backsliding both by relaxing some of the restrictions, on the one hand, and, on the other hand, by simply not enforcing the restrictions that are on the books.

Now as you know, Senate bill 1043, the Corrupt Horse Racing Practices Bill, has been introduced by Senator Pryor, formerly Governor Pryor of Arkansas. And it has been referred to the Criminal Law Sub-Committee of the Judiciary Committee. Governor Pryor, Senator Pryor, suggests we should have pre-race examination of all horses, that's a requisite of the bill. He further would ban the use of all drugs including bute and lasix. His bill would prohibit icing, numbing, nerving or freezing of all horses prior to a race, and it would place enforcement (responsibility and I say to you very frankly that I think this is what should be avoided except as a last resort) in the hands of the Federal Drug Enforcement Administration or the F.B.I. Now, I am very reluctant to call up the Federal Cavalry and to send it chasing into your stables with guns blazing, but I am committed to holding hearings

on this bill.

I did say that I would not convene the hearings on the bill this year, that we would postpone the hearings until next year which should give everyone, states and owners, all of us, time to get the message out very loud, very clear that the friends of racing would be well-advised to take remedial action on their own, before the hearings, so that part of the record made at those hearings can be the record of voluntary action that's underway.

The choice is clearly before you and before state officials now. If you don't want the federal drug busters sniffing around your stables, then act now on your own to remove any pretext for federal intervention in your affairs. I can't say it any more simply than that.

If you choose not to act, the federal government may have no option but to enter the picture as the regulator of the last resort, since I think there is a widely-perceived and largely unmet need for some reform.

Drugging is really nothing more than a space age version of the old business of chaining. Perhaps not as visible or as audible but just as shameful. The Sport of Kings doesn't need it, so let's get rid of it now. Thank you very much.

**MR. BRADY:** The second part of the panel is entitled Quality Assurance and Uniform Laboratory Practices; A Reasonable Alternative, and our speaker is Dr. George Maylin, who holds a doctorate in Veterinary Medicine and a Ph.D. in Pharmacology. He is the Doctor for the New York State Racing and Wagering Board Drug Testing and Research Program at Cornell University. George is an Associate Professor in the School of Veterinary Medicine and a man who holds deep concerns about the future of the Thoroughbred. George, welcome.

**DR. MAYLIN:** Thank you Mr. Chairman, Members of The Jockey Club, Ladies and Gentlemen. Senator Mathias is a tough man to follow.

Certainly everyone in this room agrees that the widespread use of drugs in horses has caused a national crisis in racing. Controlled medication programs which were developed in the late 60's and early 70's have been blatantly abused. New drugs continue to find their way to the race track at an alarming rate.

It is apparent that the existing rules and regulations of racing and the capabilities of drug testing programs are inadequate for control purposes. Time is running out. Unless the racing industry unites to take full and effective control of drug use in the race horse, adverse publicity will continue to tarnish the image of racing and eventually federal legislation will be passed to govern the medication issue.

Senator Mathias, I think, has told it like it is. The storm cloud that he referred to has been visible to many of us for a number of years. Indeed the National Association of State Racing Commissioners, the NASRC, has extensively reviewed the medication issue in recent years. In fact, they and many of us in racing have spent months reviewing this particular area.

The NASRC formed the Veterinary-Chemist Advisory Committee which has conducted extensive investigations on phenylbutozone, furosemide, pre and post race and blood and urine testing, performance testing and the use of narcotic analgesics in the horse. Based primarily on these reports, the NASRC Medication Committee proposed the Medication Guidelines. The Medication Guidelines have been adopted in principle by the NASRC. However, few member states of the NASRC have incorporated the guidelines into their rules, due to court injunctions, legislative intervention and/or lack of sufficient funds. At this point in time, the fate of the NASRC Guidelines is unclear. But one thing is clear. It is clear that racing will be greatly influenced by people having little or no knowledge of the racing industry unless racing acts now. It is a sad day when racing cannot establish its own rules, but rather the rules be established in the court house or in legislative hearings. The NASRC has done an admirable job in attempting to come up with some fair and equitable rules. Certain aspects of the industry don't see it that way and they are entitled to their opinion, but I doubt very strongly if the states which do not agree to those rules can come up with anything better. Hopefully they will.

The jury is still out on that issue.

One of the major criticisms of drug testing in the United States is the lack of uniformity concerning the use and detection of drugs. The proposed NASRC Medication Guidelines have addressed the medication problem in depth and similarly, the lack of uniformity in drug testing must be addressed and resolved.

Today I would like to address the issue of uniform testing throughout the country and certification of the program through quality assurance. In other words, making laboratories accountable for the job they say they are doing. It can be done quite simply and that's really what I want to go over today.

