A TIF Special Report:

Racing Not Only For (the) Elite

July 31, 2020

Do stakeholders in American Thoroughbred racing **really** understand the state of the business?

Do the horsepeople's representative groups, HBPAs and THAs, groups that have a hand in approving contracts to permit wagers on their races, understand it?

Do the boards of major industry organizations?

Does Kentucky, whose economy is so intricately tied to the proliferation of Thoroughbred racing?

If so, there is no conceivable way that our sport would find itself in the position it does, as outlined in this special report.

As the Thoroughbred Idea Foundation (TIF) approaches the conclusion of its second year of advocacy, our interactions with many stakeholder groups within the sport suggest a widespread lack of awareness about the economic fundamentals that drive wagering – a major source of revenue to fund purses and keep racing sustainable.

We have read, as you too surely, reports of positive trends in handle from some tracks during the pandemic. We have read pleas for coverage of positive stories associated with the sport, a natural reaction in a world that doles out negativity aplenty.

This TIF update is our attempt to enlighten readers to the nature of the horse race wagering landscape. Many people involved in horse racing – from owners and breeders to trainers and jockeys, farriers, farm workers and managers, veterinarians, backstretch workers and suppliers pay no attention to what is happening on the gambling side of the business.

While gambling is a major source of their funding, via prize money, many do not make the connection between betting and their livelihoods. But developments on the wagering side of the business have the potential to be detrimental to stakeholders over the long term and they should know what is happening, and what one can infer is happening from behavior in some pools.

This report serves as a request to be aware of the realities facing the sport, while questioning long-accepted business practices which have resulted in the perpetual disadvantaging of some customers. There are long-term effects of these actions, and they will yield pain to the greater racing business if action is not taken to correct course.

THE BLUEPRINT WAS THERE

The frustration this TIF report yields is rooted in the fact that the North American racing business funded an incredibly detailed study commissioned by the NTRA's Wagering Systems Task Force (WSTF Report) on the state of wagering and the impact of technology, published in 2004. It offered tremendous insight and recommendations to avoid the very situation we find ourselves in today.

The *New York Times* addressed this very same topic several months before the WSTF Report and many of the questions their story raised remain today. The impact 16 years later is more pronounced.

One key recommendation in the WSTF Report **was** accepted – the vertical integration of the levers of business by major racing entities (encompassing tracks and associated technology companies to process and accept online bets), **but two other recommendations were wholeheartedly ignored**. This has led to our highly problematic, unbalanced status quo.

As major players in the process, representative groups of horsepeople, like track and state HBPAs and THAs, **should** be asking some fundamental questions, to which they are entitled the answers as contractual approvers of wagering deals.

They include:

- Where is your handle originating?
- What are the "effective" takeout rates for horseplayers from different handle sources?
- What is being done to attract and retain recreational and middle-market horseplayers?
- Are some wagering groups given preferred information or access which advantages their rate of winning over others bettors?

If the groups understood this state of affairs, and knew the answers to these questions, we believe they would find that, for many tracks, an ever-increasing percentage of handle is coming from **high-volume betting shops (HVBS)**, a group that in the past has been referred to as **SPMOs – secondary pari-mutuel organizations** – a concentrated subset of account wagering entities, available only to a select number of incredibly well-resourced players.

We believe they would also find that HVBS players are paying the lowest "effective" takeout rates while retail customers are paying effective takeout rates that could best be described as larcenous.

This is an incredibly important point to understand, one which is belied by economic theory, and was explained in great detail in the 2004 WSTF report. We will explain more later.

The agreements which enable HVBS play, and are accepted by current HBPAs/THAs, may be having the impact of crushing recreational horseplayers while leaving a powerful subset of serious players, which we define as middle and upper-market players, some of whom use computer programs to assist in bet-placing and do receive rebates, at a competitive disadvantage, on top of the natural financial disadvantages too.

