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COMMISSIONER CAMERON: Good morning. Today is Thursday, April 7, 2016. This is a public hearing before the Massachusetts Gaming Commission. I am Gayle Cameron a Commissioner with the Gaming Commission.

This hearing is being convened pursuant to Massachusetts General Law Chapter 30A § 2 and Massachusetts General Law Chapter $23 K \$ 5$.

Before we begin, the Commission would like to thank all of you for being today. This is a public hearing. And it is critically important that you, the public, be a part of our rulemaking process to ensure that the Commission achieves the best results possible.

The purpose of this public hearing is to offer any interested person or groups an opportunity to comment on the Commission's regulations. This is not a question-and-answer period or a debate. Once we begin, anyone who wishes to comment on the proposed regulations may raise their hand and be recognized by the

Commission. They may then proceed to offer their comment.

The following regulations are on the agenda today: 205 CMR 3.00 Harness Horse Racing, 205 CMR 4.00 Rules of Horse Racing. The amendments to these regulations update the helmet requirements, eliminate Stanozolol and change the thresholds for Nandrolone and Ketoprofen to comply with the Racing Commissioners International regulations. 205 CMR 133: Voluntary SelfExclusion. The amendments govern the responsibilities of the gaming licensees relative to the administration of the voluntary self-exclusion list, including the nonpayment and confiscation of winnings or wagering instruments from self-excluded individuals.

CMR 143: Gaming Devices and Electronic Gaming Equipment. This amendment provides that slot machines and other electronic devices may operate any industrystandard open communication protocol provided that the system is fully compatible with the Commission's central monitoring system and
capable of providing all of the data required by the Commission. The amendment also removes the existing slot machine communication protocol restriction.

205 CMR 149: Race Horse Development Fund. The amendments to this regulation define the term Horseman's Organization provides for the following: funds shall be divided between the racing associations at the discretion of the Commission if there are more than one racing association; funds shall be paid upon receipt of an executed purse agreement by the racing association and the horseman's association; the Commission shall divide the health and pension benefits evenly between the horseman's organizations if there are more than one horseman's organization; and the Commission may distribute less than the entire amount of the funds, and any remaining funds shall be available for payments in future years.

205 CMR 152: Individuals Excluded from a Gaming Establishment. The amendment governs the procedures for individuals excluded from a gaming establishment including
notification to individuals of intent to place their name on the exclusion list, opportunity for a hearing, a submission by the gaming licensee of a written protocol for compliance with the exclusion list program.

These are proposals that we will now hear comments on. The Commission requests that all speakers identify themselves prior to commenting. Also, please keep your voice up as this hearing is being recorded. I'm also going to ask that you identify the regulation in which you would like to make comment so we are clear what exactly we are hearing those comments about.

With that I will now open the floor for comments. I have a list here. So, we're going to go in order of the list. Then $I$ will ask if there's anyone else that may not have signed up if they would like to speak. First name on the list is Frank Frissoli, New England Horseman's Association, Mr. Frissoli.

MR. FRISSOLI: Good morning,
Commissioner Cameron. Thank you for allowing me to briefly address the Commission. I wanted
to express my disappointment that the other Commissioners were not able to attend.

I also want to reference about a number of written responses. So, I won't get into the detail of the things I have addressed in writing. But I'd specifically reference the detailed response I provided on February 15 to the Commission.

Just briefly, the two primary issues that I see here that I wanted to emphasize is that the regulations demonstrate a complete lack of understanding of how the horse industry works. There is going to be -- If there is another organization that represents horsemen at a venue such as Brockton Fair, if it runs, there's going to be cross memberships where members that race there have raced at Suffolk Downs. They're members of the HBPA. They may be members of two entities.

So, the idea of splitting benefit money is increasing the administration cost and creating a myriad of problems. I wanted to point out that the HBPA has been in existence since 1940. We have been the representative of
the horseman group.
We continue to be that
representative until someone establishes we don't represent the majority of horse owners. And the idea of having another organization that may control 10 horses get half of the benefit money where our organization represents the vast majority of horsemen seems a bit ludicrous to us. And I just wanted to emphasize that point.

The other thing that I wanted to very briefly address is the requirement that there be a purse contract in place before purse funds are advanced. The horsemen have protection under the federal statute, the Interstate Horse Racing Act, which give them certain rights. And $I$ would respectfully suggest this Commission can't abrogate those rights.

And one of the rights is that when we bargain a purse contract, we can withhold a signal, choose to race without a contract, choose to race with a contract. And the concept that the funding for purses is going to
be withheld until we enter into a purse agreement creates a huge disadvantage to the horsemen.

