

---

## The 'Fort' Back In Business For 112th Year

Date: June 10, 2009

By: Larry Simpson

This past May 2nd was not just synonymous as Kentucky Derby day, but a little closer to home; it also marked the first day of racing for Fort Erie Racetrack's 2009 season. A couple of weeks after the track's opening, the following interview was conducted with James Thibert, President and General Manager of the Fort Erie Economic Development and Tourism Corporation (EDTC) who are spearheading the not-for-profit Fort Erie Thoroughbred Racing Consortia's offer to purchase the track. Jim provided an update on racing in the town of Fort Erie for this season, and for the future.



However, since this interview was conducted, it has been reported that the Fort Erie EDTC has been able to find several potential investor-developer parties who have shown an interest in the possibility of partnering with the not-for-profit Consortia, or perhaps make an offer to track owners, Nordic Gaming Corporation, in their own right as owners.

### **Q: What is the status to date with the pending sale of the Fort Erie Racetrack?**

A. Well we haven't bought it yet, instead we have put in an offer to purchase the track for 35 million dollars.

### **Q: So far are you happy with the way negotiations are going?**

A: There really have not been any negotiations. We made an offer to purchase and now we have a letter of intent and have a 68-page contract without any appendices, but we pretty much agreed to the majority of those terms. Everything is predicated on the purchase price, which we made an offer of 35 million dollars for. And what we are doing in the 90-day period is developing all of the due diligence and all of the financials and the history and the policies of where the province is and where racing is going. Trying to piece it all together to find out if we exercise the option to purchase the property and the track and the rights to it, will we be able to afford to operate it. I should note also, that when we made the offer, its actually a 'two parter'; we provided 2.25 million dollars, as a non refundable deposit with the offer, that demonstrated our seriousness, but we did make the offer conditional to it being an operating track, an operating business. So because of that condition, they (Nordic) were obligated to run this year and so at the very minimum we made sure that racing runs for the 2009 season.

**Q: Were you happy with Fort Erie's May 2nd opening day?**

A: Opening day was fabulous! For the last five or six years, opening day has been really what I would call a soft opening. Usually it's cold in the spring, normally bad weather and the track wasn't ready. But this year they were ready, the weather was good, and we had well over 3500 in attendance,

which I think is a record for an opening day at Fort Erie, at least long standing best case scenario. It was a fabulous and fun day of racing.

**Q: Did you notice some new faces in the crowd on opening day? Or do you think it was more of people being curious because they had continually heard and read, that the track might close?**

A: It was pretty clear that some new people were in attendance, but really in walking thorough the crowds as often as I did, and into the various dining areas and in the main galleries, and down in the paddock area, it became obvious that people were coming back to the track, after being away for awhile. People who have always been fans of the horse racing industry, but you know what, other things in their life got in the way! They have ignored racing because they have the kids going to hockey, they watch basketball, or the hockey playoffs. But I believe that once they saw the press, it was like 'Hey you know what, I'm a fan of racing, I really enjoy it, and there is something in Fort Erie that is unique'. So they came out for the day. We also had a very significant number of serious players from the United States. I talked to many of them, and it was nice to have them attend. The US players have been part of the 112-year history of the track and it was good to see them back in attendance.