This is not straightforward, and if you do not normally understand these topics, it is helpful to add some definitions to assist in your review of this report.

Recreational players, as we use the term in this report, would be those that wager under $100,000 annually. In nominal terms, there are still more recreational players than any other segment.

Middle-market players would be those betting between up to $5 million annually. Upper-market players are betting up to $25 million annually, maybe more. Many of these middle and upper-market players are using technology to assist them in bet placing and are receiving rebates on their play, which reduced their effective takeout. There are variances within each of these segments, so the ranges are not fully exhaustive of the type of play of each customer group.

Regardless, they don't come close to HVBS players, who are handling hundreds of millions each, and who some believe have tremendous advantages given direct access to pools.

Some question, understandably, whether or not these groups can see information on how non-HVBS players are betting, and adjust their own bets, which can be entered direct to pools without use of a traditional ADW. A high-profile leak of insider information rocked the daily fantasy sports world in 2015.

While these suppositions may emanate from a segment of incredibly frustrated customers, **their concerns are undoubtedly a product of substandard technology in a vertically integrated wagering industry. These concerns must be treated seriously AND investigated.**

The WSTF Report outlined the HVBS advantages, as they knew them then, in extreme detail. While we have linked to its executive summary in the past, the full report offers striking detail on how HVBS betting impacted tracks, purses and ordinary horseplayers…**16 years ago**.

The report is dense in parts, but incredibly informative, and we suggest you take the time to go through it if the future of horse racing in America matters to you.

WHAT IS A HIGH-VOLUME BETTING SHOP (HVBS)?

High-volume betting shops came to greater recreational player attention in the last few weeks after a series of wins in jackpot pick six pools in California – one at Pleasanton for more than $153,000 was reported by the California Authority of Racing Fairs as being hit by customers of Curacao-based Elite Turf Club, a long-time HVBS, another at Del Mar on July 26 is believed to have gone to an Elite customer for more than $173,000.

Elite is not an any ordinary ADW platform you may use.

HVBS entities, at the time of the WSTF Report in 2004, were referred to as "SPMOs." The definition below comes direct from the report and is helpful in better understanding **some** elements of these groups.

"After much discussion about what does and does not constitute an SPMO, the Task Force has endorsed the following criteria previously developed by the Thoroughbred Racing Protective Bureau (TRPB), while acknowledging that each entity defined as an SPMO herein may not meet every characteristic of the definition.

An SPMO is a pari-mutuel operation:

- *That does not conduct live racing and whose primary business is wagering on simulcast races;*
- *That provides rebates to bettors, ranging from 5-10% or more;*
- *Based primarily on telephone account wagering with a limited customer base with some customers using personal computers in their handicapping and wagering activity and using special means of accessing pari-mutuel systems and services;*
- *Whose owners and/or operators are not clearly identified;*
- *That is out-of-country, a Native American gaming facility, or is not in the geographical mainstream of U.S. racing locations;*
- *That has little or no U.S. regulatory oversight;*
- *Whose significant level of business is contrasted by no visible marketing or advertising;*
- *With consistent and often substantial money settlements due from the host track; and*
- *Whose tax withholding policies and practices in relation to U.S. IRS regulations are unverified."*

This definition **is** undoubtedly antiquated.

High-volume betting shops as we discuss them in this paper do differ in several ways, but the above definition serves as a baseline for understanding where the industry once was in considering their place in the sport.

Many in racing think of the bettors they see **AT** the track, or their experiences with betting via a retail advanced deposit wagering outlet (ADW) like TVG, TwinSpires, Xpressbet, or the rapidly growing NYRA Bets. The only trait these entities share with players from HVBS is that they are betting on the same races. Everything else is different.

HVBS players are, essentially, profit maximization machines.

These customers do not bet big for the sake of betting big or to impress anyone.

These entities bet big because that is what the math dictates. This is Wall Street meeting horse racing. These are [racing's equivalent of the "Flash Boys"](#).

