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23 MR. PUTSAVAGE: Thank you. And that is

24 exactly what we've tried to do here in the paper I've

25 given you.

1 TESTIMONY OF TELISPORT W. PUTSAVAGE

2 MR. PUTSAVAGE: I'm Telisport Putsavage.  
3 I'm representing the American Horse Council, which is  
4 an umbrella trade organization representing all equine  
5 activities in the United States, certainly including  
6 racing and breeding.

7 COMMISSIONER McCARTHY: We're recording  
8 this, Mr. Putsavage. We want to make sure that mic  
9 picks up what you're saying.

10 MS. FLATT: Is it on?

11 MR. PUTSAVAGE: It's on.

12 COMMISSIONER McCARTHY: Thank you.

13 MR. PUTSAVAGE: Thank you. And I'll speak  
14 closer to it.

15 We're submitting this morning an  
16 attachment to this presentation, an outline of  
17 proposed research questions addressing the equine  
18 industry. And to the extent that the Commission  
19 examines the equine industry, we think these questions  
20 will offer a frame work for conducting that research  
21 and will help the commission gain an understanding of  
22 the sporting, agricultural and gaming aspects of our  
23 industry.

24 And in preparing this submission to you,  
25 we examined the duties that the Commission is charged

1 with and identified issues related to the equine  
2 industry which we think are potentially within the  
3 scope of the Commission's statutory charge.

4 I'll skip through this for the sake of  
5 time, and you all have it to look at. There are  
6 several points I would just like to stress for those  
7 gathered here, as well.

8 One is to set the context of the  
9 parimutuel wagering industry as it exists in this  
10 country. In the '70s, when the prior Commission  
11 examined gambling in this country, parimutuel wagering  
12 constituted approximately 28 percent of the dollars  
13 wagered in this country on legalized gambling.

14 For the most recent statistics for 1996,  
15 that figure was down to under 7 percent. And while,  
16 quantitatively it has grown, proportionally, it has  
17 been largely overshadowed. And one of the aspects  
18 that we hope the Commission will look at in its  
19 research is the nature of parimutuel wagering, which  
20 is fundamentally different than any other type of  
21 gambling.

22 Not only is the wagering itself different,  
23 but it is, I think, the only active type of gambling  
24 that has a sport element to it. It is the only type  
25 of direct, legalized gambling -- other than sports

1 books and is very much an agri-business. It is  
2 supporting agricultural economies of many states.

3 I have a few quick suggestions to make as  
4 to process, as well. This pertains to how the  
5 Commission has its research conducted and attempts to  
6 pull together the results of that research.

7 The previous Commission relied heavily on  
8 individual research papers and public testimony, and  
9 heard from, as we understand it, approximately 275  
10 witnesses.

11 We recognize that the Commission has, so  
12 far, been very generous in taking public comment, but  
13 we urge you to broaden that approach and make sure,  
14 whether it's part of site visits or part of Commission  
15 meetings in Washington, that you fully utilize the  
16 public hearing process as a complement to your  
17 research activities. We think it will serve you well,  
18 as you begin to pull together your research data, to  
19 take public reaction to the soundness of the  
20 information that you've gathered.

21 I'll just skip through very quickly. You  
22 will see that, in the attached outline, we have  
23 identified five general areas which we think are  
24 pertinent to your concerns and would present a full  
25 understanding of our industry. The first is a picture

1 of the industry, what is the nature of racing and  
2 breeding in this country and what is the nature of  
3 other equine activity that that racing and breeding  
4 helps provide the economic foundation for?

5           And, second: What is the economic impact  
6 of this industry? Several major organizations funded  
7 the foundation arm of the American Horse Council,  
8 which in turn retained an outside economic consultant  
9 to provide a profile of the industry that was  
10 published in December of 1996. And that information,  
11 the full study, will be provided to the Commission.  
12 The study shows that economic activity from wagering  
13 and racing is extensive, wide-spread, and deeply  
14 rooted in the community.