**Q: What do you think has to be done to guarantee racing at Fort Erie for 2010 and beyond?**

A: Well, in the two months that we have been working on acquiring the track, it is pretty clear that there has to be a couple of things in order to guarantee racing, aside from just the money aspects of operating. Number one, there needs to be an assurance that there will be racing the following year. It is horrendous that neither the Government of Ontario nor Nordic could make a decision to race until sometime around February two years ago, or March of last year. The problem with that is the horse people are gone in October when the Fort Erie racing season is completed, around October 15th, and because they have to find winter stables and winter conditioning grounds, they tend to go into the lower States. They have to and want to, I might add, make plans to come back in the spring, in October, and not have to wait to March. They can't wait around; they have to go to Erie or to Virginia to race. You know, it was absolutely heart wrenching this year when people would call our offices and say 'Thanks very much for helping out, but I have to get on with business. I can't wait another year, I have to sell my house, as you know this is my livelihood.' It is a horrendous human situation when we can't assure people that the racetrack is going to be there the following year, which is what we are working on. If we can muster the wherewithal to buy the track, we will only do so if we have a guarantee that there will be live racing at Fort Erie for a minimum of five years. We want to be able to tell people 'Look continue with your breeding program, take a chance on purchasing some stock, and continue developing the skill sets around the trainers and jockeys, because if we are going to open up, it will be for five years. And you'll know how many days we are racing in the first structure in the first of the five years, and that's fair to everybody. We are hoping that we get the province of Ontario's assistance. The Ontario Lottery

Corporation of course is involved, because they lay out a fairly sizable chunk of dollars from the slots, to the purse structure and to the operating line, so we are hoping that everybody respects the value of the horse racing industry in Ontario, and the fact that if you are just dealing with gaming it is an alternate product. And the fact is, this is not just printing tickets! We have huge overheads in the horse industry! You have all of the breeding, insurance, veterinarians, the medicines, the food, and the grooms, just to name a few. A whole industry, which accounts for between 40-60 thousand people in Ontario, is the infrastructure behind this, and the government of Ontario fundamentally 'gets it' for 'slot money'. It's interesting that we take care of it from that side, but it is not like the OLG's other products, where they just produce some paper tickets and you throw them away a little later on. All you are doing there is 'chopping down a few more trees'! So they have to understand the difference in products. Of course if your in the gaming industry, you know horse racing is having a bit of a tough go right now, throughout North America, but you know that once things settle out, Ontario will be doing well. In the case of Fort Erie, of course it represents 50% of the Ontario Thoroughbred market. There are only two tracks in Ontario. If they are going to come up with a solution at the government level to assist us we figure there are two things. Number one we have to help ourselves and that's what we are doing, and number two we will need the help of the government again, and it has to be reasonable, a reasonable investment for the taxpayers of Ontario to belly up to the table again. Secondly, we have to explain to people that there is between 40-60 thousand direct jobs related to this, and that is as big as GM. If they are prepared to give away a lot of money to keep the car industry here really the government of the day and the Federal government, should be looking at keeping any industry alive right now that is viable.

**Q: I was told, and I am not sure if it's correct or not, but the racetrack was the largest employer in Fort Erie, is that correct?**

A: It has probably the single largest economic benefit. It's not necessarily, singularly, the largest employer per say. I'm an economist and I have worked for 10 years for the government before this, but what we are trying to explain to them is that there are about 2500 people in practice on the track, about 300 of them work for slots, and they are civil servants. They actually work for the Ontario Lottery Corporation, and are civil servants like the people who work at the Drivers License Agency for instance. There are about 300 people that work on the track itself for Nordic, from food and beverage pari-mutuel clerks, and security. The rest of the people aren't direct employees, they are owners, they are trainers, and they are little business units. They are the epitomes of the entrepreneur. The product isn't paint or furniture, it is horse racing! And they are entrepreneurs, they are little business units and collectively the total value of the track in any given year is about 300 to 350 million dollars worth of economic impact, of which about 65 percent of that stays in Niagara. So you could say that it's a very serious contributor to Niagara and the economy of Fort Erie. Not to mention the number of people that makes their living off of the track one-way or another, who contribute to our economy.