They are the most efficient operators in a sport that is notoriously replete with inefficient market behavior.

They don't lose, and if you try to reduce their rebates, they will turn to another source for betting.

In Wall Street's case, increased trading volumes brought wealth to a wide spectrum of stakeholders. In racing, it has brought a redistribution of wealth away from the vast majority of horseplayers and horse owners, and into the hands of some select racetrack corporations and their technological arms.

Steps to verify the bona fides of the HVBS as an licensed entities were greatly enhanced in the years following the publishing of the WSTF Report. The requirements related to the licensing, according to the Model Rules of the Association of Racing Commissioners International, are more detailed than traditional ADWs.

The 2004 report noted "the six largest SPMOs accounted for $1.2 billion in handle in 2003," though they are believed to have been the only SPMOs at the time. Their handle represented more than half of all money bet via account wagering and would have been eight percent of all racing handle in America. One year earlier, in 2002, they were reported to be more than three percent of all handle.

Going forward, this report will only refer to these outlets as high-volume betting shops, or HVBS.

THIS IS NOT YOUR GRANDFATHER'S TAKEOUT

Some private estimates shared with the Thoroughbred Idea Foundation suggest current HVBS participation in racing wagering could be between 30 to 35 percent. Others believe it is smaller, but approaching that. Publicly, there are no such confirmations. That's part of the problem.

HVBS customers have extraordinarily high rates of winning – and that presents a problem if growth in the recreational and middle-market is important to the greater industry.

Here's why…

In one example cited by the WSTF Report, based on data from wagering in 2003, bettors wagering through one location believed to be an HVBS, though not confirmed due to confidentiality of the figures in the report, "wagered approximately $415.3 million while paying winners $399.4 million for a payoff rate of more than 96% and a corresponding effective takeout rate of 4% across all of the tracks in our sample in 2003."

Another bet $132.6 million with a return of $132.0 million, yielding an "effective takeout," before rebates, of 0.5 percent.

This is before the impact of any rebate is accounted, but according to the definition previously cited, is at least five percent, but likely higher.

The recreational players' "effective takeout," using it in the same context as identified in the WSTF Report, is much higher than what is published as the nominal takeout rate.

All players through TVG bet just short of $350 million in the first three months of 2020. Imagine if the total retuned to all TVG players over that time was just $175 million. While the blended takeout rate on all bets at the track may be reported as 20 percent, TVG customers would have paid an effective takeout of 50 percent in this hypothetical.

HVBS players are winning, at high rates, and totally self-interested, as they should be.

Make no mistake – every game has winners and losers, and some players are better than others. There is nothing wrong with being a successful bettor.

But that isn't the same as when some players are given special privileges which increase their advantage at the expense of the other players.

HVBS emerged because takeout rates were on the rise, a phenomenon lamented even by former Jockey Club Chairman Ogden Phipps in the 1970s when discussing his desire to lower takeout as Chairman of the New York Racing Association following several positive experiments with it.

Attempts to reduce takeout, again mostly led by NYRA, were thwarted over the years. It led to a paper, commissioned by the NTRA in 2000, titled "Time To Deregulate," seeking to encourage free-market rate setting.

Rebating became a way to circumvent destructively high takeout rates. effectively bringing takeout down to an optimal level for those fortunate enough to enjoy the rebates. The growth of HVBS deregulated takeout for customers, but the industry's inability to optimally price its product led to this outcome.

The disparity between HVBS customers and all others has grown in the last 16 years, but again, specific details never seem to be forthcoming from tracks or understood by the groups representing horsepeople. We are left to estimate market size.

A situation where one segment of customers are **winning** at incredibly high rates and another **losing** at incredibly high rates has a long-term, destructive effect on the losers – notably, they stop playing.

Racing both wants and needs the handle from **all** players, but the actions of the business-side of the sport, in concert with the general ignorance from the representative groups of horsepeople and major industry organizations, has contributed to the decline of **non**-high-volume players.

