Remarks by:

Edward J. Martin,
President, Racing Commissioners International

Saratoga Institute on Racing and Gaming Law
Albany Law School – August 3, 2005

It's an honor to again be with you. I've been asked to address the state of racing's regulators.

Those who know me understand that after eight years as the Executive Director of the New York Racing and Wagering Board, I probably understand that jurisdiction better than the other states, provinces, and countries that I am now involved with since becoming the President of RCI. As you know, Racing Commissioners International (RCI) is the association of regulators governing approximately 80% of the North American handle, be it thoroughbred, standardbred, quarterhorse, or greyhound. For the purpose of my remarks today I am going to concentrate on the state of the racing regulators here in the United States.

I am sorry to report to you that racing's regulators face a financial crisis. A crisis, that if unaddressed, can threaten and undermine every integrity effort now underway in this industry.

It has been no secret that state government finances have been under a tremendous amount of pressure. It does not take a rocket scientist to understand that in the priorities of elected officials managing limited resources the feeding of the hungry, repairing the roads, educating the children, and caring for the sick are higher priorities than judging the races, policing the backstretch, and drug testing the horses – let alone monitoring a highly complex wagering system.

The financial pressure that racing commissions have been under has been racing's dirty dark little secret. It is increasingly difficult to pay the workers who have to collect the urine and drug samples so necessary to this sport's cornerstone of race integrity. It is increasingly difficult for the testing labs to run all the tests necessary to truly detect those who would use prohibited substances to affect the performance of their client's horse in a race. And if these are difficult, it is bordering on impossible to find the money to fund the research necessary to develop the tests to detect an ever shifting array of substances some self proclaimed "chemists" or "mixologists" on the backside will attempt to use to give their horse a better "edge."

For the racing regulator it is getting harder and harder to keep honest people honest.

Elected officials often react to what is in the general press and this explains why those who hold hearings on drug and steroid use in baseball are seen on the evening news and prominently displayed on the front page of their hometown newspapers. But, unless you are betting on baseball in Vegas, few are being cheated by the baseball scandal. This is a far cry from the millions who can be cheated by a horse hopped up on some "cocktail" of substances or who has been given a quick shot of concentrated bicarbonate paste out of an innocent looking caulking tube.

Drug use in racing never seems to make news. Look how difficult it is for sportswriters to get space for racing coverage. With exception of the trades, extensive coverage only seems to come for major thoroughbred stakes races. When was the last time you saw standardbred, quarterhorse or greyhound racing covered in Sports Illustrated?

The industry says it wants integrity and there are some very sincere people saying that. Considerable sums of money have been spent by the tracks on the TRPB (Thoroughbred Racing and Protective Bureau), the RMT (Racing Medication and Testing Consortium), and that special wagering group of the NTRA that hired Giuliani Partners to make everything better following the Autotote Pick 6 debacle and is toying with the idea of creating a national office of wagering security.

Money is being spent and the trade press gives those spending it nothing but positive press that gives us all a false sense of security that something big is being done. It's like all the money that had been spent on America's War on Poverty. Did we win that war?

Do not misunderstand the point I am trying to make. All of those investments have been well meaning and certainly appreciated by the community of regulators, even though they sometimes replicate or duplicate the job of the state regulators.

It is interesting to note that each time an integrity crises hits, the industry task forces, committees and consortiums are created. It's as if you were living in a community suddenly hit by a crime wave, except that in most of those communities the first response is to strengthen the local police and not create your own police force.

I am not critical of any one of these entities or the work they do. I am here, however, to underscore the need for the racing industry and its regulators to pool their limited resources in order to get the integrity job done.

The real responsibility for policing this sport has rested with, and will continue to rest with, the state racing commissions. Public policy makers in state after state after state have determined that racing cannot be self regulated, given the nature of gambling in general and the propensity of some to cheat. So regardless of how bad the funding gets at the state level, the racing commissions will be there.

In some states, the industry pays directly for its racing commission. I am sorry to report that in many of those states – not all – racing industry participants have lobbied against the budgets of the racing commission. Let's be straight about this – the racing industry cannot say it is for integrity if at the same time elements of the industry are lobbying against those who have the ultimate responsibility to deal with those who would compromise this great sport.

