

THOROUGHBRED IDEA FOUNDATION REPORTS

WAGERING INSECURITY



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PART ONE

EXPECTATIONS

Integrity is essential in horse racing to give all participants confidence. Customer confidence is important for any business, but especially so when people are investing their money.

Across the forthcoming installments of the “Wagering Insecurity” series, several unsettling perspectives are offered. TIF spoke with nearly 50 long-time current and former industry executives, regulators and officials from around the racing world, some for direct attribution and others on background, who shared their unease with the status quo. A common thread: the blame is shared.



Photo: Thoroughbred Idea Foundation

The poor state of wagering systems security and integrity measures is not the fault of any one individual, group, regulator or corporation, it is how horse racing in North America has evolved.

Wholesale improvements are needed. If we lift our standards, confidence will build, participation will grow and racing's future will be more secure.

Participants across racing should have some basic expectations met.

Simply put, the competitions within racing should be fair and honest. Horses should be free from any illegal performance enhancement. Jockeys should expect horses are sound, track surfaces are safe and stewards enforce rules consistently. Bettors should expect that jockeys give horses their best chance to win, betting information is accurate and that wagering systems are secure and do not advantage some customers over others.

Are we meeting these expectations?

This series delves into the integrity of North American horse racing, specifically as it relates to the \$11 billion wagered through the pari-mutuel system, and the uncounted billions wagered outside the purview of North American racing regulators.

Horse racing is competing for customers, working to retain existing ones while trying to attract and develop new ones, like any business. Proper standards of integrity are necessary.

Are racing's customers, the bettors, **properly** protected at present?

TIF believes the answer to that question is "no." The security of racing's wagering systems is not up to contemporary standards. The oversight of racing from stewards and regulators is not sufficient at present for customers to have confidence in the legitimacy of results.

Both perspectives are addressed throughout the series.

When American racing fails its bettors and stakeholders, it loses customers. In a world where sports betting is available to almost half of the American population and typically just involves downloading a mobile app, cheaper and better policed gambling opportunities are easily found.

Do participants in racing have confidence in the outcomes on the track and through wagering? Right now? No. Could they? Yes, or at least far more so than exists now.

Confidence is good for business.

WHO IS BETTING WHAT?

Racing's business statistics are deliberately opaque. There is no central office that tracks racing's betting business and performance, a perpetual disservice to the sport's stakeholders. Basic metrics on wagering would be helpful for many stakeholders in the sport but getting them is practically impossible.

This lack of clarity has become increasingly problematic because the business changed fundamentally in the 1990s and the division of revenues from wagering did not keep pace. Handle shifted from on-track to off-track as full-card simulcasting and internet-enabled advanced deposit wagering (ADW) took hold. On-track betting revenues are often the most lucrative

for purses under current agreements between bet-takers, tracks and horsemen. It has declined while the ADW business has grown in significance, with the pandemic-related closures turbocharging that growth, accounting for an estimated \$7 billion of U.S. Thoroughbred racing handle last year.

Now, who is betting what, and through which channels?

[When Equibase reported](#) total wagering on U.S. racing in the pandemic-impacted 2020 was \$10.92 billion, down less than 1% from the previous year despite nearly ten months of racing without live attendance, that felt like a decent showing.

But total handle figures at a nationwide level, or even at the individual track level, do not offer much insight to the health of the business. They tell us very little. It is the composition of that handle which is a more meaningful measure, but such details are almost never available to anyone except the host track where the race occurs.

Citing total handle figures as a measure of performance should be viewed skeptically, particularly by horsemen.

Where does handle come from? How many individual customers are wagering? How many new customers have been created, and how many are still betting? How many customers are betting substantial amounts over \$10 million, \$50 million, or over \$100 million annually? What is the effective takeout for customers of different ADWs? How much are purses earning from different customer segments?

Without centralized reporting of these figures made available to all parties in the sport, it is almost impossible to know.

Here is what we do know.

[Reports from the Oregon Racing Commission](#), which serves as a hub for the

largest registered ADWs, show that handle for the three largest ADWs in 2020 – TVG, TwinSpires and Xpressbet – was more than \$6.2 billion. That includes all breeds and greyhound betting through those ADWs, not just U.S. Thoroughbred betting, though Thoroughbred racing does generate the vast majority of total action.