It prevents us from negotiating. When we did contracts with Suffolk Downs, sometimes the negotiations would be delayed through no fault of the $H B P A$ to the last minute. Then we are faced with if you don't have a signed contract, the Race Horse Development funding for the purses isn't coming in. And that just squarely encourages the licensee to delay negotiations, take a hard position and force the horsemen to do something that is unreasonable.

So, I would respectfully suggest that as I requested in the prior letter that these regulations be tabled until the Commission gives them further study. We are happy to work with any subcommittee or representative of the Gaming Commission to further articulate the issues that need to be addressed and get something resolved in an orderly manner.

There is no emergency here. The
only meet that is on the horizon at the present time is the six days that Suffolk Downs will race in 2016. And the HBPA is negotiating a purse contract with Suffolk Downs. I believe we just received a draft of one. I expect that will get done before the six days.

And if there is a fair meet, we've already reached out to Mr . Carney. I spoke to him yesterday. We intend to be the organization that will represent the horsemen at that meet as well. Thank you.

COMMISSIONER CAMERON: Thank you, Attorney Frissoli. President Leroy Grossman, Chairman of the National Horseman's Benevolent and Protective Association, Mr. Grossman.

MR. GESSMAN: Good morning, Commissioners. I'm Leroy Gessman.

COMMISSIONER CAMERON: Sorry about that.

MR. GESSMAN: No problem, President of the National HBPA talking on 205 CMR 149. Frank has asked me to tell you a little bit about the HBPA and what we are about.

The HBPA was founded in 1940 by
horsemen at Rockingham Park. They founded an organization that got some funding from the racetrack and used that funding to help horsemen in need. And that's what the HBPA is all about.

The New England HBPA was a founding member of the HBPA and has been a member in good standing for over 75 years. Our organization is made up of 30 affiliates across the United States and Canada. We have over 30,000 members. And our membership is made up 70 percent owners, 20 percent owners and trainers, and 10 percent trainers.

The HBPA provides a number of services to our members, encourages the highest standards of horsemanship to continually improve the care and health and well-being of the equine athlete.

We help establish guidelines to ensure safety for jockeys, the trainers, the grooms, the exercise riders and veterinarians, farriers, hot walkers, anybody that comes in contact with the equine athlete.

We develop and support the
implementation of the nationwide uniform rules as the ARCI is trying to do. We help make that happen to promote safety and integrity in racing.

The HBPA supports and promotes benevolence. That's the one I'm most proud of that the HBPA does. We help the people in need on the backsides. Our affiliates now are paying over $\$ 6$ million a year to benevolence to the backside workers.

The HBPA has several group insurance programs. We have owner/trainer liability insurance for all of our members, fire and disaster insurance for the racetracks and the training centers, D\&O insurance for our board members. We also have a national disaster fund. The fund that is there for anybody, any member in our association because of the event of a disaster.

We have a groom elite program. It's a class where go around and we teach the backside workers how to take care the animals to make them better qualified grooms and hot walkers, to make it safer on the backside.

The HBPA provides information on critical issues to all of our affiliates. We have a Horseman Journal magazine that goes out quarterly. We send out -- We have a Facebook page. We have a Website. We have a mass email list. We send out information daily through the social media to provide our members with information that's pertinent to horse racing across the United States and Canada.

We have a lobbyist in Washington, DC that is under contract and working on a current bill in the House that if passed will be very harmful to the horseman and the Interstate Horse Racing Act.

And I just want to say that the HBPA I think has lived up to what the founding fathers in Rockingham Park wanted and was created as horsemen helping horsemen living up to our moto. Thank you.

COMMISSIONER CAMERON: Thank you, President Gessman. Peter Ecabert, General Counsel with the National Horseman's Benevolent and Protective Association.

MR. ECABERT: Thank you,

Commissioner Cameron. I just wanted to sort of -- This isn't on point here about the regulation. I wanted to just give a personal little note.

COMMISSIONER CAMERON: Which
regulation, Mr. Ecabert?
MR. ECABERT: I'm sorry, 205 CMR
149. And we are opposed to the regulation for a number of reasons that I'll get into. But as a personal aside, I just wanted to let you know that 40 years ago next Wednesday I can tell you exactly where I was. I used to work here for a national accounting firm and a graduate of BU Law School. Forty years ago, which for anybody involved in the field taxes should know that that's the 13th and the 15th is a critical day.

I know exactly where I was. I was in the delivery room the Framingham hospital when my oldest daughter was born. So, it brings back good memories coming back here.

But anyway, I have a packet, a written statement that I'd like to give you. I won't read from the written statement. I have five copies.