Modern technology has put a tremendous strain on everyone in racing. As the major players work to develop the next generation of tote systems, the plethora of wagering sites offshore and domestically on "foreign" Indian land present a unique challenge for the industry and regulators alike. Who are these people and who is really checking on them?

Let me share with you for a minute the misconception those who work for a racing commission sometimes must deal with. There are many governmental decision makers who because of time limitations and competing priorities have never had the opportunity to fully understand this sport and the intricacies of racing regulation. To some, working for a racing commission means you get to go the track any time you want and have a good time. Well, when they go to the track, I am sure they have a good time. But when we go to the track its work and serious work at that.

Imagine asking these same people for permission to travel to the Caribbean to examine the books of the offshore wagering sites. Their immediate reaction is beaches, umbrellas and Pina Coladas instead of money laundering or pool manipulation. Out of state travel has been one of the first things eliminated from the budgets of state racing commissions at a time when the need to pursue those who would cheat our sport has never been greater.

New ways to communicate a wager and new ways to bet just complicate the job of the regulators. As technology and simulcasting have taken this sport to a new level – and it would be wrong to not exploit both to grow the fan base – it has become apparently clear that no one state can address this problem without a coordinated effort involving all other states.

It is also clear that absent a new revenue stream to support the policing of our pools to protect the public and ensure that every wager is secure and cannot be compromised by a Chris Harn, there is a need for the industry to partner with its community of regulators to get the job done.

Just as resources are limited for the regulators, they are not endless for the track, the OTB's and others offering account wagering. But each must realize that they, as business entities, are exposed if the wagering system is not secure and no national system for monitoring is put in place.

The time has come for the industry to take a hard look at the money being spent on industry driven efforts to tackle the integrity problem and ask if this is the best way to utilize the contributions of horsemen and entities alike.

What good does it do to develop new tests if you don't have the resources to take the samples? Or the investigators to conduct the interviews. Or the attorneys to prosecute the cases.

Given all the other challenges we as a society face, the regulation of racing may not be the top priority of elected officials, but the integrity of this sport must be the top priority of everyone involved in racing because if this house of cards comes crumbling down it will not be pretty. Some have told me that this is a "60 Minutes" waiting to happen. If there's one thing I know having worked in Washington for nine years is that all the political money in the world will not eliminate the heat if it hits the fan someday. No elected official will defend an industry that has left itself open to money laundering by organized crime.

Racing has been lucky that the Pick 6 scam, the Uvari indictments and others have not taken more of a toll. These have been a wake up call and many have heard it. That's why some at the NTRA are looking at the feasibility for a national effort in this area.

The need is clearly there. The responsibility to do it ultimately rests with the state commissions, but with no funding on the horizon from individual states, the only way for it to happen is through a public private partnership with the industry. The real question is will the industry be able to re-examine the money it now spends on things like the TRPB which has no ability to review non-public information or individual arrest records, no subpoena power, and no regulatory authority to conduct their investigations.

I ask you, would you fight crime in the South Bronx with a private eye or would you call the cops? I do not pretend to know how deep the pockets are of this industry, but when you support the NTRA, the TRA, the TRPB, the RMTC and who knows what else, would it not make sense to restructure all of your privately funded integrity programs in a partnership with the community of regulators so that the limited resources of the industry and regulators alike can be pooled? Does that not make sense from a day-to-day operational point of view as well as a fiscal point of view?

If the industry is truly concerned about integrity, then it will work with us to develop that partnership?

A good example is what the New York Racing Association and New York State Racing and Wagering Board are currently doing. The New York Board tried for years to get funding to conduct CO_2 testing and could not get the resources to do that and everything else it has to do. The only way that program got off the ground was through a public private partnership between NYRA and the NYSRWB.

It's amazing, once NYRA had been the textbook example of how a track should not deal with its regulator, by stonewalling and ignoring calls to clean up its mutual department. Now, today they are charting a path that should be used as an example of how the national industry associations can work with the community of regulators to improve integrity.

It really is a very simple issue. If you want to fight crime do you create your own so-called policing force with no real power or do you work to strengthen the police you have. I feel like there should be a bumper sticker that says "Support Your Local Racing Regulators."

If this industry is really serious about integrity, it will work to address the needs of the racing regulators to strengthen the national integrity effort. After all, it is the racing regulators who are the only true independent racing integrity operations out there working to protect all aspects of this sport as well as the general public.

#####