

# Kentucky Horse Racing Commission (KHRC)

## 2008 Annual Report

Calendar year except as noted

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# LETTER from CHAIRMAN BECK

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STEVE BESHEAR  
GOVERNOR



ROBERT D. VANCE  
SECRETARY

## PUBLIC PROTECTION CABINET

ROBERT M. BECK, JR.  
CHAIRMAN

### KENTUCKY HORSE RACING COMMISSION

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The Honorable Steven L. Beshear  
State of Kentucky  
700 Capitol Avenue  
Frankfort, Kentucky 40601

Dear Governor Beshear:

On behalf of the Kentucky Horse Racing Commission (KHRC), it is my privilege to submit to you the Board's 2008 Annual Report, pursuant to KRS 230.370. This report presents a summary of the Board and agency's activities and accomplishments, as well as statistical data related to racing and pari-mutuel wagering in the Commonwealth.

As the state agency charged with regulating and overseeing Kentucky's horse racing industry, KHRC overcame many challenges while continuing to pursue various safety and integrity initiatives for both the horses and participants in Kentucky racing. Many of the agency's achievements are detailed in this report and we look forward to building on this success in the future.

My fellow Commissioners and the staff appreciate your continued support of the Kentucky Horse Racing Commission and the horse racing industry and look forward to working with you to address the challenges that confront one of the Commonwealth's signature industries. Despite an ever-changing landscape, by working together, we will strengthen both the agency's and the industry's positions as leaders on the local, national and international level, in order to ensure that Kentucky remains the "Horse Capitol of the World."

Sincerely,

Robert M. Beck, Jr.  
Chairman  
Kentucky Horse Racing Commission

# EXECUTIVE DIRECTOR'S COMMENTS

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STEVE BESHEAR  
GOVERNOR



ROBERT D. VANCE  
SECRETARY

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ROBERT M. BECK, JR.  
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Gov. Steve Beshear established the Kentucky Horse Racing Commission July 3, 2008. It was a reorganization of the Kentucky Horse Racing Authority.

As Executive Director I was privileged to work with two outstanding groups of individuals, the members of the Commission and the Authority. I would like to thank those board members for the work they have done. I was also aided by a professional staff dedicated to ensuring the safety and integrity of the Commonwealth's horse racing industry. In addition, Governor Beshear and Secretary Vance strongly supported the Commission and the industry.

During calendar year 2008 we were able to accomplish many of the goals established earlier and to meet challenges that arose during the course of the year. The industry is an ever changing one and new challenges and opportunities for racing present themselves continually.

2008 was a year of change with increased emphasis on the safety and welfare of the horse and participants of racing. This agency provided a leadership role on various safety and integrity issues which positively impacted the industry. As will be discussed in more detail below, the KHRA/KHRC addressed issues and made forward-thinking decisions in the following areas:

- Related to thoroughbred racing (steroid ban and strengthening the riding crop rule),
- Related to standardbred racing (steroid ban and strengthening the whipping rule),
- Related to the Breeders' Incentive funds (protecting non-race breeds), and
- Related to the horse racing industry overall within the Commonwealth (The Governor's Task Force on the Future of Horse Racing in Kentucky).

In order to move forward in a leadership role, Chairman Beck announced the formation of the Safety and Welfare Committee to review safety issues and concerns related to both thoroughbred and standardbred racing and make recommendations. During 2008, the Committee performed its own research and worked with various industry organizations and owner, trainer and jockey groups to enhance the safety and welfare of all racing participants.

Additionally the board contracted with the University of Kentucky to provide the Commonwealth with its first Equine Medical Director to serve as a consultant in the conduct of oversight of medical research, on equine medication and health issues, and on strategies to enhance equine safety.

One of the first issues on which the Equine Medical Director consulted was the amendment to the KHRC's medication regulations which banned the use of anabolic steroids for both thoroughbred and standardbred racing. As an example of the agency and Commonwealth's desire to act quickly and aggressively, in less than one month's time, this amendment went from being recommended by the Kentucky Equine Drug Research Council to Gov. Steve Beshear signing an emergency regulation to put the amendment in place. This change in the regulations took effect immediately on Sept. 5, 2008 and put the Commonwealth at the forefront nationally in ensuring the integrity of racing.

Another change that illustrated the KHRC's leadership with safety-related issues was the change in racing rules governing the use of whips in standardbred racing. These reforms made Kentucky the first racing jurisdiction in North America to ban abusive whipping in standardbred racing. After adopting the ban on one-handed whipping and use of snappers, many other regulatory agencies contacted the KHRC for guidance and followed Kentucky's lead in adopting these protective measures.

In a similar move for thoroughbred racing, the KHRC approved the riding crop rule, based on the recommendation of the Safety and Welfare Committee at its December meeting.

During 2008, the agency acted to protect more than just the racing breeds. Through its actions, the KHRC was able to demonstrate its commitment to the humane treatment all horses, including the non-race breeds that participate in the Commonwealth's Breeders' Incentive Fund program. As an economic development tool, the fund provides payment to encourage breeders to stable their horses in Kentucky. Although not resolved as of year end, the KHRC was developing guidelines and promulgating regulations to protect the non-race breeds and help ensure compliance with the Horse Protection Act.

On Dec. 15, Gov. Steve Beshear's Task Force on the Future of Horse Racing in Kentucky issued its report documenting recommendations made to address issues facing the industry. It was a report of major importance to the industry which included recommendations from four subcommittees which heard testimony and gathered information from a variety of industry experts over a four-month period. The Task Force provided suggestions to address various safety and integrity issues and developed an action plan for moving the horse racing industry forward. One of the primary findings in the report was that with additional funding and staff, the

KHRC would be in a position in the future to be able to more properly fulfill its statutory mandates.