NYRABets, a fourth major ADW which hubs some of its betting through Oregon, reported handle of \$225 million, but that isn't the entire picture as much of its handle comes from New York residents, which is not included in Oregon figures. The New York in-state numbers have not been made public.

What about the rest?

THE GROUPS

Some came from on-track money from January through early March when tracks were open. A small amount came from tracks with live attendance after March. Some came from smaller ADWs hubbed in North Dakota, where betting handle by ADW is not made public. Some came from Canadian customers.

But much of it came from groups like Elite Turf Club, entities which TIF has called "high-volume betting shops" (HVBS) [in our previous white paper](#) but are more formally known within the industry as secondary pari-mutuel organizations (SPMOs). These groups are the biggest customers by handle, receive substantial rebates and have direct access to pari-mutuel pools.

In his 2016 book "The Perfect Bet," author Adam Kucharski called it "scientific betting."

"The techniques are now so effective –

and the wins so consistent – that teams... don't celebrate when their predictions come good."

These groups participate at an institutional level. They bet big because that is what the math dictates. It is cold, calculated investing. Kucharski continues:

"It's not cheap to set up a scientific betting syndicate. To gather the necessary technology and expertise, not to mention hone the prediction method and place the bets – costs most teams at least \$1 million. Because betting strategies are expensive to run, teams in the United States often seek out racetracks that offer favorable gambling conditions."

According to [court filings from 2017](#), The Stronach Group (now 1/ST) owns Elite Turf Club.

Based on a variety of projections which TIF has updated to account for 2020 figures, we estimate total betting from the HVBS/SPMOs was likely between 33% and 40% of total U.S Thoroughbred handle, in the vicinity of \$4 billion out of the total \$10.92 billion. The reality could be higher or lower. In 2003, they represented [approximately only 8%](#) of total wagering.

These groups might not be growing, but rather they are representing a larger percentage of wagering as mainstream horseplayers abandon racing, or shift more of their action to legal sports betting options.

The majority of play from the HVBS/SPMOs is not counted in the ADW figures. Customers like those at Elite, and it is only a few customers, place their bets directly into the pools, bypassing an ADW intermediary. There are also smaller computerized robotic wagering groups which DO process bets through ADWs, entities betting tens

of millions annually. Their total handle is unknown to the wider industry because it is commingled with ADW betting.

Bettors may not understand how the big HVBS/SPMO groups operate and exactly what they are betting, but they can readily observe their impact on the game.

What horseplayer hasn't watched as a horse that is last into the gate at 23-1, breaks on top and is never headed, winning at a much-reduced 11-1? Horses routinely enter the gate at 5-1, only to win at 5-2. Or in the last flash of a mandatory payout when a bet of half a million dollars shows up in the pool?

These are discouraging experiences for the people who cash a bet in those races and draws headshakes from many others. For more than two decades, these incidents have plagued North American racing's customers without any meaningful attention or action from track operators. Perhaps their most noteworthy response has been removing the odds from the screen in the final seconds of loading through the first quarter-mile of a race so the drops are less visible. In many cases, the big syndicates wagering hundreds of millions annually through HVBS/SPMOs are the cause of such price crunches, degrading the experience for everyone else.

The inability of regular horseplayers to have any idea what price they are getting damages the product every day. Sports betting customers know exactly what their return will be if their bet wins. What was once a harmful feature of pari-mutuel wagering is now a huge competitive disadvantage.

Sports betting is growing at an explosive rate with attractive betting offerings and widespread distribution. Operators are spending vast sums using bonuses and

promotions to acquire customers and are embracing modern betting technology. That is not bad news for racing companies in the racing wagering space, like TVG and TwinSpires, whose parent companies run sports betting businesses, but it is bad for those who depend on purses for their livelihoods.

For the last 25 years, as betting shifted online, purses in many North American jurisdictions have been bolstered by subsidies from additional gaming, be it slot machines, video lottery terminals (VLT), historical horse racing (HHR) machines or others. That era in American racing is far closer to sunset than sunrise as casino

wagering moves online where revenues are undivided. Decoupling racing from slot and casino revenues will likely increase. While all stakeholders in racing should undoubtedly pursue every funding source possible, the single greatest, sustainable source of revenue for racing on the continent remains actual wagering on racing.