**Q: So that is probably the number one reason you wanted to keep the track open, the impact it has on the economy and the stimulus it is going to have on the rest of the area?**

A: Well for me as a professional economist, in economic development, absolutely. Believe it or not it's far less expensive to keep something, as it is then to let it go down and replace it. Over the years, we have many, many examples of that. I mean, The Dome Stadium in Toronto was around 300 million dollars, the government put in 162, and they wrote that off, and then they turned around

and paid back out and by the time Rogers bought it I think it was 32 million dollars that they bought the place for. How can you justify that? Well it has a huge impact on Ontario, a huge impact on Toronto, therefore how could you let it sit empty? That Dome in Toronto is no more important to Toronto then this racetrack is to Fort Erie, and we have 25 times the history that the Dome Stadium has. At least 25 times. In relative terms its absolutely important. Niagara has taken a pretty big hit over the last 12 years in terms of manufacturing. They shifted to in large part tourism. We still work very closely with our manufactures in Fort Erie because we have a good solid base. But that tourism product on the Peninsula is the draw. We are the second biggest attracter in Ontario. Toronto is the number one attraction for tourists, and Niagara is number two. And so you have to provide a variety of products and a variety of experiences. You are not going to get a better one then horse racing! Really the entire industry ought to be embracing this and helping us out.

**Q: The entire horse racing industry?**

A: The entire tourism industry.

**Q: What about the horse racing industry? What role is the HBPA playing?**

A: Well, the HBPA is very tightly knit with us. We are partners in developing a not for profit corporation, and they play an active role in the development of the due diligence, and the modeling. We hired Deloitte as consultants to do that for us. The HBPA's President, Sue Leslie is on board and the status of the track has really become a daily thing. People don't always seem to appreciate that we have probably been working together on the Fort Erie Racetrack project, spending anywhere from 5 to 6 to 10 hours a week together, for the last two years. We are living with them like Siamese twins on this one. It's interesting because the HBPA could help out from the purely selfish motivation of Fort Erie. We look at the HBPA as being one unit. In fact they divide their dollars between Woodbine and Fort Erie, so what is earned in Fort Erie stays in Fort Erie and what's earned in Toronto goes to Woodbine. And of course that's interesting. We don't begrudge Woodbine that, but it's really a situation where our industry here is in jeopardy because of location, not because of product, or not because of how well it's being managed. We are just a smaller market place. We have a million and a half people in our area if you include Buffalo, and Toronto draws on about 5 ½ to 6 million people. So that's very interesting what happens. We had suggested that perhaps Woodbine take 200 of our slot machines, which are earning about 60 to 80 dollars per unit per day at Fort Erie, and put them in their slot area in Toronto, where they could end up making in the range of 800 to 1000 dollars per day per unit, which translates to about 30 million dollars. And so if you divide it up the province would be making 10 million dollars more then they would had the machines been left here, Woodbine makes 10 million dollars more, and we could make 10 million dollars more then we could get. If that was the case we don't have any problems and we don't need another single tax dollar. So the solution to Fort Erie's problem is very simple. They are simple on paper and in practice, but a little more complex with government, because if we do it for Fort Erie they will insist on it for other places, and how many slots can Toronto take and not detract from Niagara Falls and Windsor and places like that? But there is a large contingent, which say 'Well you know what, the slots are great for horse racing but the casinos weren't.' All the casinos did was to offer up more products and new products into a market place that was traditionally being met by lotteries and the slots, and bingo. And so, our bingo's, our lottery's and our slots all lost market share to the casinos. It happened in Windsor, it happened in Sarnia, it happened on the borders with us. Then you add

the competition from Michigan that has their own gaming now, and New York with its own gaming, and we've been assaulted in terms of our market share with the casinos. In large part are we sitting here saying that the horse racing industry in Fort Erie is not doing well because it's the only place in North America, that is known, when the entire horse racing industry is having trouble? Are we saying, well its because we can't attract people to the track? Well, obviously not, as every time we put out a major marketing push we set record setting days including our opener this year. Are we saying that people don't want slots anymore, or that the American's are having trouble coming across the border? The answer to that is 'No' as well. The border issues have fundamentally been cleared up as far as traffic, and although there are still some concerns that the Americans needed a passport after June the 1st, we think they'll get through that. But there is a long-term history and you can see it, where, when we had one casino our revenues went down on slots, and when we have two casinos' it went down even further. So we're kind of 'pilfering' from our own nest egg, through the Ontario Lottery Corporation, and the evidence is always on single line products. And we have a single line product, which in Fort Erie is bingo and horse racing, and they are two solely separate markets. So, if we pilfer our market away by offering products in Buffalo, Niagara Falls, New York, or Niagara Falls, Ontario, that's a problem, but when it comes to Ontario doing it, they should be responsible to help us out. They should be responsible for equalizing it. So I don't see the problem with 'sticking' 200 machines in Toronto, as long as Woodbine is happy with that.