On relative terms, the recreational customer is the most valuable customer to purses, but as we project later, their disappearance as a percentage of total annual handle is monumental in number.

Now, if you are thinking HVBS should be cut off, or rebates cut back, think again.

If tracks start cutting out HVBS players, or attempt to reduce their rebates, the players' incredibly efficient behavior will result in them fleeing away from tracks that cut them and on to more advantageous opportunities with their wagering dollars. Remember, these are profit maximization machines.

The situation, as it exists, seems lose-lose for the greater industry.

The impact of all this rebating is also felt throughout the industry as it relates to the slice of takeout which goes to funding purses, presenting a more macro-threat to the greater sustainability of the sport.

The WSTF Report outlined the impact, with figures, in 2004. As quoted below, it is a stark assessment considering HVBS play has grown substantially since its publishing while, not surprisingly, all other play has declined.

"There has emerged…a major gap within the retail distribution of Thoroughbred racing in the portion of handle going to purses and other track expenses associated with putting on live racing. On average, purses ($1 billion) are 6.7% of aggregate U.S. handle ($15 billion).

"Under the current pricing structure, however, a rapidly growing distribution channel, [that which we recognize in this report as commissions from high-volume betting shops], contribute materially less than this amount – from 3-5% of their handle – to tracks

for purses and other track expenses associated with putting on live racing.

"All other distribution channels contribute materially more than this amount when one combines revenues going to host tracks, to guest tracks and/or to in-state hosts – at least 8%, and more typically 10-13%. So the gap is at least 3% but more typically 6%."

"There are two principal effects of interest. First, the distinct gap in overall support of live racing is a key component – and probably the key component – of rebates made available by the advantaged entities to high volume bettors. Second, the growing (and resulting) shift in handle toward these entities necessarily reduces track revenues and purses relative to aggregate handle."

A TILTED PLAYING FIELD

There are signs present in some pools in American racing today that even more advantageous deals have been cut with HVBS to increase their participation, which should benefit them likely at the additional expense of non-HVBS horseplayers.

The HVBS players seem to be winning at any cost.

While the specifics are unclear, the California pick six examples of late reflect the imbalance, at least as it relates to impacting the betting pools.

On Sunday, July 19, the jackpot pick six at Pleasanton had a single-ticket carryover of $112,017. The pool attracted $54,837 and was hit on a "single-ticket," returning the entire net pool and carryover of $153,133.95 to "one" winner.

The California Authority of Racing Fairs (CARF), which operate the racing from Pleasanton, reported the winner came on a $0.40 bet with a total spend from the customer of $4,627, what equates to about 8.5 percent of the entire pool that day.

Last Sunday, July 26 at Del Mar, the jackpot pick six was hit for a total score of $173,912 – a sum that included the day's pool of $212,896 as well as a small carryover of $35,806, awarded only if there is a single ticket winner.

Del Mar reported the winning ticket was an $8 straight bet from a bettor who staked $29,652 in bets, or 14 percent of the entire pool that day. A California Horse Racing Board spokesperson confirmed via Twitter that the customer made a series of 8,613 wagers, all of which used one horse in each of six races, with base bet amounts between $2 and $60.

While CARF confirmed the winner of their jackpot came from Elite, TIF has been led to believe, but cannot yet confirm, that the winning Del Mar bettor came from Elite as well.

It is notable that Elite was reported to have been owned, wholly or in part, by The Stronach Group, according to a 2017 court document. TSG also owns Xpressbet and AmTote, one of the industry's main bet processors.

A 2012 Bloodhorse article suggested Elite alone, which at the time was comprised of just 11 customer accounts, was responsible for 10 percent of American handle in 2011, a figure which would equate to roughly $1.07 billion. California Horse Racing Board filings for 2020 indicate Elite Turf Club accounts are now numbered one through 12.

Elite customers have a long history of scooping major jackpots.