There are avenues for improvement, but any efforts to attract new wagering on racing will fall flat if the North American racing industry fails to embrace integrity across the sport – within its wagering systems, betting platforms and the running of the races themselves.

PART TWO INTERTWINED

Corruption resides at the intersection of significant financial gain and loose regulation. Purses boosted by subsidies from slots and other non-racing wagering present a robust opportunity for illicit activity but the sport's regulatory structure has not kept pace, either with other racing jurisdictions around the world or modern sports.

Jack Anderson (above, right), a leading global expert on sports integrity, was the keynote speaker at the University of Arizona's Global Symposium on Racing in 2018, [presenting "Integrity in the World of Commercial Sport."](#)

Director of Sports Law at the University of Melbourne, he advises the Asian Racing Federation's Council on Anti-Illegal Betting and Related Financial Crime (ARFCAIB), whose work will also be referenced later in this series, and is a current member of both the World Athletics Disciplinary Tribunal



and the International Tennis Federation's Ethics Commission, among other roles.

He spoke with TIF about the relationship between doping and other illegal activity to affect the outcomes of sporting events.

"Effective doping control is of course a vital element of the integrity objectives of a sport such as racing but it should not be the sole integrity concern and should not be seen in isolation.

"Doping in a sport such as racing is often intertwined with gambling interests, which in turn may be symptomatic of wider illicit or even criminal involvement in the sport.

"Studies commissioned by racing regulators in [Great Britain](#) and [Australia](#) noted an immediate concern with levels of criminality in the sport, attracted to the money



Jack Anderson



Photo: Alex Evers

and image laundering opportunities presented by the sport's long association with gambling."

Anderson told TIF that doping and gambling often go together, and the presence of doping in a racing culture can be symptomatic of other issues.

"The prevalence of doping in a racing jurisdiction may also be reflective of weaknesses in that racing organization's race day operations such as:

- stewarding and standards of veterinarian oversight,
- Lack of capacity in intelligence gathering on and knowledge of industry participants
- vulnerabilities in the licensing and registration of industry participants, and
- the ability of the racing organization or jurisdiction to punish misconduct by industry participants."

There should be little need to explain the perception of doping in North America's racing culture. While the sport is regulated, public confidence in the ability of regulators and their laboratories to catch cheaters is low.

Have any doubt?

How long did Jorge Navarro and Jason Servis win at unusually high rates never to be discovered by North American racing's laboratory and regulatory structure but instead to be uncovered by a federal investigation?

EXAMPLES OF RACE FIXING, ETC.

Relatively few organized conspiracies have been uncovered in American racing over the past 20 years.

Those that have been uncovered were mostly, though not entirely, the product of state or federal law enforcement work, spurred into probing racing from other investigations rather than industry initiatives. Whether it is trainers and veterinarians illegally doping or jockeys manipulating races, TIF found only occasional instances of individuals identified and punished for attempting to profit via legal wagering channels over this period.

In January 2005, [17 individuals including trainer Gregory Martin were indicted on a host of counts](#) including illegal gambling, conspiracy and money laundering. The plot involved the "milkshaking" of at least one horse at Aqueduct in an attempt to fix the

race's outcome.

In October 2005, jockey [Roberto Perez was suspended for seven years](#) after placing superfecta bets on a race he rode and where his mount finished out of the first four placings.

Jockey Ricardo Valdes was one of seven jockeys barred by Tampa Bay Downs in December 2006, and was later indicted by the federal government in May 2009. He [pleaded guilty to one count](#) of attempt and conspiracy to commit mail fraud, with 18 other counts dropped, and was sentenced to just more than one year in prison, with three years of supervised release, in April 2015. Two co-conspirators served longer jail terms as their criminal activities moved beyond horse racing and into influencing collegiate sport events.

In July 2015, [three jockeys were arrested](#)

[at Evangeline Downs](#) in Louisiana after being accused of manipulating a race at the track a month earlier, and being caught with illegal electrical devices known as “buzzers.”

Texas stewards, and local courts, caught up with [jockey Roman Chapa for a well-documented incident](#) at Sam Houston Race Park a few months earlier regarding buzzer use in January 2015, handing the journeyman a five-year suspension and \$100,000 fine. He has since returned to riding.