#### NASRC UNIFORM DRUG TESTING AND QUALITY ASSURANCE PROGRAM

1. It is recommended that a national, uniform drug testing and quality assurance program be established to improve the control of prohibited drugs in racing.
2. The feasibility of a uniform drug testing and quality assurance program has been demonstrated in an NASRC pilot project using drug administration trials. Chemists from a number of racing jurisdictions determined that thin layer chromatography combined with specific testing methods such as gas chromatography and radioimmunoassay provides highly sensitive screening techniques for a wide variety of compounds while mass spectrometry provides the best means of unequivocal identification.
3. Uniform drug testing and quality assurance programs require that racing jurisdictions standardize laboratory personnel, equipment, facilities, funding and rules of racing.
4. The quality assurance program recommended for adoption as part of the NASRC Medication Guidelines are as follows:
  - a. Selected drugs will be administered according to known and/or racetrack doses.
  - b. Appropriate samples of blood and urine will be collected to define either clearance times or scope of analytical methods. Plasma and urine will be frozen until analyzed.
  - c. Representative samples of plasma and urine will be analyzed at the Research and Reference Center by means of standard methods. Photographs will be taken to demonstrate the results.
  - d. Samples of plasma, urine and reference compounds along with pictures, data relevant to the particular drug and additional information such as its pharmacology and special tips on analytical methodology will be sent to each laboratory.
  - e. Subsequent to analyses of known drug trials, unknown samples will be distributed to ascertain the efficiency and efficacy of the laboratories.
  - f. Laboratories will be required to return written documentation and photographs of all results obtained from known and unknown quality assurance samples on a timely basis.
  - g. The Quality Assurance Officer will examine all data so that standard methodology, individual laboratory performance and individual chemists and technicians can be evaluated.
  - h. The most important aspect of the Quality Assurance Program will be the exchange of information between Research and Reference Centers and Laboratories. Although the primary objective of the program is to assure the competency of the laboratory, improvements in standard methodology, laboratory results and expertise of chemists and technicians are to be expected.

The widespread use of drugs has caused a national crisis in racing. Controlled medication programs have been blatantly abused and potent new drugs continue to find their way to the racetrack despite extensive surveillance and control procedures. Thus, it is apparent that the existing rules and regula-



tions of racing and the capabilities of drug testing programs are inadequate for control purposes. Time is running out. Unless the racing industry unites to take full and effective control of drug use in the racehorse, adverse publicity will continue to tarnish the image of racing and eventually federal legislation will be passed to govern the medication issue.

The National Association of State Racing Commissioners (NASRC) has extensively reviewed the medication issue in recent years. The Veterinary-Chemist Advisory Committee has reported on phenylbutazone, furosemide, pre and post race and blood and urine testing, performance testing and narcotic analgesics in the horse. Based primarily on these reports, the Medication Committee established minimum medication guidelines which have been adopted by the NASRC. However, few member states of the NASRC have incorporated the guidelines into their rules due to court injunctions, legislative intervention and/or lack of sufficient funds. Although the fate of the NASRC Medication Guidelines is unclear at this point in time, it is clear that the rules of racing will be greatly influenced by those having little or no knowledge of the racing industry.

One of the major criticisms of drug testing in the United States is the lack of uniformity concerning the use and detection of drugs. The proposed NASRC Medication Guidelines have addressed the problem of uniform medication and similarly, the lack of uniformity in drug testing must be addressed and resolved.

Selection of the analytical scheme best suited for the detection of drugs in racing animals depends on a number of factors including the quality and number of personnel, the adequacy of equipment and facilities, the level of research support, the commitment of the jurisdiction to the effort, the level of financial support and the rules of racing in that jurisdiction. Uniform testing requires that all laboratories normalize these constraints where they exist. Until this is done, implementation of uniform testing is not possible.

The detection of drugs and their metabolites in biological fluids is a challenging analytical problem. The analysis of blood and urine samples collected from racing animals for the detection and identification of drugs is particularly difficult and complex. Virtually an unlimited number of drugs from a variety of sources can be administered to treat ailments therapeutically and to alter their performance illegally. Further, the imposition of forensic constraints mandate unequivocal identification of substances that are defined as illegal drugs.

The purpose of this report today is to outline the program whereby it will be economically feasible for all racing jurisdictions to have improved drug testing programs. Each jurisdiction will have access to improved and expanded research data through a coordinated, national research effort. Also, a quality assurance program will be developed in accordance with the proposed NASRC Medication Guidelines and similar to the Federal Good Laboratory Practices Regulations. Through research studies in analytical chemistry, drug metabolism, pharmacokinetics (clearance times) and pharmacological effects, uniform drug testing protocols certified by a quality assurance program will be developed which are capable of detecting and controlling drug abuse in horses.

Quality Assurance is an essential component of all clinical and toxicological programs. In most instances, laboratories must be certified through mandatory state and/or federal programs. Membership in professional peer organizations is usually not sufficient for certification. For example, the Federal Good Laboratory Practice Regulations have been enacted to ensure that established industry standards for non clinical testing laboratories are met despite the fact that participating laboratories and personnel are members of various peer groups.