They were reported to win a $3.1 million single-ticket jackpot six at Gulfstream in June 2019, and were confirmed winners of a $439,000 single-ticket jackpot in May 2017, a $385,000 pick six in March 2015, a $272,000 single-ticket jackpot in January 2017, and $175,000 jackpot in February 2018, all at

Santa Anita. Elite landed a [$91,000 jackpot super high-five] at Woodbine in January 2019.

There are likely many others you don't hear about, interrupted by sporadic hits that do occasionally fall into the hands of recreational players, and [which often receive significant publicity] from their retail ADWs.

Tracks routinely market certain pools with the possibility of life-changing scores, but when a single-ticket jackpot is in the mix – a bet where the jackpot is paid with only one winning combination – the likelihood of it going to a recreational or even middle-market player is incredibly slim.

Again, that's not nefarious, but it is disingenuous, and it, almost assuredly, negatively impacts long-term participation from such customers.

This report is NOT suggesting, in any way, that HVBS like Elite need to be stopped from winning. This is NOT about shutting these entities down. Our sport must find a way to enable technological equity while also pricing its product appropriately for all customers.

Marshall Gramm, economics professor, co-founder of Ten Strike Racing and Thoroughbred Idea Foundation board member [noted the tilted playing field facing middle and upper-market players, in a recent tweet].

"Many ADWs have processing speeds of 3 bets-per-second (allegedly the limit set in agreements with horsemen; doesn't apply to registered CAW [computer-assisted wagering] teams). For a typical file upload, 8,613 bets would take 47 min 51 sec."

In other words, at the very least, the technological advantage is **tilted heavily** in favor of HVBS players and against not just retail horseplayers, but even some higher-volume CAW players in the middle and upper markets using traditional ADWs which do enable some file upload betting, as Gramm references.

A tough sport to pick winners is getting progressively tougher.

The ability of HVBS to dump money into popular pools, like the Rainbow Six at Gulfstream or the pick fives at Saratoga, is also getting increasingly visible, suggesting preferred access betting pools, a reality which disadvantages all other customers, both directly and indirectly.

The Rainbow Six at Gulfstream Park on May 9, 2020 featured a mandatory payout to those who hit all six winners, a departure from its normal single-ticket requirement. When the horses stepped onto the track, just more than $5 million was already invested. A total of 25 pool updates were reflected before the race started. The average of 13 of the final 25 updates was just $31,000 for a total investment of an additional $405,000.

But the other 11 updates to the pool saw an influx of $5.2 million at an average of **$470,000 per update,** larger than the entire amount from 13 other updates within the same sequence. With a total pool of $10.6 million, the portion of wagers which seem likely to have been deposited to the bet equates to 49 percent of the entire pool.

There were 31 updates of new money into Saratoga's early pick five pool on Wednesday, July 29, from five minutes to post until the start of the race which began the sequence. The average additional contribution to the pool for 26 of the final 31 updates was only $5,986, but for the other five, which included the last three pool updates, rose to $60,510, roughly 10 times greater than the average of the 26 other updates.

Those individual flashes to the pool included investments of $46,839 with approximately four minutes to post, then $93,590 as the horses were nearing the gate, followed by the last three updates, which included plunges of $56,137, $27,112 and the final update of $78,874.

The three cycle updates prior to the final three were just $3,499, $4,856 and $4,027, all of which occurred while loading was underway, and can be presumed to be representative of non-HVBS play.

How much of the July 29 early pick five pool was represented by those who enjoy preferred access to the pools, like HVBS? A reasonable estimate would be roughly 35 percent of the $786,000 pool total, a figure derived by eliminating the average of the 26 smallest pool updates over the last five minutes of betting from the five largest of the 31 final updates.

It is plausible to think the figure is higher in any of these types of pools if HVBS were incented to play a portion of their money early to pad pool size, potentially by agreement, as a marketing tactic from tracks to attract recreational players

Confounding the size of HVBS participation in such pools, field sizes at Saratoga are down this meet given fewer horses being shipped from places like Kentucky due to the impact of the pandemic. Despite declines in field sizes and the overall number of betting interests over the previous year, handle on a raw and per-interest level in select bet types is up substantially in the early part of the meet.