15           Next, we think the Commission should gain  
16 a good understanding and present, as part of its  
17 research, an understanding of the parimutuel system  
18 because it is somewhat complicated and it is different  
19 in that you are competing with your fellow spectators,  
20 as opposed to an organization where you are wagering.  
21 Understanding that is part of understanding the role  
22 of this industry.

23           We think the Commission should draw  
24 together, both as part of your statutory survey and  
25 your more qualitative research, the full picture of

1 how regulated this industry is and how well structured  
2 it is to protect both the integrity of the racing and  
3 the integrity of the wagering itself. And this  
4 includes both the care of the animal, the conduct of  
5 the event and the actual handling of the wager and the  
6 funds.

7           Lastly, we think the Commission should  
8 look carefully at problem gambling and under-age  
9 gambling. We think that, as part of that examination,  
10 you should be careful and do your best to discern what  
11 types of gambling lend itself to problem gambling.  
12 The racing industry is very aware of that and is  
13 undertaking their own work in that regard, and they're  
14 interested in working on that issue and working with  
15 the Commission's findings.

16           So I thank you, very much. The Horse  
17 Council stands ready. As I said, we will supply the  
18 full economic study to the Staff and the researchers  
19 as appropriate. Obviously, we're ready to help with  
20 any kind of other information we can.

21           COMMISSIONER McCARTHY: Thank you very  
22 much.

23           MR. PUTSAVAGE: Thank you.

24           COMMISSIONER McCARTHY: Just a moment,  
25 please.

1 MR. PUTSAVAGE: Certainly.

2 COMMISSIONER McCARTHY: Are there any  
3 questions from Dr. Dobson or Mr. Wilhelm?

4 COMMISSIONER DOBSON: I don't think so.  
5 Thank you.

6 COMMISSIONER McCARTHY: Well, let me ask  
7 you just one thing.

8 MR. PUTSAVAGE: Yes.

9 COMMISSIONER McCARTHY: I notice that  
10 there seems to be some extension of what was  
11 originally proposed. I've read that some state  
12 lotteries are beginning to use different kinds of  
13 machines to promote their product.

14 I know that in California where I live,  
15 one race track in southern California was thinking of  
16 proposing an initiative to put on the state-wide  
17 ballot to authorize the use of certain kinds of  
18 gambling machines on their property. Do you see, in  
19 your industry around the country, that this an area we  
20 should be looking at in our research? Some kind of  
21 variation that gets away from traditional horse racing  
22 into other forms of gambling under one roof?

23 MR. PUTSAVAGE: I certainly think the  
24 Commission should and will be looking at the extent to  
25 which that is an evolving trend. In the more detailed

1 question outline we gave you, we suggest that you look  
2 at the trends generally and where things are going in  
3 that regard.

4                   Now, that has been a decision. As, I  
5 think, would be the case in any industry, there's a  
6 wide divergence of views as to what is the soundest  
7 path toward continued economic health of racing and  
8 wagering. And, in some regards, a number of industry  
9 interests have felt --

10                   COMMISSIONER McCARTHY: Is that working?  
11 Excuse me. Is that working, or did you turn it off,  
12 Dr. Kelly?

13                   DR. KELLY: Yes. It's back on.

14                   COMMISSIONER WILHELM: This one's working  
15 here. If you want to have him speak into it.

16                   COMMISSIONER McCARTHY: Yes.

17                   If that's not working, you can just pick  
18 up one of these. Why don't you just turn that off?  
19 Thanks.

20                   MR. PUTSAVAGE: Some industry interests  
21 have felt, as a defensive move in many regards, that  
22 they need to introduce alternative forms of wagering  
23 at the race track, where they have been confronted in  
24 close geographic proximity with those interests  
25 springing up elsewhere. Other interests in the

1 industry feel strongly that racing should stay only  
2 racing.

3           And so far, those interests have agreed to  
4 disagree. And I think the overall posture of the  
5 industry is that choice should remain a choice at the  
6 state and local levels.