**Q: Why wouldn't they be?**

A: You will have to ask Mr. Willmot that! Seriously, Woodbine is far from saturation, we know that. It's not like we are going to put 200 machines in there and detract from the other machines. You could probably put 1500 to 3000 more machines in Toronto and do very well. I'm sure the Ontario Lottery Corporation is going to say 'well they are our machines', but they are licensed to Fort Erie. It was our concept and our idea to solve the problem. And it solves a problem in the same way that they currently do it and the Ontario Lottery Corporation hasn't thought of it, but we did, so lets take a chance at it and see what happens. We don't want to ask the government for a hand out, when we can come up with a solution that makes everybody money. It seems like a logical solution.



**Q: If you were a betting man, what are the chances that there will be live racing at Fort Erie next year? Give me a percentage.**

A: A lot better then this years Kentucky Derby winner! (50-1, Mind That Bird)

**Q: Lets jet stream into the future for a moment and Fort Erie is racing next year. One of the suggestions made by several race goers in the area recently, is to start making the track, more family-friendly again. One regular patron mentioned about bringing back the kids petting zoo, which even I remember as part of the racetrack visit many years ago. The other suggestion is to bring back Saturday racing in order to get the families attending. Are these suggestions you will be considering? Restructuring the dates, promotional ideas to get the families back?**

A: There is a strategy that will have to be employed. First of all, for us to race next year we are going to want to go on this model, that we have a five-year commitment. We can't just keep exposing the horsemen, and their families, and livelihoods to a 'what if' situation. It just doesn't do well. One of the things, and this is a long drawn out way to get around it, but you need to understand how an economist looks at this. For the first time, what I've asked Deloitte to do for us, is to create a set of models on the inputs to racing, so that we can describe to people what happens when you change one of those coefficients. So for instance, if we just talk about having 10 races a day and a minimum of 5 horses in each race, then we need 50 horses for a day. If they can only race every three weeks, we need to have 450 horses to cover that, so that we can have 10 races a day x 5 horses. Now, you can run a racetrack like that in terms of the way things are today, but all you are going to do for purse structure is eat up what the slots give you, as you are not going to earn any betting in any one of the other five betting mechanisms, like off track betting, on track betting, or race signal sales, on a 5 horse race. So you have horses, then you have racing, then you have a prize pool for them but your only eating the prize pool and you are not generating any new revenues. So, if you can add 7 or 8 horses to the mix now your getting more, and guarantee those things and have really good meets so that more solid your meet the more you will have people betting on your product, because it's a better meet, and fairer play for the players. You will get more serious players and you'll end up with more revenue from off track betting, on track betting, signal sales, etc. So if you do that you end up with more money, and that's exactly what you need. So the only way to get to that point is to guarantee the horsemen that were going to race for x amount of days and were going to have like a five year commitment. If you do that, then you'll breed better horses. Then we have to take a look at the infrastructure on the site, improving the barns and the rest of the backstretch by putting some money back into them. Now the way to do that is, we can save probably around 22 percent right off the bat if we are not a profit making corporation, because any profit making corporation will want to see a return on investment of at least 20 to 22 percent. So if we go forward on this model as a Not-For-Profit Corporation which is very similar to the way Woodbine operates, and it's a partnership between the town of Fort Erie, The Ontario Horsemen's Benevolent Protective Association, and the Economic Development Corporation, then what we can focus on is what is best for the racing industry, as opposed to generating a profit, and looking at the racing industry as a cost. And that has to happen in order to get racing back on top. Once we have racing back on top, if we have that confidence level there, our modeling is predicting that should be able to generate fairly significant betting revenues that we haven't had for a few years, and those revenues can go into paying down improvements to the barns, and coming up with some new modeling for attracting families and for ideas like night racing. Now, you wouldn't want to put 2 ½ million dollars into night-lights and have it cost you. But it's interesting that in a place the size of the town of Fort Erie we can use that venue for community things if lights were installed. We are able to generate revenues completely outside of the track use. And we can put concerts on there, all sorts of events. The other thing that happens is we don't necessarily have to lose money if we can get people to the track during night racing, if we offer some ancillary product like the concerts, or even a dinner theatre. So along with racing, you're offering up dinner, from time to time music, and if you balance out 5 or 10 events, it would be worthwhile, because we are not just talking about a single year here, we are talking about a five-year horizon that we can average costs over. Over this five-year horizon, you are only looking at about 500 thousand a year that you have to recover, and it makes sense. The idea of having more families in attendance, first and foremost, you want more people on site, and we've got to get back into the American psyche. The American's have taken a huge beating and there is no place in my experience and I've been around, but there is no place more bi-national then Fort Erie. I've never seen, even in Windsor, the large proportion of properties owned by American's as we have in Fort Erie. We have 1771 properties out of 10,500 that are American owned, and they represent over 20 percent of the tax base. That's how important they are to Fort Erie. And those folks are