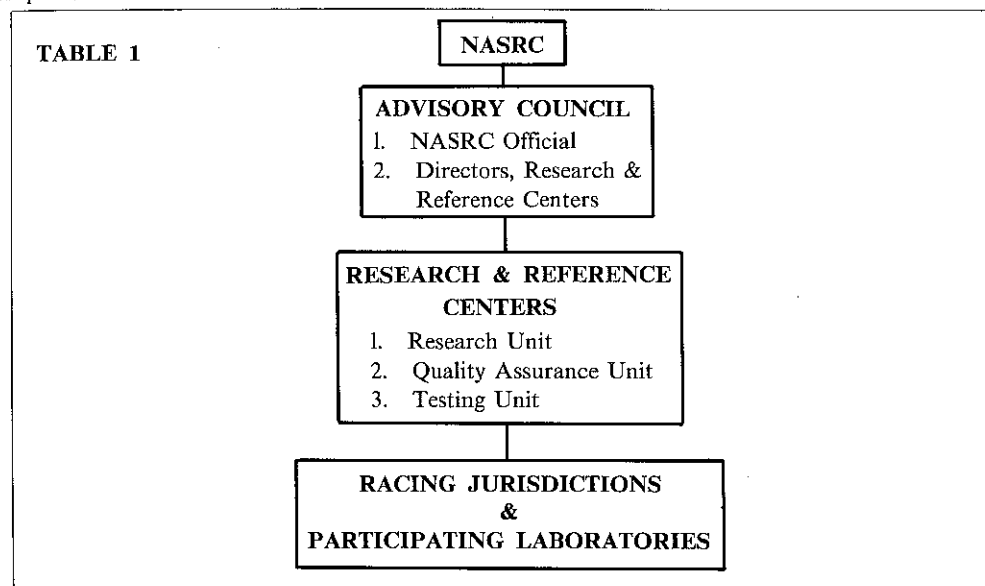
An acceptable quality assurance program must be capable of ensuring that industry standards are met. In addition to the overall results of the laboratory, individuals must be evaluated so that deficiencies can be corrected. As outlined in the Federal Good Laboratory Practice Regulations, quality assurance can best be enacted through a Quality Assurance Unit (QAU) which operates independent and separate from the testing facility. Daily, weekly, monthly and yearly surveillance reports of the testing facilities are recorded for review by appropriate agencies.

The feasibility of a Quality Assurance Program for equine drug testing has been demonstrated in

an NASRC pilot project. Based on these results it is apparent that drugs must be administered to horses or dogs so that blood and urine can be analyzed for drugs and/or metabolites. Even though similar testing methods were used in this trial, those laboratories which did not have appropriate drug metabolites as standards could not detect the drug administered.

The advancement of drug testing depends on available knowledge acquired through research. Research studies in analytical chemistry, drug metabolism, clearance times and pharmacological effects are required in order to develop effective chemical tests and to elucidate the pharmacological properties of drugs. Presently, drugs which have been available for several decades still present problems in detection and control because they have not been studied adequately. The new experimental drugs which are reaching the racetrack by the dozen will require well funded, concerted research efforts in order to control their abuse.

The proposed NASRC Uniform Drug Testing and Quality Assurance Program is outlined in Table 1. A limited number of Research and Reference Centers, each serving several racing jurisdictions, are proposed.



Each RESEARCH AND REFERENCE CENTER will consist of a TESTING UNIT, a RESEARCH UNIT and a QUALITY ASSURANCE UNIT (QAU). The center will be administered in accordance with standard hierarchical management under the supervision of a Director. The Director will be responsible for the conduct and operation of the Center, for the coordination of research and testing with other Centers, and for contract agreements with racing jurisdictions. The quality assurance unit will be headed by an Officer and function as outlined in the Federal Good Laboratory Practice Regulations. In addition, the QAU officers will coordinate quality control data and make reports to the appropriate officials.

Selection of the Research and Reference Centers is the key to development of the national plan. Because creation of a Research and Reference Center would be a multimillion dollar investment, existing programs, facilities and personnel must be utilized. Racing jurisdictions with fully equipped drug testing laboratories, experimental horses and research ability will be canvassed for their support in making these facilities available as Research and Reference Centers.

Quality Assurance samples and appropriate research data will be provided on a full cost recovery basis. Capital expenditures will be absorbed by the Research and Reference Center. Each drug



administration trial will consist of appropriate samples to describe the excretion of the drug and analytical methodology capable of detecting the drug and/or metabolites will be provided. The costs of these services are estimated to be approximately \$1,000 per drug trial.

The NASRC Uniform Drug Testing and Quality Assurance Program is outlined in the enclosed. The estimated costs for the program are \$1,000 per trial based on the following costs:

**TABLE 2**

Estimated Costs for NASRC Quality Assurance Program

A. Personnel

Quality Assurance Officer @ 1 day salary	\$100.00
Veterinarian/Pharmacologist @ 1 day salary	100.00
Technicians salary @ 40 hours	250.00
Secretary salary 2 1 day	50.00
Director, Research & Reference Center salary @ 1 day	100.00
Subtotal	\$700.00

B. Technical Service

Horse depreciation 1 trial/2 weeks	\$ 40.00
Horse care/board 1 trial/2 weeks	77.00
Drugs	5.00
Blood tubes, urine cups	10.00
Shippers	10.00
Drug Analysis (qualitative/quantitative)	125.00
Documentation of data photography	5.00
Communications	20.00
Subtotal	\$327.00
Total	\$1,027.00

**DRUG TESTING UNIT**

The drug testing unit is of paramount importance to the research and reference center concept; its inclusion is a necessary condition for the creation of a program which is directly oriented towards the regulatory needs of the racing industry. Without a drug testing unit, research can lose its focal point and go off on tangents.

**RESEARCH UNIT**

Research data will be supplied by the Research and Reference Centers. Whenever applicable, data will be published in a scientific journal. All facilities, equipment and instrumentation outlined above in Specific Recommendations will be available at the Research and Reference Centers.

**QUALITY ASSURANCE UNIT (QAU)**

The Quality Assurance Unit will operate under the standard hierarchical management of the Research and Reference Center. However, completely separate quality control records will be maintained for comparison with data from other Quality Assurance Units and reviewed by appropriate NASRC officials.

Selected drugs will be administered to animals according to known and/or race track doses and appropriate samples of blood and/or urine will be obtained.

Samples will be screened at the Research and Reference Center and the results documented. Adequate samples with accompanying documentation and analytical information will be sent to participating laboratories every two weeks. Confirmation of results will be obtained from a second

Research and Reference Center.