Stewards at Canterbury Park in Minnesota [suspended jockey Denny Velazquez](#) for one year after finding a buzzer in his possession in July 2020.

Gulfstream Park has dealt with a few incidents that raised eyebrows, drew bettor complaints, and did yield some suspensions. [Ray Paulick outlined those in a January 2020 article](#) which included a series of incidents, strange superfecta payouts and more.

Florida racing is highly de-regulated, with individual tracks often controlling nearly all measures of oversight.

Paulick wrote:

“The track is under no obligation to notify the wagering public who is banned or suspended, for what reason, for how long, or whether or not a suspension (made public or not) has been reduced in time...”

“It is not the most transparent way of doing business and does not instill a great deal of confidence in the wagering public.”

The [indictments that scooped Jorge Navarro and Jason Servis](#), among others, were made public thanks to the eventual involvement of the U.S. criminal justice system. Notably, private investigations sponsored by The Jockey Club, among other groups, were seemingly crucial to

yielding these indictments, though the majority of the cases have yet to be tried as of April 2021.

Federal involvement also led to the conviction of veterinarian and trainer [Alfredo Lichoa when he was sentenced in February 2021 to three months in prison](#) for his role in a money laundering scam that involved a Florida-based horse owner and dirty money from Brazilian politics.

As the site of these more recent incidents, it is notable that [Florida no longer has a racing commission](#). The sport is regulated by an amalgamation of house (racetrack operator) rules and some state oversight on testing and licensing.

The indictments from these cases revealed no details regarding wagering on the horses or races involved. If racetracks or other groups have investigated suspicious wagering, the public is unaware of any outcomes. The lack of transparency, of any public discourse on these matters, is itself disconcerting. An opaque integrity infrastructure is like having no integrity infrastructure.

MASOCHISTIC

Jack Anderson’s remarks connecting doping, wagering and other concerns are worthy of reiteration:

“Doping in a sport such as racing is often intertwined with gambling interests, which in turn may be symptomatic of wider illicit or even criminal involvement in the sport...”

“The prevalence of doping in a racing jurisdiction may also be reflective of weaknesses in that racing organization’s race day operations.”

The 2014 case of Masochistic offers insight to how doping and wagering can be intertwined.

Masochistic debuted at Santa Anita on March 15, 2014 in a maiden race restricted to California-bred horses and the [stewards' minutes](#), published by the California Horse Racing Board, explain the rest.

"Jockey OMAR BERRIO...was in the office to review the ninth race from yesterday's card. At issue was his lack of effort on his mount, MASOCHISTIC, trained by A. C. AVILA. There was no discussion of the pertinent facts as a formal hearing will be set in the near future. The Board of Stewards was concerned that Mr. Berrio prevented his horse from giving his best race. The horse was examined and tested post-race, and the CHRB investigators were directed to look into the matter."

Video of the race is damning for Berrio. Masochistic was under a stranglehold the entire race, and Berrio never once asks the horse for an effort, cruising under the line in fifth as the 8-1 fourth betting choice.

On April 26, 2014, [stewards held a hearing](#) and reported that Masochistic tested positive for the sedative acepromazine and disqualified the horse from his fifth-place effort.

Seven days later, on May 3, Masochistic appeared in an open maiden race at Churchill Downs. The race was not just a class hike from state-bred maidens to open maidens, but was the third race on the biggest day of the year – Kentucky Derby day.

It was fairly unusual for a horse trained by Avila to race in Kentucky.

In the 10 years prior to this race, Avila trainees made nearly 1,400 starts and



Photo: Alex Evers

Masochistic

only six of those came in Kentucky, all in graded stakes races. Two of the six starts came on Kentucky Derby Day in 2005, when Oceanus finished ninth in the Grade 2 Churchill Downs Handicap at 60-1 and Santa Candida was eighth at 24-1 in the Grade 1 Humana Distaff Handicap.

Omar Berrio rode both.

Masochistic's maiden race was the only horse Avila was saddling at Churchill on May 3rd and he legged-up that day's eventual Derby winning jockey, Victor Espinoza.

The race jumped at 11:33 A.M. Eastern time, with total intra and inter-race wagering pools of more than \$3.7 million. Masochistic went straight to the lead and never looked back, winning by 14 lengths. Despite the shift from state-bred maidens to open maidens, Masochistic was dispatched a solid 2-1 favorite.