rock solid! They come over for the summer time, they want to see some events, they want to go to the restaurants, and they don't care to go back to Buffalo while they are over here. I mean they will send 'Pop' back to work but the rest of the family wants to stay here and enjoy it. So, the American market is huge to us and we feel we have an obligation to give them a product that they can enjoy again, because that's where a strong part of the base was. At one time we were looking at 74 percent of our market was coming from Buffalo. That was only six years ago. Now you are looking at about 15 percent. So it's not hard to tell where the problem is. We really have to get back the respect of the American's and the American market place, the friends that we've had for 112 years. Welcome them back and that's the first big push. The second big push is to start to broaden the depth of your customer base. Start dealing with families. You know we were talking about ideas and we put a suggestion / comment package on our website so that people can just type it in and send it us, opposed to faxing it or whatever. We got well over 3000 ideas. One gentleman wrote 30 pages, and he's run an operation in Ohio, a horse racing operation in Ohio. So, most of this stuff is well thought out, but in terms of even innovative out of the box thinking, how about this- you know you are sitting in the nicest infield in North America (Fort Erie), why not have people who show up on live racing days, put their name and phone number on the back of a losing betting ticket and enter it into a draw for an opportunity for 10 families to be in the infield on a future race day. They will be provided with a nice picnic out there, and hey, that becomes a special place to be. There's nobody out there! Sure you can't be hanging on the rail, but you get out there in the middle, sitting under an umbrella, watching everybody in the stands. It becomes a pretty special place to be. You can generate revenues that way. Even hold weddings. It's just a question of the manpower. We think there is also an opportunity to control some costs and cut some costs by working with the horsemen in order to prepare the grounds in the spring. We think there is a way of cutting costs there by getting them to do something that they are able to do, and feel better about getting the track ready early. The horsemen are looking forward to a complete new management model, and the assurance and guarantees that their industry is going to be there for at least five years. They are going to be looking for assurances that they can make that investment, and at least have a bottom line that they know they can compete for. A minimum amount, which is what we are trying to get out of the government. And prospects for a good future.