COMMISSIONER CAMERON: That's great. All of the Commissioners will get them and read them. So, thank you, Sir.

MR. ECABERT: As Mr. Gessman mentioned, the National HBPA has over 30,000 -over 29,000 members. And we are the largest horseman's organization in the country. We also have two affiliates in Canada.

But our goal and our mission like he mentioned was horsemen helping horsemen. And we are concerned, very concerned about this regulation because we feel there are a number of things that are deficient and needs further study.

One of the issues has to do with the definition of horseman's group. In the Interstate Horse Racing Act, a horseman's group is defined as being the majority of the trainers and owners of thoroughbred horses within that jurisdiction for that track that actually races at that track, the licensed owners and trainers.

We also feel that this regulation, similar to a regulation that the state of Ohio
attempted to implement -- And I've cited the case in there. The case in particular is the Ohio Horseman Benevolent and Protective Association versus Mike Devine. And in that case, the Sixth Circuit ruled that the federal law preempts the state laws with respect just to the Interstate Horse Racing Act.

That's the general principle of law that we all understand. But with respect to the Interstate Horse Racing Act, it specifically addresses that where the Ohio statute attempted to impose some type of a standard, a reasonable standard on whether or not the horsemen could withdraw or refuse to consent to the simulcasting signal.

The Sixth Circuit Court of Appeals found that statute was unconstitutional because it tried to -- I should say it was preempted by the federal statute and was not effective because the federal statute gives the horsemen the right to refuse the consent to transmit their signal for any reason. It can be reasonable or unreasonable.

But the Court said there were enough
safeguards because the horsemen, obviously our overriding concerns is to get more live racing days, to get more people involved in horse racing that we have that goal in mind.

Whereas the tracks may have -- We may be at locked beds (PHONETIC) on various issues. One of them may be they want more simulcasting and less live racing where we for the benefit of the horsemen want live racing and for the benefit of the state.

With live racing, you get a lot more employees. You get a much bigger benefit to the economy, you've got tourism and all that when you're able to run races with large purses and that sort of thing.

But if you look at the regulation, we feel that it goes contrary to the federal law, to the Interstate Horse Racing Act. And as such would be preempted by the Interstate Horse Racing Act.

The other case that I've cited, I've cited a couple of cases, but the other one has to do with the Kentucky HBPA versus Turfway Park. Again, the citation is in my written
comments.
But in that case the issue came out of who is the representative horseman's group. The Court of the Sixth Circuit again, said that if the organization that had contracted with the track in the past that would be the representative horseman's organization, the representative horseman's group unless that could be demonstrated by clear and convincing evidence that another organization was a majority organization, had majority of the horsemen and trainers.

The presumption is that if you've contracted in the past like the New England HBPA has done for 40 years, they are the representative horseman's group unless that competing organization can come in and show that they have standing and they have more members running at that track. And we don't believe that's the case at all.

We are very much in support of the New England HBPA. They are a member in good standing.

> Under our by-laws, the primary
provision we look at -- And we don't micromanage any affiliate from the national level. All we do is try to monitor to be sure (1) that the affiliate is acting in accordance with the Internal Revenue Code section 501(c) (6) as a tax exempt business league or business organization.
(2) That the elections are held at least every three years. And we also look at the benevolence function because that's really how we got started and what we feel like we're all about.

We want horse racing to prosper and to do whatever we can to make that happen, but we also want to make sure that the people on the backstretch and the people that may not have a lot of means that they are taken care of. And we have numerous programs as the New England HBPA does as well. We look at that and try to suggest ways to improve that and all the rest of it.

From the standpoint of the HBPA, the National HBPA, we feel that this regulation would adversely impact on racing in

Massachusetts. Further, it would go a long way to really dismantling the New England HBPA which would be, in our opinion, the worst thing that can happen to horse racing in Massachusetts.

So, for the reasons that I've set forth in that written statement, we are opposed to the regulation and would ask the Commissioners to table it and further study it. And we would be happy to work with anyone on the Commission.

One other point I would just make is the memorandum that was prepared by General Counsel Blue discussing the Virginia situation isn't quite -- I was very intimately involved with that. And it's easy to misinterpret some of the things.

Basically, what was happening there is Colonial Downs was closing. They were trying to set up a new horseman's organization appointed by the track. The Virginia HBPA went to war with them. And the Virginia racing commission agreed with the HBPA and provided that -- they asked that the by-laws be amended
but merely reflect the fact that racing had stopped and that they were going to look at the licensed owners at the time the racing had stopped, not necessarily like on an ongoing basis because there wasn't live horse racing being offered at that time.