Results obtained by participating laboratories will be returned to the QAU for evaluation. Critiques and recommendations for improvement will be sent to each participating laboratory. The QAU Officers will be responsible for the confidentiality of their reports.

Protocol for the drug administration trials is shown in Table 3.

The NASRC Uniform Drug Testing and Quality Assurance Program will function administratively under the NASRC as outlined below. Because there is no appropriate body or organization which has decisive authority and control, the program will operate in a cooperative rather than authoritative role. The Advisory Council, consisting of an NASRC Official and Directors of the Research and Reference Centers will coordinate the functioning of the program with the various racing jurisdiction laboratories.

Those racing jurisdictions which affiliate with a specific Research and Reference Center will do so by means of contractual agreement.

**TABLE 3**

**DRUG ADMINISTRATION TRIALS**

1. Standardbreds, Thoroughbreds and Quarter horses will be used as experimental animals. Grade horses will not be used. Appropriate accommodations will be made for Greyhound racing. Test animals will be maintained so that they are representative of the racing animal.
2. Drugs selected for administration will be chosen from standard or classical drugs, new drugs and experimental drugs.
4. Urine samples will be collected by means of indwelling urethral catheters so that samples of known collection time and volume can be packaged and frozen for future use.
4. Blood samples will be collected in appropriate tubes and preserved for future analyses.
5. Blood and urine samples will be collected at appropriate times so that either clearance times and/or scope of analytical methods can be determined.
6. Whenever possible, pharmacological effects will be monitored.
7. Samples from drug administration trials will be sent to testing laboratories every two weeks.
8. Drug Administration Schedule. The following list is a example of the drugs to be used.

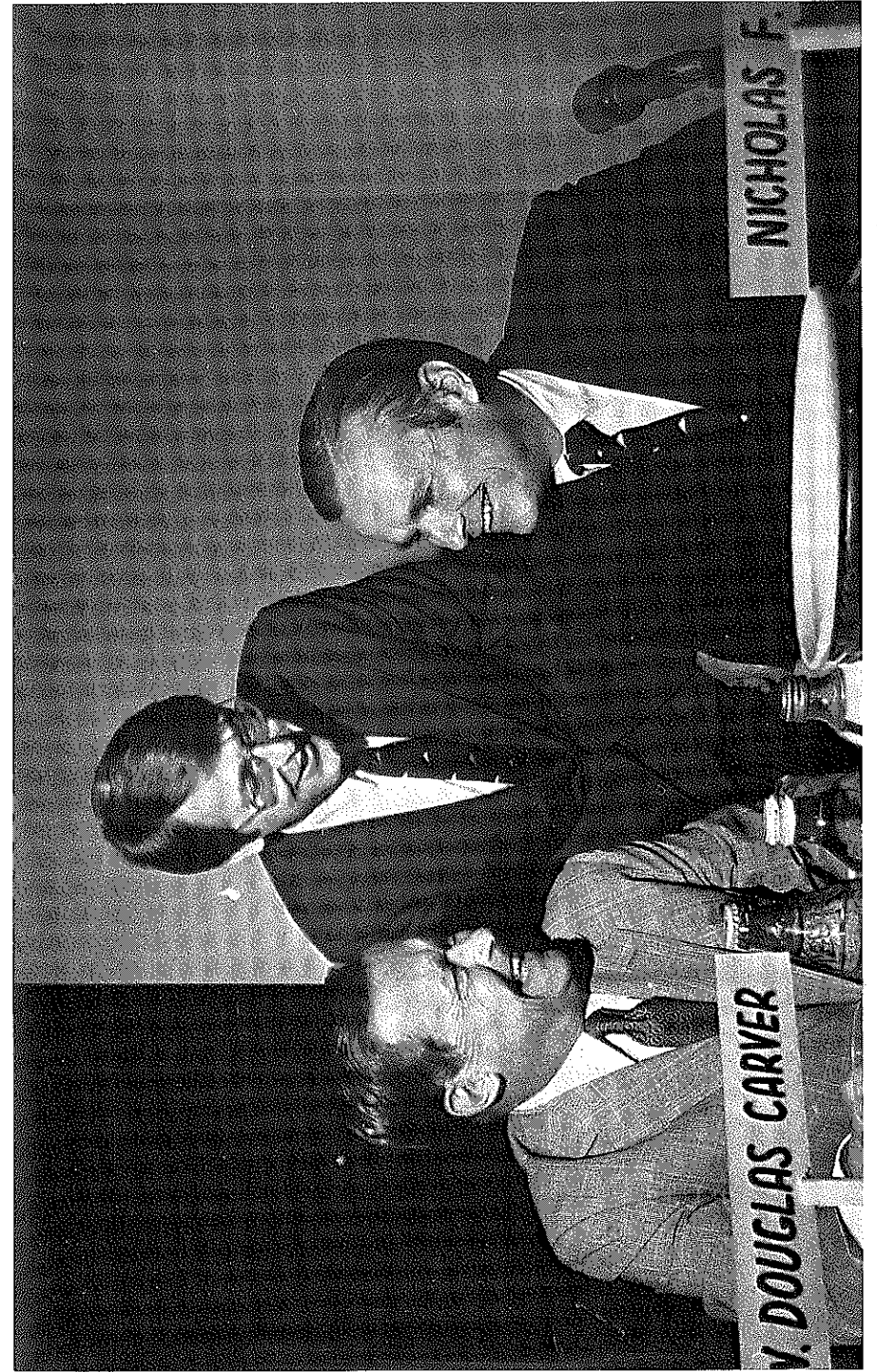
Trial Drug	Dose	Samples (hours)
1. flunixin	500mg I.V.	URINE: 0, 4, 8, 12, 24
2. nalbuphine	12mg I.M.	URINE: 0, 2, 4, 6, 8
3. butorphanol	12mg I.M.	URINE: 0, 2, 4, 6, 8
4. phenylbutazone	4g oral	URINE: 0, 8, 16, 24, 36, 48 BLOOD: 0, 8, 16, 24, 36, 48
5. lidocaine	40mg S.Q.	URINE: 0, 4, 8, 12
6. acepromazine	10mg I.V.	URINE: 0, 4, 8, 12, 24
7. theophylline	200mg I.M.	URINE: 0, 4, 8, 12, 24
8. zomepirc	100mg I.M.	URINE: 0, 4, 8, 12, 24
9. nefopam	60mg oral	URINE: 0, 4, 8, 12
10. trichloromethiazide	50mg I.V.	URINE: 0, 4, 8, 12
11. hydromorphone	10mg I.M.	URINE: 0, 2, 4, 6
12. fentanyl	0.1mg I.M.	URINE: 0, 2, 4, 6
13. piroxicam	100mg I.V.	URINE: 0, 4, 8, 12