**Q: Plus, I think the track has a little bit of a niche as well. It's the only dirt track in Ontario and there are a lot of horses that can't race on a synthetic surface, which Woodbine provides. Technically the horsemen need it.**

A: Well, you know more about the horse racing industry than I do! Before I came to Fort Erie I knew nothing, I've been thrown into the fire here. My comfort level with some of those things isn't very high but I can tell you that what you just said has been echoed many many times by many competent people in the business like yourself, who are experienced in it, on both the American side and the Canadian side. But we have yet to see people coming out of the woodwork physically. They have come out of the woodwork all over the world to give us ideas, which is a good thing. But you know there is a difference between punching a button on the Internet and bellying up with cash. And we have to come up with a plan. So we have a number of options. One, is to come forward and say look we have this model, we can make it work although money is an issue, we need some support on money, and our approach is that when we find that bottom line, will the government support us in anyone of two or three ways to accomplish that. We've made one suggestion about slots, which can cover the costs, no problem. The government is not so inclined to consider that. But it is still a valid argument for us as it shows the potential.



**Q: I guess it has been an interesting experience for you, especially with little prior involvement in horse racing? One could possibly say a positive learning experience?**

A: Well, it's kind of like what I do. It is hard to explain to people what I've done for 30 years, but in my field the learning process is part of the discovery process, which is part of how I create solutions. If somebody can't see the forest for the trees, that is problematic. I started out in Sault Saint Marie, which during the 1983-

84 my career began to be help Sault Saint Marie out of the Rust Belt Recession. So that was recession number one. From there I went to work for the Province, as their senior development economist, for North Eastern Ontario, and was Crisis Manager for a lot of places like the MacMillan Bloedel issue in Sturgeon Falls. Elliot Lake was one of my biggest clients when we closed down all the mines there. I had somewhere close to 385 million dollars to work with in order to keep that place alive and running and a good team working there with me, and they are still going strong. So you know that it all leads up to what I do here. I don't need to know anything about mining, to point out the business side of mining, nor do I need to know anything about horse racing, to point out the business side of it, because they are just fundamental businesses. If you don't have enough market share, or if prices aren't high enough, or if you don't have enough investment capital, the fundamentals of business prevail here even though people locally are tied into the emotion and history of it. And you can see this in the suggestions that we received, the several thousand suggestions. You can see people making suggestions that relate to the past. This is what worked in the past, so why don't you do it now? Well, the dollar is worth 20 percent less, it's not like the old days. The question becomes how to become more efficient on the track, how to offer a product that will increase market share, and how to attract more people back. And there's lots been said about this. Fort Erie's opening day, there were signs all over the betting windows saying that American dollars will not be accepted.

**Q: I noticed that on opening day too, is that something that is just a short term?**

A: We asked Nordic why they made that decision, since they still own the track. You can imagine, that it was a surprise to us as well, however Nordic said that there are a couple new products out there; one being a 20-cent Superfecta, and that they can't handle that bet in American dollars. And the other thing is that the American market share is now 15 percent instead of 70 plus percent, and having designated American windows requires more pari-mutuel sellers. I think that just goes to the bottom line, the way I have been saying. If you are a private sector business, racing is costing you money, and so your prime objective is to curtail costs in order to balance the books. If you're going at it from the not-for-profit side, you are going to be more effective, because you don't have that ROI margin that you have to worry about. It's not what's driving this. The quality of racing, that's what, is driving it, the quality of the industry. And quite frankly we have already; in fairly short order have the numbers down to less than a million dollar loss, EBITA. So, that's a far cry from where Nordic is talking about 3 ½ – 5 million dollars loss. But that's where it fundamentally is, the difference between how you record the loss, whether you're doing it against profit, how you amortize the capital, and what you write off. So, we think the solution one way or another is a not-for-profit corporation much like Woodbine.