In any event, we are against the regulation and would hope that it would be tabled for further discussion. Thank you. COMMISSIONER CAMERON: Thank you, Sir. Mr. Robert Scarano, Massachusetts Thoroughbred Horseman Association.

MR. SCARANO: Thank you. Robert Scarano for the Massachusetts Thoroughbred Horseman Association.

First of all, I would like to echo the sentiment of the HBPA, representing their horsemen advocating for benefits. The THA also does the same thing. And the Massachusetts Thoroughbred Horseman Association intends to join the national THA. That group also has the exact same principles, guidelines etc. looking out for the benefits, advocacy and services for their horsemen, so, rather than taking up your
time.
First, I rise not in opposition of the actual regulation but just raising a point as it relates to the use of the word majority of. The use of the word majority of has been raised here as a result emanating from the Interstate Horse Racing Act. And we agree on those principle terms.

We understand what the Commission also is doing in recognizing that there are other horseman groups out there that they tend to run with other racing associations. I would take exception to the fact that anyone else has a purse agreement at this point or has a negotiation to a purse agreement. I think all the parties are adequately moving towards the regulatory requirement of having a purse agreement, since the Commission does not recognize any group other than having a purse agreement.

Our beef with the actual change in the regulation is the use of the word majority of. We believe the word majority of should be inserted in the language majority of the
representatives at that track during that meet. We believe that language complies with the Interstate Horse Racing Act, would provide no conflict whatsoever with the Interstate Horse Racing Act in the cases raised by counsel and my brother, would not preempt the Commission from clarifying that the majority of horsemen representing at that track may enter into a purse agreement and may operate with that race association.

So again, $I$ think that the important point is that the majority of language while it protects certain groups, it also eliminates other groups from ever having the ability to solicit, to approach a racing association with a purse agreement. So, I find it constrictive in that manner.

But I also do agree with Counsel Catherine Blue's opinion. We are in favor of the language. We are in favor of clarifying the majority of as it reflects racing at a particular venue with a horse racing association. Thank you.

COMMISSIONER CAMERON: Thank you,

Sir. Mr. Lou Raffetto who is the NEHBPA consultant, Mr. Raffetto.

MR. RAFFETTO: Good morning, Commissioner Cameron. I am Lou Raffetto. And I come before you today as a consultant for New England HBPA and mostly an individual who is responsible for operating the racing festival last season at Suffolk Downs.

My ask is quite simple. Please do not move so quickly to adopt the modifications of the regulations relating to the funding from the Race Horse Development Fund. Furthermore, I would ask this Commission to undertake proper due diligence while evaluating such changes before taking such action.

Acceptance of these proposed amendments will result in opening a door to recognize a group that's comprised of very few active licensed owners and trainers that's led by a disgruntled group of individuals who ran in the most recent NEHBPA election but lost. Most importantly, it's a group looking for funding and recognition that does not in reality have a facility at which to race in
2016.

Correct me if I'm wrong, but to my knowledge, no professional with expertise and understanding in racetracks, racetrack facilities, services and management has been retained by this Commission to offer an opinion as it relates to feasibility of racing in 2016 at the Brockton arena as this Commission had done when asked you to determine the equitable splits of the Race Horse Development Fund.

This situation calls for expert advice to a much greater degree. This Commission has gone to great lengths in its due diligence of gaming facilities including forensic background checks of individuals involved and thorough analysis of the feasibility of the various applicants.

This has not been the case of feasibility of racing at Brockton and Raynham. Based upon my 40 plus years in racing as a trainer, racing official and racetrack manager, I can guarantee such a race meet is an impossibility. Furthermore, it would be an embarrassment to the Commonwealth and this

Commission if it ever did.
Again, I would respectfully ask that you move very cautiously and table this matter at this time until you've truly studied the issue and have an in-depth understanding of the situation as it currently exists. Thank you for your time.

COMMISSIONER CAMERON: Thank you.
Mr. Paul Umbrello from the NEHBPA.
MR. UMBRELLO: Thank you,
Commission. My name is Paul Umbrello, race horse owner and member of the NEHBPA. I'm here to discuss the changes to 205 CMR 149 regarding the Race Horse Development Fund and change in altering current law.

My first concern is with the changes in the definition of the language in which the Commission is opening the doors for any group or individual that can establish a business with the Secretary of State, self-appoints a board, holds an election with ballots mailed to only a small percentage of licensed horsemen and all without accountability to the majority of the 826 horsemen who have raced in

Massachusetts.
How will you handle let's say six groups that establish themselves and try to negotiate multiple purses? Are you simply going to divide the Race Horse Development Fund money and the health and welfare equally by all six? And at what benefit and how much duplication in administration are those benefits?