The NASRC Uniform Drug Testing and Quality Assurance Program outlined above was developed in response to widespread criticism of existing drug testing programs. However, at this point in time, the program has not been formally initiated even though the technical aspects of the program have been solved. Racing jurisdictions are unwilling to enter into formal agreements for a variety of reasons usually citing lack of funds.

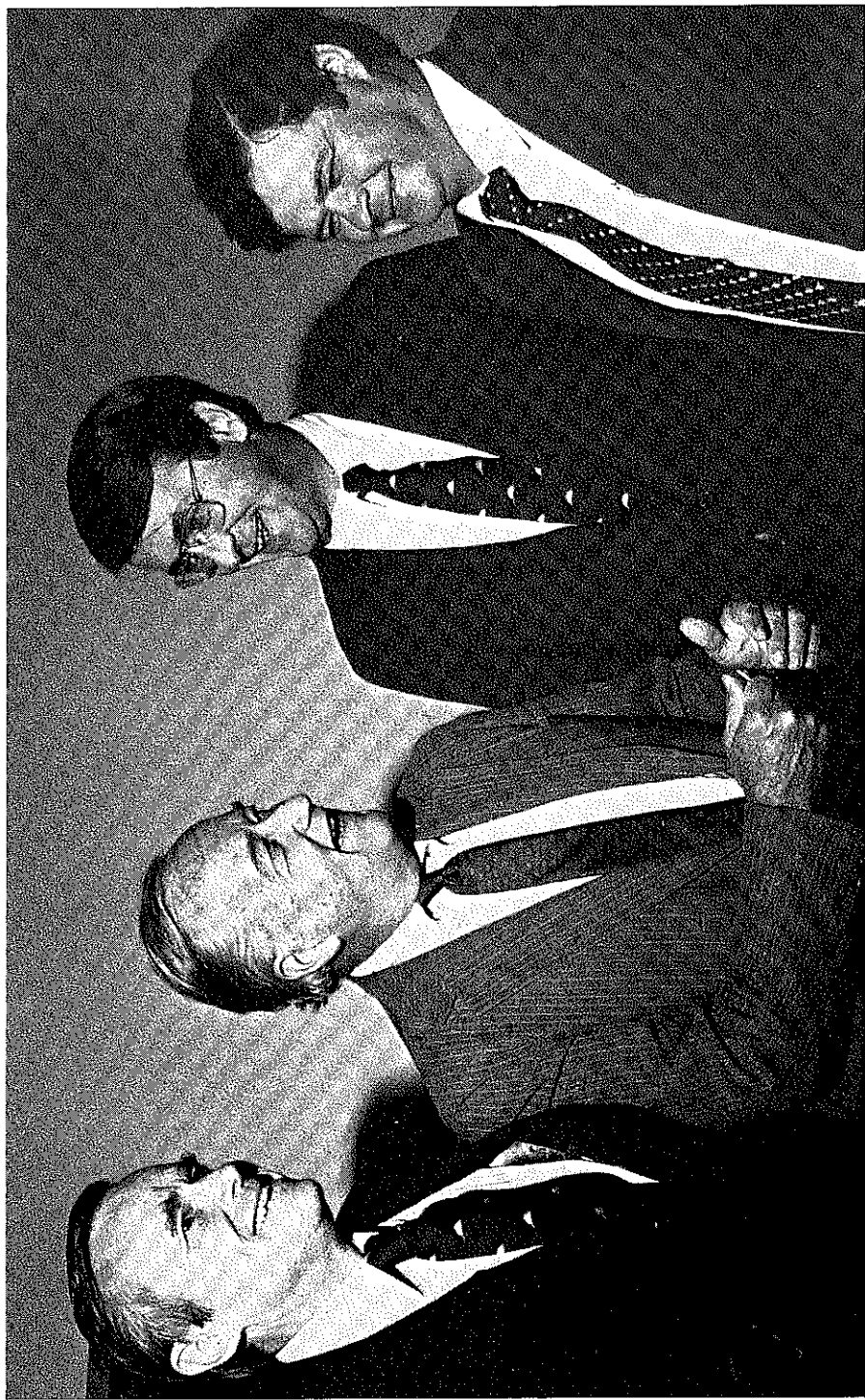
It is unfortunate that a program requested by the racing industry and needed by the racing industry cannot be implemented. It is unfortunate because once again racing's future will be influenced by those having little or no knowledge of the industry's real needs. Thank you.

