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President & CEO
The Breeders Cup Limited
House Energy & Commerce Subcommittee on Digital Commerce and Consumer Protection
HR 2651 Horseracing Integrity Act
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Mr. Chairman and Ranking Member Schakowsky, and Members of the Committee:

It is a great privilege to have the opportunity to address you and to advocate for the passage of the Horseracing Integrity Act of 2017. My name is Craig Fravel and I am the President and Chief Executive Officer of Breeders' Cup Limited. Our mission at the Breeders' Cup is to promote the racing and sale of Thoroughbred horses through the conduct of the Breeders' Cup World Championships, in my view the pre-eminent international championships in all of Thoroughbred racing conducted each year with the goal of identifying the best of the breed in every category from juvenile fillies and colts to the best older horses in the world competing in the Breeders' Cup Turf and the Breeders' Cup Classic. When the competition ends each year in late October or early November we will have given away more than \$30 million in purses and awards. Our Championships have in recent years been conducted at spectacular venues such as Santa Anita and Del Mar in Southern California and Keeneland and Churchill Downs in the Commonwealth of Kentucky.

Prior to moving to the Breeders' Cup in 2011, I was President and General Manager of the Del Mar Thoroughbred Club where I spent 21 years learning the game of Thoroughbred racing – a game I am immensely proud to be a part of and one I hope to leave better than I found it when I left the life of a (somewhat miserable) securities lawyer in 1990.

I want to begin my comments by emphasizing that I am not here to tear down this great sport. You will hear from others that we have made great strides in medication reform and enforcement over the last ten years and I do not debate that. I am also here to tell you that I have every confidence that the great races here in the United States including the Triple Crown and the Breeders' Cup are conducted with the highest level of integrity through out of competition testing, on site security, testing through accredited and accomplished laboratories and other precautions. The Breeders' Cup for example conducts in cooperation with regulatory authorities around the world and throughout the United States out of competition testing on approximately 85% of all starters in the Breeders' Cup. All starters are required to be on the grounds of our host racing associations at least 72 hours prior to race day and all prospective starters are under 24 hour surveillance 72 hours prior to post time. We have a team of regulatory veterinarians who observe all prospective starters in the grounds of our host race track and will not hesitate to scratch a horse deemed at risk by the veterinary team.

Our comments today, however, are not simply about the big events. They are instead about the day to day conduct of racing and the confidence of the wagering and non-wagering public in our product and about conducting the sport under common rules administered consistently and fairly for all. When racing was re-introduced in the 1930's and 1940's it was a highly local sport, governed by state regulatory authorities in those states that chose to permit pari-mutuel wagering. There was no wagering across state lines (at least not legally) and for the most part horses stayed put in the regions or states they called home with some shipment to winter tracks in Florida or California or even Bowie near

here in my home state of Maryland. While horses did travel to participate in the Triple Crown races for the most part it was a local game understandably played under local rules.

Today, by contrast wagering is primarily a simulcasting effort and since the mid-1990's an increasing share of handle (our term for wagering dollars) is placed on-line through authorized and highly regulated Advanced Deposit Wagering companies. It is now commonplace for horses to ship from state to state, from California to New York and vice versa or from overseas. This week, for example, there are US based horses running at the Royal Ascot Meeting on the grounds of Windsor Castle as guests of Her Majesty Queen Elizabeth II and last year at the Breeders' Cup in Del Mar, California there were 38 international runners from Ireland, the UK, France and South America. It is a modern sport that is global in scope that faces the challenges associated with all sports whether human or equine.

The challenges are modern and particularly in the world of medication both legal and illegal. Again, there has been progress but for the most part we remain a locally governed sport with different regulatory and enforcement capabilities. Yet we all need to be aware of the potential abuse of designer drugs, synthetic steroids and similar agents and the possibilities ahead for manipulation of the equine genome to create or alter physical traits of our competitors. These modern challenges require concentrated, efficient and sophisticated national programs for investigating regulatory matters, researching threats, testing and prosecution. An international sport deserves the most advanced form of regulatory mechanism and one based on 38 different state agencies with varying levels of funding, expertise and experience. As I have said many times, if we were starting from scratch knowing what we know now would we have created a national organization such as the one contemplated by the Horseracing Integrity Act or would we have 38 different rulemaking and enforcement bodies. I think it is obvious that we would choose the former and not the latter.

The current process for national rulemaking remains unusually cumbersome. Let me give one example and while it may sound as though I am picking on my friends in California I don't mean to. California is one of the most capably regulated states yet when it came time to adopt the Third Party Lasix Administration leg of the RMTC/RCI National Uniform Medication Program the regulation took almost four years to adopt. Unfortunately, the Breeders' Cup had to adopt house rules to effectuate this important reform when running in California. From start to finish from the time a model rule is adopted the implementation process across 38 states can take years. That is not to say that rulemaking should be fast tracked all the time nor should it be arbitrary. It should, however, allow for quicker implementation across state lines as contemplated by the HRIA.

Before I became a racing executive, I spent the first part of my career as a securities lawyer beginning my practice here in Washington D.C. Having practiced law in that arena I am a big believer in the power of consumer confidence in a product and the fact that the Securities and Exchange Commission has primary regulatory authority over the securities industry engenders consumer confidence in financial reporting, fair trading and efficient markets. While there have been failings, on the whole the public has confidence in the markets and I believe a common sense approach to regulation in our Thoroughbred business will enhance consumer confidence and bring about extraordinary gains economically as we present our great sport in the best light possible – the sort of light that deserves to be shone on such a great game.

Mark Twain once said that "it is a difference of opinion that makes horseracing". It is my sincere hope that the differences of opinion we argue about in the future are who has the best horse – not how our sport is regulated and conducted.

Thank you.