

1 CHAIRPERSON JAMES: Mr. Manfuso.

2 MR. MANFUSO: Thank you, Madam Chairman, members of
3 the Commission.

4 I want to particularly express my appreciation for
5 the opportunity to bring the horse into this discussion of
6 Thoroughbred racing. You know, I found it interesting when the
7 Commission provided suggested questions. We're so concerned
8 about the pari-mutuel wagering, which is critical. And it's
9 critical because it does provide the funding, without question.
10 But sometimes the horse and where this business really starts is
11 lost, and I'd like to suggest to the Commission that where it
12 starts are farms like Chanceland Farm, a farm that we operate 40
13 minutes from downtown Washington if you don't catch the beltway
14 at the wrong time. Twenty-five, 30 minutes from the Inner Harbor
15 in Baltimore.

16 We're part of -- we sit on 200 acres and we're part
17 of 17,000 acres in Howard County alone that's an integral part of
18 an aggressive land preservation program that Maryland has pursued
19 for a number of years. The program's in Baltimore County,
20 Hartford County. Tony mentioned 1400 horse farms in Kentucky.
21 Off the top of my head I'd suggest we probably have 400 in
22 Maryland. And without the horse, without the program that starts
23 usually the first of the year in January where we start to foal
24 mares, there's no Thoroughbred racing.

25 People talk about the economic impact of farms and
26 the contribution to the quality of life. Very briefly I'll
27 mention not the billions -- I think the numbers are real.
28 Contrary to Doug's statements this morning, I think they're

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1 probably understated. But our little budget last year, our
2 operating expenses for our small operation amounted to just shy
3 of \$1,700,000, and of that money well over 50 percent went into
4 direct labor. We spent another \$250,000 in feed, bedding and
5 grain. We do contribute to the agri-business in our county. We
6 spent about \$87,000 plus or minus in veterinarian expenses. We
7 support the professionals.

8 And our whole thrust, or our whole mission as I'd
9 like to say today, is to produce solid racing prospects that can
10 compete anywhere in the world. That's what we're all about. And
11 these horses today are shipped internationally. As a matter of
12 fact, last night at supper I was commenting to Joe Harper that we
13 had the opportunity to watch one of our horses that we bred at
14 Chanceland win a maiden race at Del Mar this past weekend. And
15 thank you very much; it paid \$57.

16 I think the question then comes if our purpose is to
17 evolve solid racing prospects, and we're talking about pari-
18 mutuel wagering, we've got the gambling side of our business that
19 is so often considered the whole business, and it's not. We're a
20 sport. We provide excitement. Tony mentioned these thousand-
21 pound athletes that go charging down the stretch at some 40 miles
22 an hour piloted by 110-pound jockeys. With this experience the
23 public has an opportunity to participate in because for that
24 moment, that moment of a race, they can literally own the horse.
25 And there ownership might be a \$2 show bet or it might be a \$5
26 win bet, but they own the horse for that time, and they get as
27 excited as I do as a breeder or if it's a horse that I happen to
28 own and race as we head to the winner's circle.

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1 The benefits of the Thoroughbred business go far
2 beyond just the racetrack. Horses that we breed that are
3 successful sometimes on the flat end up in the steeplechase
4 program. And those of you who are in the Washington area, I urge
5 you to think about the plains of Virginia the first Saturday in
6 May. They have a day called Virginia Gold Cup Day. It's
7 absolutely phenomenal. Forty thousand people jumping up and
8 screaming and having a great time as they watch six steeplechase
9 races. There are other horses that -- you know, it's always
10 fascinating to me as a breeder. You know, God doesn't bless us
11 all with the same talents. That's simply a fact of life, and
12 sometimes you have a pretty boy and unfortunately he's not too
13 fast. And if he's not too fast he's not going to compete too
14 well at the racetrack. So we have these horses that go into the
15 show and the rings. And so it goes, and so it expands.

16 So now we get into the business of the pari-mutuel
17 wagering and how that fits into the equation. Without question,
18 it's virtually the source of our funding, and today the
19 complexities of the issues and extended gaming people say well,
20 what do you think about that, Bob. I say it's a tough question
21 because it really goes from state to state. We already have
22 extended gambling, and that extended gambling is through our
23 satellite wagering facilities, and they're really more
24 entertainment facilities when they're done properly. And why
25 does that happen? You know, why it happens is not a very
26 difficult issue to discuss. It really relates to lifestyles of
27 people. People's lifestyles today are such that what they pay
28 for entertainment is not always measured in dollars alone, it's

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1 measured in convenience. It's measured is accessibility. If you
2 wanted to dine in New York City your place may be four blocks.
3 If you wanted to dine in Texas you might go 50 miles, and so it
4 goes with racing. Tom Meeker a number of years ago allowed
5 Keeneland to enjoy the Derby Day from Lexington, Kentucky and
6 they simulcast the Derby. Would you believe that 20,000 people
7 were at Keeneland Racetrack on the first Saturday in May?

8 The question of other forms of gambling, whether it's
9 slots at racetracks, card rooms in California, is one that I
10 think is a two-edge sword. On one hand I sit on the board of
11 Hollywood Park. We have a card room in a facility that was a \$40
12 million mistake, and it's helped racing. We have also have card
13 rooms eight or ten miles from our facility. It's difficult to
14 suggest that if you have gambling as part of your entertainment
15 facility, and you've opened up a casino next door, that you
16 shouldn't provide the same opportunities to the racetracks as you
17 provide to other forms of gambling.

18 On the other side of the coin, though, we have a
19 situation which I think is concern to those breeders who keep the
20 focus on horses. And that's the fact that all too often access
21 to other forms of gambling provides no more than a quick fix, and
22 the track operators lose their focus. They tend to direct a
23 disproportionate amount of funds and resources, both human and
24 financial, to the other form of gambling as opposed to racing.
25 Simply, it's more profitable. That's easy to figure. And I
26 think that's a situation that is current in several states that
27 are pursuing slots, particularly at racetracks. The
28 problem with that is that down the road if the expenses oriented

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1 side of your business can be eliminated so that you can simply
2 pursue the profitable side of your business, it would have a
3 significant impact on farms such as Chanceland.

4 I'd be happy to answer any questions the Commission
5 might have. Thank you for your time.

6 CHAIRPERSON JAMES: Thank you, Mr. Manfuso.

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