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Special Hanson Report Update

"Hatchet Man" Hanson Calls for Closure of Meadowlands

By Bill Finley

Live harness racing at the Meadowlands may soon be a thing of the past.

The Hanson Commission, put together by New Jersey Governor Chris Christie, released a supplemental report Monday calling for the eventual end of all live racing at the Meadowlands and instead holding a harness meet at Monmouth Park. The Meadowlands would continue as an off-track betting facility only.

The Hanson Commission recommended holding a 30-day harness meet at Monmouth in the fall of 2011, plus a six-day meet at the Meadowlands in August centered around the Hambletonian. The proposal calls for a 70-day harness meet at Monmouth in 2012, and is not clear on whether or not the short August meet at the Meadowlands would be held after 2011.

In addition, the proposal calls for both tracks to be sold, something the Hanson Commission had earlier called for.

The Hanson Commission argues that the state cannot afford to keep two tracks open and that the cost savings involved with closing the Meadowlands would solve some of the problems the horse racing industry is undergoing.

"We have reached the conclusion that there is no viable self-sustaining industry model based upon two government-operated race tracks," the commission wrote. "Consequently, we present a direct and difficult solution to a problem that has been in the making for decades."

The proposal also claimed: "Neither the New Jersey Sports and Exposition Authority, nor the taxpayers of New Jersey, have the wherewithal to support two money-losing racetrack operations. Accordingly, we recommend that regulatory and legislative initiatives be implemented to consolidate all live racing at one venue and to sell the State's racetracks and/or racetrack property for operation by the private sector."

Christie spokesman Michael Drewniak told the Associated Press that the governor is studying the recommendation, and he declined further comment. In the past, Christie has rubber-stamped virtually everything the Hanson Committee has proposed.

Tom Luchento, president of the Standardbred Breeders and Owners Association of New Jersey said he was "blindsided" by the latest salvo from the Hanson Committee. (Cont. P. 2)



FIRST OVER
Andrew Cohen

The Cards Laid On The Table

The sequel is never as good as the original. So New Jersey's job-laden horse industry ought not be surprised that Gov. Chris Christie's decorated bagman, John Hanson, would supplement his initial "report," which savaged the market for New Jersey-bred horses at Lexington and Harrisburg, with the Hanson Report, Part

Deux, which makes explicit what until now had only been implied: if these guys get their way, the Meadowlands, and meaningful harness racing in New Jersey, are toast.

On the same dark day that this new Hanson Report revealed more about Gov. Christie's lobbyist-infused plans, Democratic legislators in Trenton were approving a bill which would help horse racing in New Jersey by funding it with taxes from internet wagering on casino games at Atlantic City. The result is a textbook showdown. Executive

branch versus legislative branch. Republican versus Democrat. Northern New Jersey versus the Shore. But it's a fight that ought to worry you to death. Christie is a rising star in the Republican Party, a potential 2016 presidential candidate perceived as being a budget-slashing fiscal conservative. And opposing him are... who, exactly?

Let's be optimistic now and believe that the fate of the Meadowlands, and thus the fate of harness racing in New Jersey, is still in play; that it's still possible to resurrect, or at least save in the short term, a racing plan we can recognize and support. Does our industry have the financial muscle and political acumen to get the job done over the next few critical weeks and months? Can it turn public opinion in favor of a comprehensive solution to the state's gaming and racing worlds? Is there money that needs to be raised? Is there a campaign that needs to be waged? Are there friends who need to be called? And who is going the lead the charge? The same folks who told us in 2008 that candidate Christie was worthy of our support. We should still have faith... why, exactly?

Cont. P. 2



Racing at the Meadowlands: A thing of the past?

Cohen, cont.

Gov. Christie has been made vulnerable recently by reports indicating that Harrah's Entertainment, which is of course a major player in Atlantic City, has moved to invest in a Philadelphia casino, just an hour or so from the Boardwalk. Is the horse industry in New Jersey prepared to make an issue out of Christie's support for a huge corporation which wants help from Trenton even as it plots to take money and jobs away from the Garden State? Who is going to cut the radio and television ads? Atlantic City is already planning to spend (on marketing) the \$30 million per year it's been forced to give the horse racing industry over the past few years. And against that onslaught we have... what, exactly?

I want to believe. I really do. It's nearly inconceivable to me that a bunch of politicians would throw away thousands of horse-related jobs and hundreds of millions of dollars each year in horse-related business in New Jersey. It's inconceivable to me that residents of the Garden State want to pay more in property taxes once the horse industry is buried. It's inconceivable to me that the average Joe or Jane wants to continue to subsidize Atlantic City even as Atlantic City makes plans to capture markets in Pennsylvania and elsewhere. But you know what? Ten years ago it would have been inconceivable to me that the Meadowlands would be mostly empty and dead for live racing. The world's been turned upside down. What are you going to do about it?

News and Notes: By my count, at least 84 yearlings, broodmares and racehorses owned by the David and Jeffrey Brooks' family through its various entities —Bulletproof Enterprises, Perfect World Enterprises, VAE, etc.—passed through the sales ring during the Harrisburg sale. There were many other horses the family consigned, through Walnridge Farm, which were pulled from the sale and/or sold privately. From the posted results alone, I calculated the gross takeaway at close to \$4 million--\$3,959,000 to be exact (if my math is wrong please let me know). The family also has consistently sold horses this year through the online bidding site On Gait.