Some 10 days later, the late Ned Bonnie, then a Kentucky Horse Racing Commission member, thought a betting coup was perpetrated on Derby Day.

Frank Angst from the [Bloodhorse details the rest](#):

"Bonnie, who consistently reminds other commissioners that the betting windows can provide a bigger prize than a purse for nefarious horsemen, said the state needs to bring in outside help to investigate events surrounding the maiden win of Masochistic..."

"While that race may have been run squarely, Bonnie believes the betting public was duped by a program line that didn't provide the whole story with its "fifth by 4 1/4 lengths" in Masochistic's March 15 debut at Santa Anita Park.

"Importantly, the comment line noted a disqualification but there was no room for the reason for the DQ—a failed drug test. It did not note a follow-up investigation of

Masochistic's rider that day, Omar Berrio, who is being investigated by the California Horse Racing Board for lack of effort in the March 15 race..."

"Despite the disqualification and the rider investigation in California, Masochistic was allowed to be entered at Churchill in the May 3 maiden race. Horse racing is regulated from state to state.

"Bonnie believes the May 3 race won by Masochistic should be investigated closely, particularly wagering associated with the race, because Churchill may have been used to carry out a betting coup. The thinking is that with larger than usual purses on Derby day, large wagers would not catch as much attention and the larger pools would help ensure higher odds.

"Kentucky Horse Racing Commissioner Dr. J. David Richardson said because the horse ran legitimately in Kentucky and any concerns about his effort occurred in California, it was up to the CHRB to conduct the investigation.

"We're not in California, and we're not in Kansas," Richardson said to Bonnie..."

"Kentucky Horse Racing Commission supervisor of pari-mutuel wagering Greg Lamb said Kentucky has previously worked with other regulators and has provided wagering information as needed. After the meeting, Lamb provided a spreadsheet that showed \$3,741,395.97 was wagered on the May 3 race at Churchill.

"The most money wagered on the third race May 3 at Churchill was the \$545,292.50 sent in on-track. The other four outlets with more than \$100,000 wagered were advance-deposit wagering outlets TwinSpires.com, TVG.com, XpressBet.com, and Churchill Downs-owned Isle of Man-based rebate shop Velocity Wagering."

Nearly a year after Masochistic's sedated debut, [the California Horse Racing Board suspended](#) Avila for 60 days and fined him \$10,000, the maximum allowed under the rules of the state. Berrio's ride in the race is never referenced again in any other CHRB report, and in March 2021, a CHRB spokesperson confirmed to TIF that no complaint was ever filed against him for the ride.

Masochistic went on to become a Grade 1 winner for a different trainer and was the center of controversy after the 2016 Breeders' Cup Sprint, a race where he finished a close second, but tested positive

for a banned steroid [and was disqualified](#).

As the back-and-forth at the Kentucky Horse Racing Commission exhibited, state-by-state finger-pointing is of no benefit for the bettors, who surely took the brunt of the incident on both days. While horsemen have recourse as purses are re-distributed following positive tests, bettors have none.

In this case there was active, visible oversight. There were meaningful investigations. But due to a variety of factors, those measures failed. Instead, it showed the inherent impracticality of relying on state regulation of what has become a national business.



Photo: Breeders' Cup Limited ©

PART THREE

VOLPONI

The major North American tracks, which are now vertically integrated companies controlling most of the major ADWs, tote companies, other service providers and even some of the high-volume betting shops like Elite Turf Club, have had little incentive to upgrade the oversight of wagering on the more than 30,000 annual Thoroughbred races on the continent.

The one entity which does offer some wagering security apparatus – the Thoroughbred Racing Protective Bureau (TRPB) – is a wholly-owned subsidiary of the tracks themselves, through the Thoroughbred Racing Associations of North America (TRA), a consortium of racetracks.

Despite several attempts from TIF, the TRPB's Executive Vice President Curtis Linnell declined to answer questions for this series.

What was once a robust organization, even called [horse racing's own "little FBI,"](#) is now a shell of itself, focused primarily on the microchipping of horses.

The headline of a [1960 piece in Sports Illustrated](#) may offer that generation's perspective of where racing stood relative to security and integrity measures:

"The Best-Policed Sport of All."