**MR. BRADY:** Thank you Dr. Maylin. I think we've been told this morning two important things. One, our fate is in our own hand, and two, there is a way. I hope the industry will get together and try and come up with a solution to this critical problem, perhaps the most critical we've ever faced.

I want to thank you all for coming, I want to give a special thanks to our director, Bob Melican for organizing the conference and to Mickey Smithers and her associates for putting it together. There are cocktails being served in the outer lobby, again, thanks for your attendance and have a good days racing.



*From left to right: G.W. Douglas Carver, Secretary and Treasurer, Robert L. Melican, Executive Director and Nicholas F. Brady, Chairman.*



*From left to right: Nicholas F. Brady, Senator Charles McC. Mathias, Jr., Robert L. Melican and Dr. George Maylin.*



*William H. Welch addressing the Conference on "Overview of Development and Impact of State Breeding Programs."*





*Frank E. Kilroe presenting the remarks of Robert Gunderson on "The Role of State Bred Horses in Thoroughbred Racing" to the Conference.*

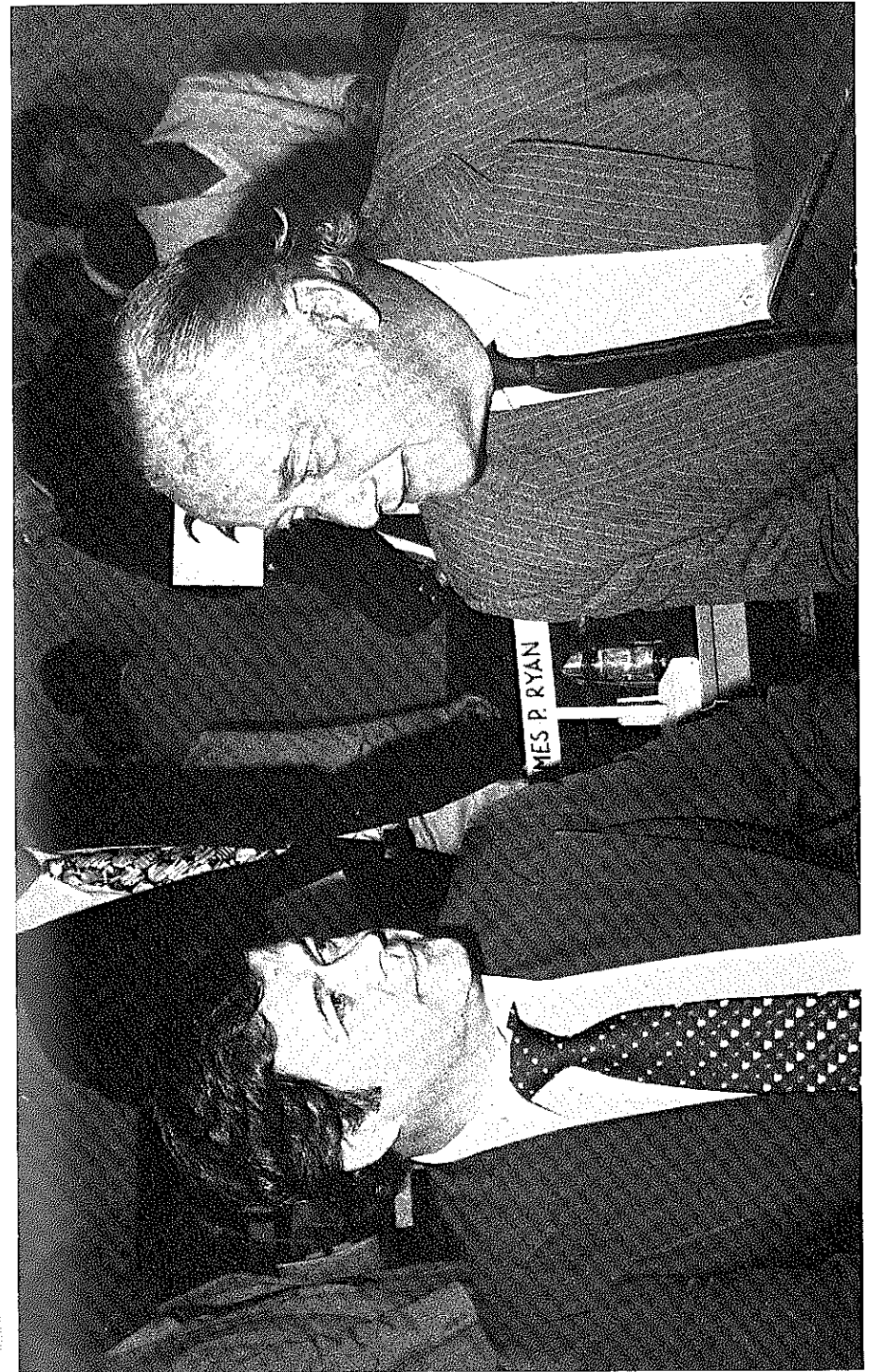


*The Panel on "The Effect of State Breeding Programs on the Thoroughbred Industry," James B. Moseley, Moderator, John Hettinger, Frank E. Kilroe, William H. Welch and Laurence E. Ensor, Jr. addressing the Conference on "The Impact of State Breeding Programs on Thoroughbred Sales."*