I also want to share that I know of multiple individuals that have requested the Mass. THA membership forms and by-laws with no reply. That concerns me that the Mass. THA is trying to control their own board and election process.

Again, why are you looking and need to make changes in the regulations so quickly even if a purse agreement is reached by the Mass. THA? I would expect other questions should be answered before any changes are implemented under some imaginary urgency to so radically alter current law and assume authority not granted by current law. The majority of these proposed regulations need
legislative changes rather than using this process to circumvent current law.

Also to remind everyone that 80 percent of the Race Horse Development Fund is paid to horse owners for the purpose of providing incentives that encourage investors to breed and race in Massachusetts. Trainers work for the investor or the owner who is responsible to pay out costs for services including training, veterinarians, blacksmiths, jockeys, exercise riders, horse dentists, feed and farm costs.

In closing, I also want to point out one other piece of factual information I'm submitting that $I$ feel was erroneously reported to the MGC by others who are attempting to discredit the owner, character, integrity of the NEHBPA. As far as the three-day festival last year, the average percentage of local owners, trainers and horses racing in 2014 that also participated in the three-day festival in 2015 is over 75 percent with purse earnings to those owners and trainers in excess of $\$ 1$ million.

In prior years of racing at Suffolk Downs that's the equivalent of racing 10 days. And if we double the days this year to six that would equate to a 20-day meet for local owners and trainers. The NEHBPA wants nothing more than to restore all the jobs and create even new ones, and I think we have shown and demonstrated that.

So, if you would like to accept, I have the black-and-white facts that show all the local owners and trainers that participated.

COMMISSIONER CAMERON: Very good. Thank you, we will distribute it. Thank you, Sir. Those are the names that I have on the list. Is there anyone else that would choose to speak at this time? Sir?

MR. LAGORIO: Hi, William Lagorio, President of the Mass. THA, Mass. Thoroughbred Horseman Association. I wasn't planning to speak, however I didn't believe -- The issue at hand is the regulation. I didn't think it was going to be talking about Mass. THA entirely.

I appreciate the fact that they want
to throw statistics on their three-day meet. I appreciate all of the input put forward. However, we clearly have a strong membership.

I dispute the facts that they're under negotiations with the racetrack. I put that clearly in the hands of the Commission in respect to everything they're doing to this point. I would just like to say that the format here was to discuss the regulation. And Mass. THA does exist. And we do live under the principles of supporting horseracing and all its membership. We demonstrated that in the past few months, starting out as a grassroots group with gravitating members away.

I do support the regulation, but to reiterate what counsel had said, we do feel as though the insertion of majority of horsemen at that meet is important, because it does open the door for basically an autonomous relationship between the racetrack a nonexisting membership or a ghost membership. That way you could just be at the racetrack and say that you formed a group of members and signing into an agreement basically with
yourself.
So, Mass. THA is here for one reason and that is to express our belief that the language should include the majority of horsemen racing at that meet. That's an important part as it reflects itself in the Interstate Horse Racing Act of 1978.

The rest of it, we'll just let it play out in time and respect the Commission's position throughout. And I thank you for your time.

COMMISSIONER CAMERON: Thank you, Mr. Lagorio. Is there anyone else who would like to speak? What we will do now is we will suspend the hearing in case there were individuals who may have had trouble getting into Boston on a rainy day. I don't want to end this too soon.

So, we will come back at about 10:45 and just make sure there's no one else who arrives to speak here. So, we are adjourned temporarily. Thank you all.
(A recess was taken)

COMMISSIONER CAMERON: We are going
to reconvene this hearing at 11:46 (SIC). Is there someone else who would like to speak here today that may have come in late? Seeing no one, hearing no one, we will adjourn the hearing.

Thank you all very much and we'll be looking and reading everything. Every Commissioner will get all of these documents. So, I do thank you. This is an important part of the process.
(Hearing adjourned at 10:47 a.m.)


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C E R T I F I C A T E
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I, Laurie J. Jordan, an Approved Court Reporter, do hereby certify that the foregoing is a true and accurate transcript from the record of the proceedings.

I, Laurie J. Jordan, further certify that the foregoing is in compliance with the Administrative Office of the Trial Court Directive on Transcript Format.

I, Laurie J. Jordan, further certify I neither am counsel for, related to, nor employed by any of the parties to the action in which this hearing was taken and further that I am not financially nor otherwise interested in the outcome of this action.

Proceedings recorded by Verbatim means, and transcript produced from computer.

WITNESS MY HAND this 8th day of April, 2016.



LAURIE J. JORDAN
Notary Public

My Commission expires:
May 11, 2018