In conclusion, I would like to say thank you again to all the board members, staff and others who helped to move the agency forward during a year of change. Despite funding and staffing challenges, the Kentucky Horse Racing Commission addressed many concerns and took the lead on many safety and integrity issues, including matters related to thoroughbred racing, standardbred racing, the Breeders' Incentive Funds, and the future of horse racing in the Commonwealth.

Respectfully submitted,

Lisa E. Underwood  
Executive Director  
Kentucky Horse Racing Commission



## **2008 MEETING DATES**

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The Kentucky Horse Racing Commission monthly meetings were open to the public and were generally scheduled for the third Monday of each month.

January 28 - cancelled

February 25

March 24

April 21

May 19

June 16

July 9

July 14

August 25

September 22

October 27

November 17

December 15

## **KENTUCKY HORSE RACING COMMISSION MEMBERS**

The Kentucky Horse Racing Commission is an independent agency of state government charged with the responsibility of regulating the conduct of horse racing and pari-mutual wagering on horse racing and related activities within the Commonwealth.

The Commission is composed of fifteen gubernatorial appointees along with the Secretary of the Tourism, Arts and Heritage Cabinet, the Secretary of the Public Protection Cabinet, and the Secretary of Economic Development serving as ex-officio members of the Commission.

On April 28, 2008, Governor Steve Beshear appointed Robert M. Beck, Jr. to the Kentucky Horse Racing Authority and designated him as Chair. Also on April 28, 2008, Gov. Beshear appointed the following members to fill



vacancies and expired terms: Edward S. Bonnie, Elizabeth Lavin, Alan Leavitt, and Dr. Foster Northrop.

On July 3, 2008, Gov. Beshear signed an Executive Order reorganizing and renaming the Kentucky Horse Racing Authority to become the Kentucky Horse Racing Commission.

The KHRC is honored to have the following racing industry and community leaders serve as voting members of the Commission, appointed by Gov. Steve Beshear on July 3, 2008:

Robert M. Beck, Jr. – Chair

Mr. Beck, a transactional lawyer, has represented both domestic and foreign clients in the purchase, sale and syndication of bloodstock. Mr. Beck also regularly provides corporate and financing legal counsel to equine industry participants, including banks, horse farms, trainers, and organizers of multiple ownership arrangement for racing and breeding syndicates.

Mr. Beck is a licensed Thoroughbred owner and breeder.

Tracy Farmer – Vice Chair

Mr. Farmer owns Shadowlawn Farm near Midway, Kentucky. He also owns automobile dealerships and is involved in banking and commercial real estate development and building management.

Mr. Farmer is a member of The Jockey Club and serves on the boards of Breeders' Cup Limited and the Thoroughbred Owners and Breeders Association. He was the recipient of the 2006 W.T. Young Humanitarian Award sponsored by the Kentucky Thoroughbred Owners and Breeders and was honored as a person in the industry “who recognizes and promotes the human endeavor.”

Mr. Farmer is a licensed Thoroughbred owner and breeder.

Edward S. Bonnie

Edward S. Bonnie, an attorney for *Frost, Brown, Todd, LLC*, concentrates his practice in the area of equine law. He acts as counsel for owners, trainers, veterinarians, jockeys, feedmen, blacksmiths and others in the horse business.

Mr. Bonnie and his wife own, break, train, and ride hunters, jumpers and steeplechasers, and own and operate a 530-acre horse and cattle farm in Oldham County, Kentucky.

Mr. Bonnie is a licensed Thoroughbred owner and breeder.

### F. Thomas Conway

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Mr. Conway is a sole practitioner focusing mainly on litigation practice in personal injury, products liability and medical malpractice.

Mr. Conway is a licensed Thoroughbred owner and breeder.

### Thomas Gaines

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Mr. Gaines is a founding partner in Gaines-Gentry Thoroughbreds, a leading breeder and commercial seller in the Thoroughbred industry. He serves as president of KBC International, a worldwide horse equipment company.

Mr. Gaines is a partner in several other businesses including one of the largest Thoroughbred sales consignors, Eaton Sales. Additionally he serves on the board of members and trustees of The Breeder's Cup Limited.

On April 28, 2008, Mr. Gaines' term on the Kentucky Horse Racing Authority expired. On July 3, 2008, Gov. Beshear appointed Mr. Gaines to the KHRC.

Mr. Gaines is actively involved in many aspects of the Thoroughbred business.

### Allan Wade Houston

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Mr. Houston is Executive Vice-President of Houston-Johnson, Inc., a logistics provider and warehouse management entity that coordinates specific just-in-time activities. Mr. Houston was a partner in JHT Holdings, the second largest minority-owned company in the United States and the largest minority-owned transportation company in North America.

Mr. Houston is a racing enthusiast.

### Frank Jones, Jr.

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Mr. Jones is Owner of Recreonics Corporation of Louisville, Ky.

In 1997, he was appointed to the Kentucky Racing Commission where he served 2 terms as the Commission's Vice-Chair. He is the vice-president of the Kentucky Horsemen's Benevolent & Protective Association (HBPA) and serves on the board of directors of the Kentucky Racing Health & Welfare Fund. He has experience in contracts and legislative activities on behalf of Thoroughbred owners.

Mr. Jones is a licensed Thoroughbred owner, racing primarily on the Kentucky circuit.