Today, the TRPB does offer its member tracks a tool known as [the Wagering](#)

[Analysis and Security Platform \(WASP\).](#)

According to its website, the TRPB says: *"this platform currently provides each Thoroughbred Racing Associations' member track officials with a robust integrity toolset for distributed betting networks. A variety of reports and modules are included which assist users with timely examination of wagering detail."*

This description suggests the tracks are mostly responsible for monitoring WASP themselves.

When TIF questioned a TRPB official in mid-2020 about a curiously low superfecta payoff, it was affirmed that the organization does not respond to individual questions about incidents, but only those raised by member tracks. If we wanted more insight, we would have to contact the track directly. The burden of dealing with a customer inquiry is on the racetrack.

North American racing does not have independent oversight of betting or wagering systems. The lone protection comes from a small office wholly-owned by the tracks, which gives them tools to monitor their own races.

This was not the plan when many in and out of racing recognized the need for radically improved wagering oversight in the early 2000s.

FIX SIX GROUND ZERO FOR RESET

In the years before and since, tote security has been a looming concern for racing after the “Fix Six” scandal was exposed in the aftermath of the 2002 Breeders’ Cup.

Natalie Voss, Editor-in-chief of Paulick Report, [offers a full review of the incident](#).

In brief, Autotote employee Christopher Harn, who had knowledge of the bet processing function of the pick six and access to the system, altered tickets to guarantee a win after the first four legs of the Breeders’ Cup pick six, which had a pool of more than \$4.5 million that year. Specific pick six ticket details were only transmitted to the host site after the first four legs of the bet to limit the burden of too much transaction information going through the tote system.

While processing power in many other technological uses has improved since then, racing’s tote systems have not evolved at the same speed.

The full plot was uncovered easily in the days after the race. The longshot outcomes of the sequence, capped by [Volponi’s improbable 43-1 Classic win](#), helped expose the fraudulent play as the only winning ticket, played through a Catskill OTB outlet in New York and was entered as a lone, \$12-base bet, the equivalent of six individual \$2 tickets.

The winning combination had the four

single winners of the first four races with all horses used in the last two legs. The delays in ticket data transmission enabled Harn to change the four singles to the winners of the first four races. It was later uncovered the \$12 base play was a mistake. Before the perpetrators were caught, the total winnings would have exceeded \$3.1 million – but Breeders’ Cup officials froze the payouts after astute horseplayers cried foul.

It was later revealed Harn, along with conspirators and college buddies Glen DaSilva and Derrick Davis, [executed the fraud just weeks before](#) the Breeders’ Cup to test their processes, landing a pick four at Balmoral Park for over \$1,800 and then more than \$105,000 in a pick six at Belmont Park a few days later.

Steven Crist, former New York Racing Association executive, as well as a former publisher of the *Daily Racing Form*, [noted in the Fix Six aftermath](#) that one long-time pari-mutuel operations expert recalled a spate of incidents similar to the Fix Six had been uncovered years earlier, but whatever the weaknesses that enabled them then had been addressed, though without much public awareness.

Crist wrote just after the incident:

“

**IT SURE SEEMS THAT
THE LOOPHOLE HAS
BEEN REOPENED, AND
NOW EVERY CUSTOMER
IS UNDERSTANDABLY
NERVOUS, TOO.**

FEIGNED CONCERN

Horseplayers' justifiable anger around the lack of security at the time was further stoked as OTB and tote executives originally defended the outcome, suggesting there had been no impropriety.

Crist wrote:

"Breeders' Cup and the National Thoroughbred Racing Association acted with commendable speed and clarity, freezing the payout and demanding an investigation by the New York State Racing and Wagering Board. Officials of Catskill OTB and the totalizator companies AmTote and Autotote immediately tried to make the story go away, defending the winning ticket as an authentic stroke of good fortune while insisting their systems are impenetrable.

"Their lack of even feigned concern about the situation or respect for a serious investigation only raised more flags."Then three days after Brooks Pierce, the president of Autotote, said that the winning ticket was legitimate and actually 'good for racing,' Autotote announced it had fired a 'rogue software engineer' who 'had the ability to alter the ticket.'

Reached in March 2021, Crist reflected on the ridiculous reactions from those who originally were defending the results as legitimate.