Other peculiar pool behavior suggests HVBS impact is on the rise.

Colonial Downs returned to the racing world in 2019 with takeout of 16 percent on win, place and show (WPS) bets and 20 percent on all exotic bets with the exception of a pick five, with a 12 percent takeout. They opened their 2020 stand this week, with across-the-board takeout hikes: WPS takeout at 18 percent and all exotics at 22 percent, while eliminating the pick five. This means the WPS take was boosted 12.5 percent and exotics raised by 10 percent.

Total handle for their opening card on Tuesday was down 22 percent to $1.1 million overall from opening day in 2019 when $1.4 million was bet. The decline is only 2.5 percent on a per-race basis. But perhaps more notably, handle on a per-betting-interest basis was actually up an astounding 48 percent, with 49 interests from eight races in 2020 as opposed to 93 horses from 10 races a year earlier.

Colonial experienced a 34 percent decline in average field size, but yet wagering per entrant was up 48 percent. Even taking into account the unusual times our world finds itself in amidst the pandemic, this behavior defies conventional logic.

The second day of the Colonial meeting this past week saw a similar comparison in field sizes and overall betting interests from the previous year – nine races with 65 interests in 2019 against nine races with 68 interests in 2020. Handle on the day in 2020 was up a robust 36 percent overall and up 30 percent per interest despite a betting interest rise of only 4.6 percent.

"Bettors traditionally respond to larger field size and more competitive racing," says Maury Wolff, both a member of the original Wagering Systems Task Force and a member of the newly-formed Wagering & Integrity Issues Steering Committee of the Thoroughbred Idea Foundation.

"The figures in all of these examples are unusual and suggest something else may be at play. Racing can ill-afford to continue losing its retail players in the coming years, particularly in light of a prospective legislative movement towards decoupling racing purses from slot revenues in the wake of the economic losses many states are suffering

during the pandemic. Higher takeouts accelerate that process."

HOW MANY RECREATIONAL CUSTOMERS HAS RACING LOST SINCE 2003?

While recreational and middle-market horseplayers of Colonial Downs feel aggrieved by the takeout hike, heavily rebated players from outlets such as HVBS are likely playing more. The estimate that HVBS may represent between 30 and 35 percent of all wagering nationwide does not seem so far-fetched considering these rough sketches.

One upper-market player tells TIF that the higher the takeout rate is for recreational players, the lower his takeout rate is on the same tracks once accounting for rebates.

Churchill Downs Incorporated (CDI) reported Q2 2020 earnings earlier this week. Of note, handle through their TwinSpires ADW in Q2 2020 was up 21 percent from Q2 2019. While the second quarter is normally America's highest handling quarter due to the impact of the Triple Crown races, CDI indicated the quarter saw its number of active accounts in Q2 2020 down 55.5 percent from Q2 2019.

They attribute the decline in active accounts "primarily due to the rescheduling of the 146th Kentucky Oaks and Derby."

It is impossible to know for certain, but how many of those accounts which remained dormant in Q2 2020 absent an Oaks and Derby had been active horseplayers, not just on TwinSpires during Derby season, but through any racing wagering channel in the past?

If one-third of American wagering is through HVBS, that suggests roughly $7.3 billion in wagering in 2019 was non-HVBS betting. The WSTF report confirms the largest HVBS' handled $1.2 billion in 2003, leaving a figure for all other handle in 2003 of roughly $14 billion. Adjusting for inflation to 2019, that translates to $19.9 billion.

What would be a reasonable estimate of the decline in inflation-adjusted non-HVBS wagering since 2003?

An astounding 63 percent.