*John Hettinger addressing the Conference on  
"State Bred Programs from the Perspective of the Investor."*

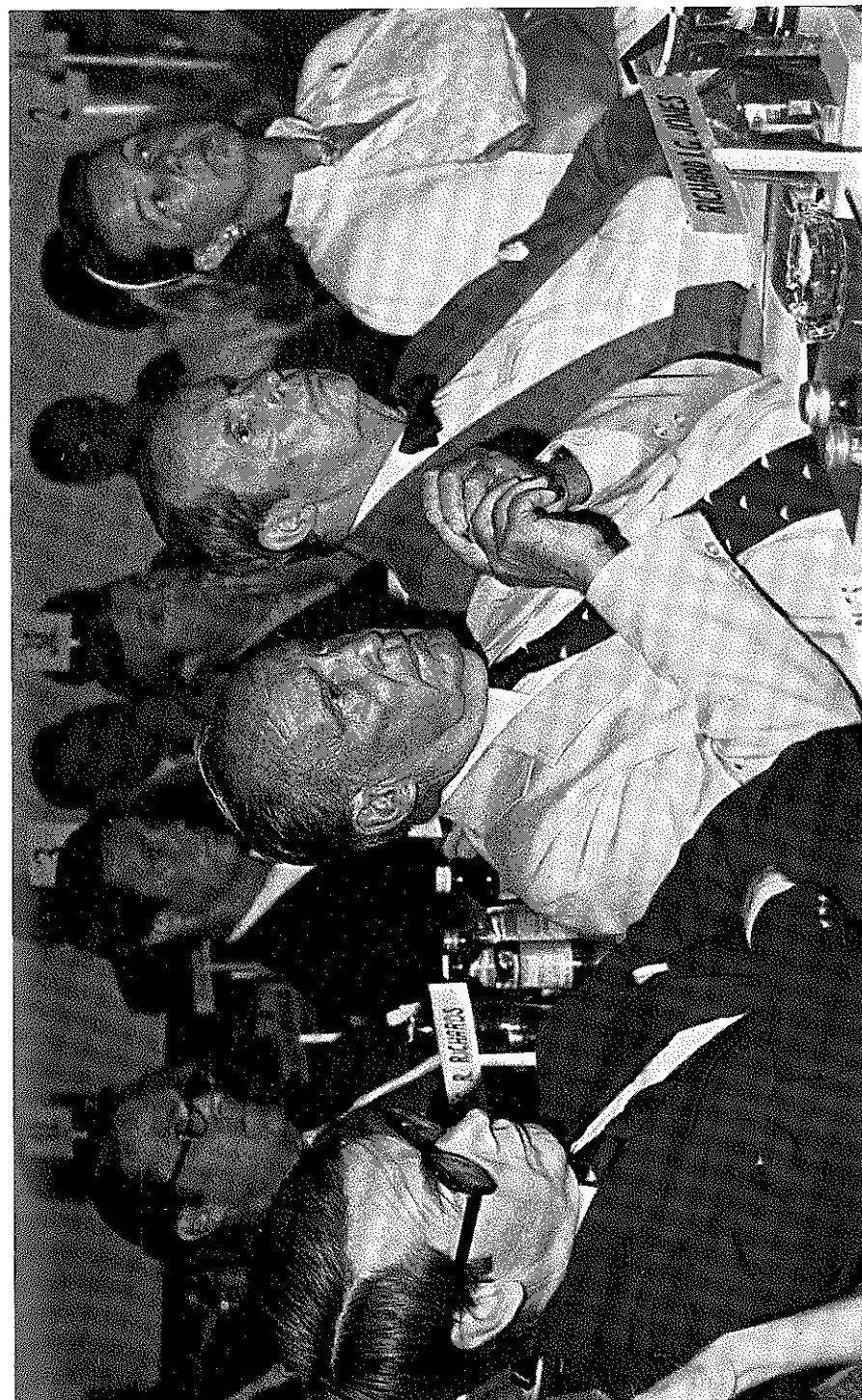


*Dr. George Maylin and Senator Charles McC. Mathias, Jr.*





*Senator Charles McC. Mathias, Jr. addressing the Conference on "A Federal Perspective on Medication in the Thoroughbred Industry."*