"Once the longshots came in, you just knew the bet wasn't going to be hit. So, when the details of the winning tickets were released, anyone who knew anything about betting races knew something was off.

"Well, over the next 48 hours, the OTBs and tote companies were just lying, and eventually it was all exposed.

“

IT WAS SUCH A PERFECT ILLUSTRATION OF HOW WAGERING HAD JUST TOTALLY GOTTEN PAST THE RACING ESTABLISHMENT.

Just weeks after the incident, a survey of 300 horseplayers conducted by Hollywood Park, [reported at a November 2002 California Horse Racing Board meeting](#), showed 68% of the surveyed believe "it was likely that fraudulent bets could be made after the start of the race" while overall, 69% "express a lack of confidence in the tote system."

It will be notable later in this series that in that same California meeting, commissioners asked Autotote president Brooks Pierce if he had "any evidence whatsoever in California or anywhere else that anybody is able to bet" after the start of a race.

Pierce confirmed he had none.

Harn was fired by Autotote days after the fraud was eventually discovered. [A Washington Post article captured](#) the remarks of Lorne Weil, then chairman and chief executive of Autotote's parent company Scientific Games, the same day of Harn's ousting.

"Weil...had praised his company's 'detection system.'...

'The good news, if there is any, is our

detection system worked the way it should have,' Weil said in a conference call. 'No money was paid or changed hands.'

"During the call, Weil said Autotote's detection system would have red flagged the alleged alterations to [the Fix Six] bet even if they had not raised suspicions."

Weil's praise for Autotote's own monitoring, however, was premature.

His remarks came before it was known Harn and his conspirators had changed tickets in a similar fashion earlier the same month without detection at both Balmoral and Belmont, netting over \$107,000.

Weil and [Brooks Pierce](#) are still working together through British-based [Inspired Entertainment](#).

A PERIOD OF TRANSITION

Where was the TRPB? Was anyone monitoring the pools or these risks?

In 2002, the TRPB was in a period of transition.

The [Baltimore Sun's Jon Morgan profiled](#) then TRPB President Paul Berube less than two months after the Fix Six. He offered insight that the control over wagering security was not what it once was, a function of the growth of the internet and simulcasting.

"Berube, president of the Thoroughbred Racing Protective Bureau, has watched as the sport burst in a few decades from the confines of racetracks to the nearly ungovernable realm of cyberspace..."

"Berube acknowledges the business has

changed, making it harder to police. About 85 percent of the \$14.5 billion in bets on thoroughbred races last year [2001] were made somewhere other than where the races were run...

"A major heist involving the computers that store and sort the wagers seemed, well, inevitable..."

"That's one reason the protective bureau has been spending more time studying the industry's interlocking computer networks and the 'tote' companies that run them.

"The agency convened a meeting a few years ago to give the totes - who aren't members of the Thoroughbred Racing Associations - a list of 'points of vulnerability,' including the forgery of betting tickets, a time-honored scam also linked to the Breeders' Cup scandal.

"They all acknowledged the problem, but said it was too expensive to fix,' Berube said of the tote companies.

In 2021, Berube clarified to TIF that the "too expensive to fix" adjustment was:

"...centered on a flaw in outs book procedures [the process of clearing previously uncashed winning tickets after a period of time, normally months] that had been exploited by insiders to cash before those winning bets reverted to the state."

The Fix Six scammers, led by Harn, [were involved](#), along with others, in the uncashed tickets scheme too.

The tote companies had avoided stringent monitoring. This remains the norm. Most businesses prefer saving the cost of extra oversight. But that does not mean that businesses should dictate their own oversight requirements, or that what amounts to self-regulation is akin to an acceptable standard of regulation.

The industry was well-aware of the

vulnerabilities which led to the Fix Six. Steve Crist's allusion to previous loopholes –insecurities – from well before the Fix Six were known to the TRPB.

The Morgan article continues:

"As recently as September [2002, a month before the Fix Six], Berube had a conversation with someone regarding the possibility of hackers altering bets after a race had been run - especially on bets that require the gambler to predict in advance the outcome of several races.

"The reason: Data on such bets are stored in computers until after most of the races have been run and then are 'scanned' and forwarded to a central hub."

Berube's 2021 clarification to this portion of Morgan's 2002 story is noteworthy.