THE WAY FORWARD

The participation of HVBS **and** recreational horseplayers is needed to sustain racing. Racing is not a faceless gambling venture like daily fantasy sports or other endeavors. Racing continues because of wagering and it would benefit from growth of recreational, middle and upper-market play. This is obvious.

The technology available to each customer base, and the price they are effectively paying for the same wagers in 2020, are very different, and the chasm between the two has, seemingly, grown considerably since the WSTF's 2004 report. Unfortunately, that report suggested the benefits that the most informed players provided to the casual players may have already been eliminated 16 years ago.

"Recreational players traditionally have been willing to compensate informed bettors for the information they bring to the market. The current costs of that information (in the form of higher effective takeouts) now may outweigh the benefits."

NERA Economic Consultants Louis Guth and Thomas Joscelyn provided three recommendations to the WSTF on how to improve the future.

The first was, simply, to increase Thoroughbred handle.

That hasn't happened.

The second was to "better align Thoroughbred track economic policies with the changing business model they face," an effective recommendation to get tracks into the online betting business and a more vertically-integrated model.

This has happened.

The third was as follows: "Establish the most attractive blend of economic incentives to participation for both informed bettors and recreational players."

Sadly, no such blend exists.

"The evidence we have reviewed appears to confirm what members of the WSTF have pointed to, namely, a current imbalance in effective takeout rates for informed program bettors and all other informed and recreational players. Economic theory suggests that the higher effective takeout rates on all other bettors would decrease their participation in Thoroughbred racing, all else equal.

"The imbalance, we believe, is rooted in current technology that makes handicapping information and pool data available on demand and the process of placing bets almost instantaneous, but which cannot then redistribute updated pari-mutuel pool information on a real-time basis. Longer-term, the solution lies in improving technology for all bettors."

Right they were – 16 years ago.

Racing leadership had a blueprint for the future to better integrate HVBS, and other informed and rebated bettors' play, with recreational play. It has not been executed.

In the meantime, recreational players rightly feel aggrieved while middle and upper-market players, who do use technology to assist in bet placement, see their growth stunted by the preferred access of the HVBS.

Those who have been in the dark for too long on these matters need to emerge, ask questions and learn more. The HBPAs/THAs and other key industry groups MUST negotiate and align with tracks and technological entities on a path to redefine the customer experience, including pricing, to increase overall equity.

Racing is sacrificing its most loyal, passionate customers for the select few with the largest bankroll – monumental bankrolls.

If American racing begins losing its social license to operate, a topic discussed by the TIF in previous papers, and something which has happened to greyhound racing, the HVBS players will easily shift course to racing in other parts of the world or other gambling endeavors that their quantitative approach suggests will benefit them. Many already participate in them now. To most high-volume bettors, this is business, not a passion.

The American racing corporations which have enabled the degradation of recreational customer participation, and the representative groups of horsepeople which have tacitly accepted these deals over time, though occasionally with some fight, need to act.

The technological disadvantage must be narrowed. Pari-mutuel tote technology is woefully behind, despite claims that improvements have been made.

Recreational customers, as well as many middle and upper market players are aware of this treatment and are reacting accordingly. The industry has generally been dismissive of their complaints. Legalized sports betting grows across America.

The customers that have remained might be faulting themselves for sticking around over years when many of their former betting colleagues left the game. The suggestion that 63 percent of non-HVBS, inflation-adjusted handle abandoned the sport over the last 16 years could be debated, but we believe this estimate is not far from reality. If industry groups discussed and investigated these matters, we might actually know – all of us.

Racing is often seen to be a sport only FOR the elite. For gamblers, it has seemingly become a sport run for the benefit OF Elite, and other HVBS.

It is time to change course for the future to more equitably treat all customers. The first step is for the industry's organizations to recognize this is a problem and that it needs to be addressed. The quest for more specific solutions can then commence.

thoroughbred IDEA foundation

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For more information or to submit a comment, visit RacingThinkTank.com or Email: ThoroughbredIdeaFoundation@gmail.com