7           COMMISSIONER McCARTHY: Mr. Dobson?

8           COMMISSIONER DOBSON: I do have a  
9 question.

10          COMMISSIONER McCARTHY: Excuse me.

11          Is that still on? It sounds like it went  
12 off.

13          MR. PUTSAVAGE: Yes, it is.

14          COMMISSIONER WILHELM: I just turned it  
15 down a little so it wouldn't feed back.

16          COMMISSIONER McCARTHY: Okay. Thank you.

17          COMMISSIONER DOBSON: I do have a  
18 question. There are those in the horse racing  
19 industry who are anxious to make a distinction between  
20 the social impact of parimutuel betting as opposed to  
21 casino gambling: That they have a different impact on  
22 the gambler and on society at large.

23          Do you take that position and, if so, why?

24          MR. PUTSAVAGE: Well, I think there are  
25 some distinctions to be drawn. Certainly, in a number

1 of locales, racing and wagering on racing has a much  
2 longer tradition and is much more integrated into the  
3 structure of the community than, I think, in many  
4 regards, the other forms of wagering we are seeing.

5 I heard someone speak recently at a  
6 symposium in the state of Kentucky on whether tracks  
7 should explore introducing other forms of wagering.  
8 I will add as background, two of the main tracks in  
9 Kentucky are now operating with river boats within 15  
10 minutes of them, and more are opening, so they are  
11 facing economic competition very intensely.

12 Someone made the comment at this symposium  
13 that he feels very much at home with the combination  
14 of his activities in the horse business and wagering  
15 on it and his strong religious upbringing. And  
16 Kentucky is a state with a very strong religious  
17 streak and, yet, you know, has a very strong culture  
18 of racing and wagering.

19 And so I think that is one possible  
20 distinction that can be drawn. I'm not here, really,  
21 this morning to give you a detailed answer to that.  
22 I think there are other characteristics that might  
23 come into play that actually focus on the nature of  
24 the wager and the timing of the wagering process; I  
25 know that one of the concerns in confronting problem

1 gambling is the rapidity with which a wager can be  
2 placed.

3                   COMMISSIONER DOBSON: I've been receiving  
4 letters from people in the horse racing industry who  
5 have made the case very passionately that horse racing  
6 is involved in the science of breeding and the  
7 assessment of the animal's ability and so on, as  
8 opposed to dropping coins in a slot machine. They are  
9 very anxious to make this distinction. Is that  
10 something that's important to you?

11                   MR. PUTSAVAGE: Yes, it is. And while  
12 there are certainly some other forms of gaming that  
13 involve skill and decisions, parimutuel wagering can,  
14 on one hand, be a totally non-fact-based activity.

15                   COMMISSIONER DOBSON: Yes, right.

16                   MR. PUTSAVAGE: By color or name or so  
17 forth.

18                   COMMISSIONER DOBSON: It's what you make  
19 out of it?

20                   MR. PUTSAVAGE: It's what you make out of  
21 it. On the other hand, it is an opportunity, if you  
22 care to apply skill, to judge both the caliber of the  
23 animals and the conditions of the races and your sense  
24 of what's happening.

25                   COMMISSIONER DOBSON: Thank you.

1                   COMMISSIONER McCARTHY: Thank you, very  
2 much.

3                   MR. PUTSAVAGE: You're quite welcome.  
4 Thank you.

5                   DR. KELLY: Mr. Chairman, could we just  
6 pause a moment? Someone's here to look at the  
7 microphone and see if we can get that set.

8                   COMMISSIONER McCARTHY: How about another  
9 room?

10                  MS. FLATT: Yes.

11                  DR. KELLY: Yes. This is quite  
12 distracting. We could ask. Do you want us to check  
13 and see if another room is available?

14                  COMMISSIONER McCARTHY: No. I'll tell you  
15 what. When we finish the public testimony, I want to  
16 see if we can move the mics back into the room from  
17 which we just came.

18                  DR. KELLY: That's a good idea. Okay.

19                  COMMISSIONER McCARTHY: Because this is  
20 not going to work unless that ends in 15 minutes.

21                  (Pause.)