**Q: You just finished saying before that one of the keys to the success for the track, is getting the American public back. You are not going to get the American public back if you're not going to accept their currency. As long as I've been going to Fort Erie, I always used took a little bit of American money with me, because the US dollar was worth more. We would bet both Canadian and US. However, if you are telling them 'no we don't want your money', aren't they are going to stay on the other side of the border?**

A: Exactly – American's look at their money pretty much like if you don't want my 'greenback' you don't want me. Would I have done it? The answer would have been well I'm not in a position to worry about the cost right now, like they (Nordic) are, because this is their year. I just think that there would have been many more positive over riding factors to keep it the way it was. Your knit picking! If you're down to 15 percent market share now, by doing that you're now down to 10. I think its a little counter productive. The Buffalo News was not pleased. Bob Summers (Racing Writer), of the Buffalo Evening News - was not happy. His was a typical response that we could have predicted, which is 'Man your telling us you don't want us, that's how we hear it'.

**Q: You want the American public to get into their car, cross the border, sit in traffic to get through security, finally make it to the track, only to find that you don't want their money.**

A: Well marketing is all about saying one thing, or presenting something in a way that the people that are going to receive it want to hear it and want to take it. And we all have our little glitches, I understand marketing inside and out. Now on the other hand, often I'll be talking to my wife and she will say 'Stop yelling at me', and I'll say 'Honey, I'm not yelling, I'm being assertive', well, I see it as assertive and she sees it as yelling, so obviously on a personal basis, that day of marketing with her wasn't working very effectively. Maybe that's what has happened here. Look at people at the Duty Free. Many times, Chuck Loewen the manager of Duty Free, even when the dollar was 50 cents, he would give you 10 cents more, because for every dollar he has to give you at 10 cents more, he's bringing in 90 cents more. So he sees that as a way to generate more revenue. Other people don't. We have to strengthen the horse racing population and the only way to do that is to make sure that we have stability of racing. The only way you are going to have stability of racing is if you have a market place that wants it, because there is not a huge transcendence between the people who play the track and the people who play the slots. You need to bring people off track betting and on track betting, even though I think that you can't really rely on off track betting. It makes money for you, even while your kind of sleeping so to speak, but when you don't see the people, you are not developing the market place, brand loyalty, and history. You are wasting all of those things, that an on site experience can give. You want to bring your kids to the track and see the horses and fall in love with them, so that later on as adults, they will bring their kids and they will bet responsibly. You have to breed patrons like you breed horses, treat them well, and you have to let them win!

**Q: So is there a feeling of optimism for racing in Fort Erie in 2010?**

A: We are very optimistic. As I said earlier, racing for next year is a lot better odds then I think the 50-1 of this years Kentucky Derby winner, but it is a real uphill challenge. Now, just one more thing to throw into this, in my experience, of going through the learning curve of Thoroughbred racing and the industry, it is amazing how many people who are responsible for the industry, haven't got a clue and don't even know as much as I do. For instance, The Ontario Lottery Corporation knows ZERO about horse racing! As far as their approach to life is, I cut you 10 percent to the track

owner, and 10 percent of the gross to the horsemen, and I don't need to know any better. They have never seen horse racing as part of their product line, which is a sad ten-year mistake. They should have been arguing when there was lots of money to be had, that perhaps they were getting too much in the horse racing industry, so that when there was not a lot of money, they could come back and say we should give you some more. That precedes my time frame here. They were not managing this like a good asset for the Province. And until this day they still don't manage it as part of their asset portfolio of products. That's a big mistake, which makes them the same as every other jurisdiction in North America, and makes them nothing special. I think it's abusive to the taxpayers of Ontario. They should be paying very close attention to this, because who else is? Now, the fact that the Ontario Racing Commission pays attention to it, they do it from a regulatory standpoint and they do a fine job. Then you have the Gaming Commission. They also do it from a regulatory standpoint but no one is looking at it from the product point of view of gaming, in terms of what the OLG does. I think that is a complete disservice to the Government of Ontario, and we are hoping to get them involved. They should be willing partners, working partners with the municipalities and the horsemen.

Photographs by: James A. Thibert Photo Studios