What ultimately becomes of this money—including John Cancelliere's astonishing \$700,000 for the pacing mare Showherthemoney—is a mystery. There are of course attorneys' fees to pay. And David Brooks is still in federal custody, awaiting sentencing for his September conviction on fraud and insider trading charges. Moreover, federal lawyers Monday initiated an asset forfeiture proceeding against him designed to recoup some of the money stolen from shareholders of DHB Industries, the body armor manufacturing company Brooks ran into the ground. Whether this proceeding will impact Jeffrey Brooks' holdings in the harness industry—or the holdings of any of the other Brooks family members listed on USTA records—is still unclear.

Finley, cont.

"It's contrary to everything that they've discussed with us over the last six months," he said " We had meetings, summits, private meetings; we discussed the elite meet, 100 days of racing. I think this was always their plan to begin with. As far as I'm concerned, I think Hanson is just a hatchet man. I don't know who gave him his order, but I know who carried them out.

"When you take us down to 30 days at Monmouth and six days at the Meadowlands, you may as well just shut us down right now. It's a death sentence. I talked to Anthony Perretti from Perretti Farms, and he said he's going to move his horses out of the state. Who were these people on the committee? Did any of them know anything about racing?"

Luchento understands that New Jersey harness racing is in a crisis, but said he and his group will fight the Hanson Commission to the bitter end.

"They're facing a lot of legal hurdles. We're not going down that easy," he said. "They've got contracts and commitments with us. We have sire stakes money, other races we have money for. We have contracts that say, you can't shut us out of the Meadowlands. He may say he doesn't have

the money to run it, but a lawyer may say otherwise."

Though Luchento is used to bad news from the Hanson Commission, he was taken aback by the cold-blooded nature of the latest proposal.

"For the life of me, I don't know how do you turn a billion industry out in the cold--jobs, and pension plans and health funds," he said. "I don't know what their interest in Atlantic City is. What do they own there? I know they own two racetracks. Why don't you want to protect that? The Meadowlands is the only fertile ground for gaming in New Jersey. They come out and they say they don't know if a casino would work at the Meadowlands. You can't be that stupid and be Jon Hanson. How can you say that? This is the big plan, and you need to know this: They want us out, and they want to bring the casinos up there."

According to the Hanson Commission, the Meadowlands is expected to lose \$11 million in 2010. It added that after efforts were made by the commission to find solution to the industry's problems it concluded "there is no viable self-sustaining industry model based upon two government operated race tracks."

Monday's announcement was released just hours after a state Senate committee in Trenton had approved a measure that would dedicate \$30 million in annual revenues from online casino gaming to supplement horse racing purses to the point of remaining competitive with rival tracks that are subsidized by slot machine revenues.

Industry Reaction: p. 3



More Bad News from Gov. Chris Christie and cohort Jon Hanson

The Industry Reacts to Hanson's Latest Attack:

Trainer Julie Miller: I was shocked. After going to the summit and assembly meetings, I thought everyone was on the same page as to how New Jersey needs the open space and horse racing to survive in order for it to be a great state. When I read that Hanson wants to wipe out part of what makes New Jersey great it was very devastating and disappointing to Andy and I.

Owner/Breeder Mike Gulotta: I really don't think that the economic ramifications are being understood at all. If they were, then you wouldn't be hearing recommendations like this. There's also a possibility that there is an alternative use of the property that's being contemplated with economic benefits we're not being made aware of. If that's the case, it should be made transparent. Just say so. There should be a more constructive solution being offered than the one that is being offered. You do something like and you create a big fire, and that's not particularly productive.

Hall of Famer John Cashman: It's horrible and I think it is short-sighted. The past and present management have never addressed all the issues that Mr. Hanson seems to be concerned with on how to make a product work. The whole thing is just a fiasco. To think this is coming from a developer in Hanson. He's trying to get rid of everybody and all horse racing at the Meadowlands so they can develop it and make a casino for themselves. It's a horrible decision.

Trainer Greg Peck: Let's hope this is just a recommendation and not something Governor Christie will choose to do. What they obviously don't understand is the popularity of the Meadowlands meet among bettors. Among the betting public we still have left, that's what people choose. If you take that away from the bettors, there's no telling what that means for the entire sport. The solution obviously isn't to give the public so much less product. I think what we need to do now is to not complain but to continue to think about solutions to fixing what's wrong with harness racing in New Jersey.

Trainer Tony Alagna: This is such a shock. You think about harness racing at the Meadowlands and that's about as Americana as you can get. I can't imagine getting rid of something like that. And their timing was horrible. A lot of people bought horses in Harrisburg with the belief that the Meadowlands and its stakes program was going to be around for a while. If they close the doors at the Meadowlands that's something the sport can never recover from.



Report: David Brooks Caught Using Contraband Pens in the Slammer

Former harness owner David Brooks is in trouble again, this time for using contraband pens while in jail. As a result, Brooks lost his commissary privileges at the federal jail in Brooklyn where he is currently serving time. The latest twist in the Brooks saga is reported in Tuesday's edition of Newsday.



David Brooks

According to an article written by Robert E. Kessler, Brooks was having trouble using jail-issued

pens, which are hard to grip because they are purposely flexible so they cannot be used as weapons. In an attempt to fix the situation, Brooks got hold of standard pens.

News of the illegal pens came out during the first day of a hearing in federal court in Islip, NY to determine how much of the \$185.9 million Brooks earned through insider trading at his DHB Industries must be turned over to the government.

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