*A view of the Conference in session.*





*A view of the Conference in session.*



*A view of the Conference in session.*

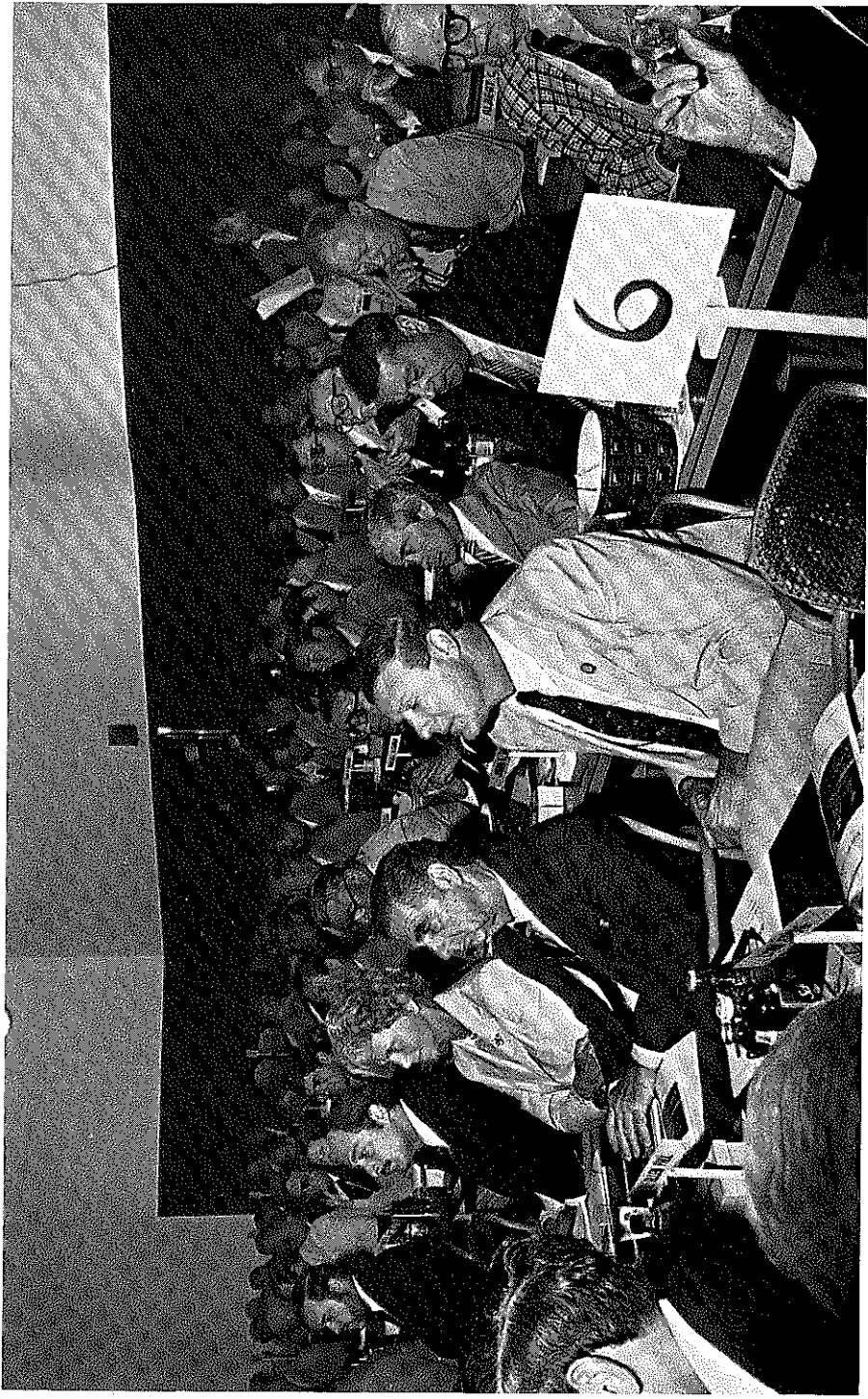


*A view of the Conference in session.*

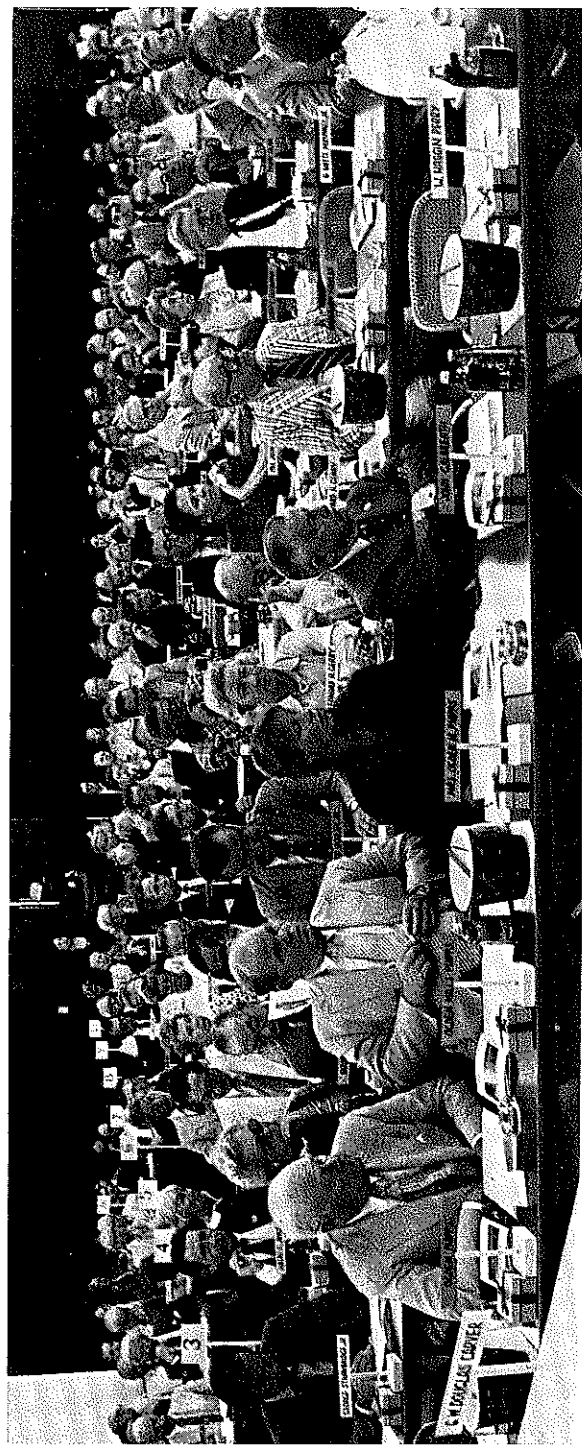


*A view of the Conference in session.*





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