



Electronically delivered to: leon.biegalski@myfloridalicense.com

May 27, 2014

Leon Biegalski, Director
Division of Pari-Mutuel Wagering
Department of Business and Professional Regulation
1940 North Monroe Street
Tallahassee, Florida 32399

Dear Director Biegalski:

This is a joint letter on behalf of the United Florida Horsemen, a coalition of the major, statewide and statutorily recognized horsemen organizations in Florida representing the many thousands of members who are the core of Florida's horse racing industries. As outlined below, we are dismayed by the continuing damage being inflicted by certain businesses who have received permits from the Division but whose actions are jeopardizing the integrity and viability of the historic horse racing industries in Florida. Specifically, we have a number of serious concerns with recent activities by South Marion Real Estate Holdings ("South Marion") in Marion County. Other widely respected organizations have expressed similar concerns, including the American Quarter Horse Association ("AQHA") and the Jockeys' Guild, whose letters to local officials in Marion County are enclosed for the Division's information. For the reasons set forth in this letter, we implore the Division to promptly take the necessary, appropriate and proper regulatory action to put an end to these activities once and for all.

Florida must protect the standards and integrity of horse racing and terminate the shenanigans of the past few years. We, and our many members, are appalled by the continuing disrespect and disregard for well-established industry standards and practices by a few businessmen looking for a shortcut to poker room profits. These charades would be almost comical if they didn't have such a corrosive effect on the integrity and viability of our industries and if they didn't result in lost jobs and livelihoods – not to mention the negative impact they have on the basic character of the pari-mutuel industry in Florida and the continued trust and attendance of the patrons of horse racing.

There are multiple problems and concerns with the events conducted on April 7, 2014, by South Marion. As you know, the Division issued a pari-mutuel racing license for South Marion to conduct inaugural performances of quarter horse racing on its premises, in accordance with its pari-mutuel quarter horse permit. Section 550.002(28) defines "quarter horse" as a "breed of horse" that is "used in quarter horse racing registered with the American Quarter Horse Association." The AQHA maintains rules and standards for the purpose of recognizing quarter horse races, including the minimum number of horses, acceptable distances and track conditions,



and other specifications. For the reasons detailed below, the races conducted by South Marion on April 7 were not conducted in accordance with AQHA standards, were not recognized by AQHA or recorded in Equibase, and, consequently, the event was not recognized as quarter horse races by the quarter horse industry. In short, they were not sanctioned horse races. Accordingly, these activities – past, present or future – should not be recognized by the Division as valid pari-mutuel performances under Florida law and may be grounds for disciplinary action and/or fines.

We have no doubt that South Marion has attempted to convince the Division that its facility, racetrack, racehorses and the races themselves have some of the same features as legitimate pari-mutuel quarter horse racing. However, any resemblance to a legitimate racing operation is purely superficial. Our careful examination and inquiries over the past several weeks have uncovered major problems and shortcomings in the so-called “quarter horse races” conducted last month. The whole facility is like a Potemkin Village, a fake – a façade cobbled together only to deceive the passing observer into thinking that real horse racing might be conducted there. Like Gretna’s barrel racing and subsequent “flag drop” races, it is a pure sham. In many ways, South Marion’s activities are even more damaging to the horse racing industries in Florida than barrel racing.

Based on our information, the events in Marion County last month also raise very troubling concerns and compliance issues pertaining to the transparency, the integrity and the safety of operations. South Marion kept the activities largely secret and failed to promote attendance by the general public, resulting in what amounts to a private pari-mutuel race meet – completely unprecedented to our knowledge. The very limited number of horses involved in the so-called “race meet” were apparently owned or controlled by track management or track owners. We cannot confirm that the chain of ownership – for the participating horses or even the pari-mutuel permit itself – was ever properly investigated by the Division. While there is some form of oval race track in place, it lacks a uniform and level racing surface, presenting significant risk of injuries to horses and jockeys. Of course, the uniformity requirement applies to the entire track, not just the portion of the track on which a given race happens to be conducted. Also, the track is surrounded by a shoddy structure that amounts to a pasture fence. That kind of structure might be appropriate for grazing horses but it has no place on a regulated pari-mutuel horse racetrack. Instead of a proper safety rail system, which is designed to properly accommodate high-speed impacts, the materials being used by South Marion are prone to easily fracture and splinter – introducing a serious hazard to both the horses and the jockeys. While it may well be cheaper and more expedient for South Marion, we are unaware of any legitimate horse racetrack in Florida that uses such inferior and inappropriate railings.

According to our information, there were other irregularities in connection with the races in April, including improper or untimely substitutions, trainers who were unable or unavailable to properly saddle horses, and missing equipment at the finish line. Some horses on the racing schedule lacked proper parentage, tattoos and/or race records. Based on these deficiencies, the races would not even be *eligible* for AQHA recognition and therefore may run afoul of the Administrative Law Judge’s order in the Gretna case, which stated that all quarter horse races in Florida must satisfy basic criteria required to qualify for AQHA recognition.



It is truly inexcusable for the Division to continue approving unsanctioned, amateurish, phony horse racing by South Marion, Gretna and others, particularly after the Division was ordered by the judge to stop. The Division was explicitly ordered not to license or otherwise allow "previously unrecognized" racing activities under a quarter horse permit in the absence of additional legislation or rulemaking. Yet, since last June, the Division has been allowing Gretna to conduct "flag drop" races in Gadsden County that had never been recognized in Florida, in blatant disregard and possible violation of both the Administrative Law Judge's ruling in May 2013 and the First District Court of Appeal's affirming opinion in February 2014. Now, the Division is allowing South Marion to conduct racing events in a fashion that has never been recognized before in Florida. In addition to contravening the judge's prior order, we believe the Division's actions constitute yet another violation of its delegated authority and abandonment of its regulatory obligations under Florida law, including section 120.54(1)(a), Florida Statutes.

The deficiencies set forth in this letter are serious, and it is incumbent upon the Division to honor these court rulings by requiring compliance and ensuring integrity of operations going forward. These new permit holders must be held to the same standards and safety precautions as all other horse tracks in Florida. This is absolutely vital for the continued welfare of our industries and the future integrity of the entire pari-mutuel industry.

We understand the next licensed performances by Gretna and South Marion are scheduled for early July. Now is the time for the Division to finally require these permit holders to reach full compliance by disallowing any more pari-mutuel performances at these facilities until they do so.

We would appreciate the Division's immediate attention to these very important issues.

Sincerely,

Handwritten signature of Stephen Fisch.

Stephen Fisch
President
Florida Quarter Horse
Racing Association

Handwritten signature of Lonny T. Powell.

Lonny T. Powell
CEO & Executive Vice President
Florida Thoroughbred Breeders'
and Owners' Association

Handwritten signature of Kent Stirling.

Kent Stirling
Executive Director
Florida Horsemen's
Benevolent and
Protective Assoc.

Enclosures