"My September 2002 meeting was at the TRA's annual simulcasting conference, and was with a well-placed tote company representative who was asked, by me, what it would take to 'create' winning pick six tickets after the entire sequence of races."

The tote representative told Berube all it would take is a program and a programmer – less than two months before that actually happened on the sport's biggest stage.

But for years, the TRPB's functions were being trimmed back, with rising costs for placing TRPB agents at tracks cited as the reasoning. [Morgan's article](#) captured the transition:

"Tracks complained about the cost of the protective bureau, and in 1995 the Thoroughbred Racing Association restructured. Each member track was allowed to either pay to have [a TRPB] agent on site or to provide its own security in a cooperative arrangement..

"Many tracks opted out, and, as of the end of last year, the protective bureau

had only nine full-time agents assigned to 13 thoroughbred tracks - though they help coordinate security with the other 30 member tracks.

"The role of the protective bureau has been 'minimized,' [now Thoroughbred Horsemen's Association chief executive Alan] Foreman said. 'The nature of the industry and business have changed and a number of tracks have found it more cost-effective to do that work themselves."

Not surprisingly, cost savings did not equate to better protections.

DEGRADATION

Paul Berube affirmed the degradation of the role of the TRPB over these years in his 2021 conversation with TIF.

"It was an erosion, over time, and it came down to commitment and the perception of need.

"Changes in ownership of racetracks from privately-held [tracks] to corporate conglomerates brought about different thinking on security measures. Lost in the ownership changes was first-hand knowledge and appreciation of the TRPB's history. The expansion of simulcasting added to the changes that have occurred.

"Even though 90% of all wagering dollars come from off-track, that has not and will never change the fact that the races being wagered upon still occur at a hardscape facility and where essential participants are located. In short, racing still needs investigative eyeballs on the actual race event even though less money is being wagered at the live venue."

So how will racing integrity oversight

exist going forward?

Berube notes that any effort must be a nationwide one.

“Today, there is no national unity, but in the heyday of the TRPB, that was our strength. So many investigations went across a wide span of states. Today, I don’t know how you would do it without some uniform group.”

Around the time of the Fix Six scandal, Berube notes that the TRPB was looking to hire a knowledgeable resource for the TRPB in pari-mutuel operations and was recommended to consider Curtis Linnell, now Executive Vice President of the organization some 19 years later.

“Best hire I ever made,” Berube told TIF.

But as corporate control of American tracks concentrated even further, the TRPB’s influence and its role as an agent of the TRA, a consortium of those same tracks, waned as it relates to wagering

integrity. Incidents or suspicious findings are almost never publicized, if they were triggered at all.

In 2021, Steve Crist scoffed at the TRPB arrangements, both at the time of the Fix Six and now.

“The TRPB was like some warm blanket the industry would toss on these things in some attempt to reassure horseplayers that they were looking into it. But there was almost no sort of visibility or presence on any modern wagering incident.”

Massive improvements were needed in wagering security as racing became an increasingly off-track, online betting business. The Breeders’ Cup Fix Six proved the need to just about everyone.

In its aftermath, the industry started talking, planning and spending – millions – to build a modern oversight arm. It was a total failure.

PART FOUR

CONFIDENCE

The Breeders’ Cup Fix Six rocked North American racing.

In response, the National Thoroughbred Racing Association (NTRA) launched the Wagering Integrity Alliance and a separate entity, the Wagering Technology Working Group (WTWG).

In August 2003, a report published by the WTWG, in concert with the NTRA’s security consultants, [recommended three “primary measures”](#):

- Create the National Office of Wagering Security,
- Establish uniform, minimum security standards for wagering systems,
- Enhance the technology infrastructure of wagering systems to enable additional cyber-security measures.

The report was released in advance of that year’s [annual Jockey Club Round Table \(full transcript\)](#).



Jim Quinn was the horseplayer representative in the WTWG that assembled the report and highlighted the interests of horseplayers emerging from the Fix Six:

"In regard to reform, what did the players want? Three things, primarily:

"One, the transmission of all wagering data from the simulcast outlets and hubs to the commingled pools should be state of the art, that is, as good as it gets.

"Two, as soon as possible, technology upgrades must be implemented, so that the late mergers of simulcast pools that cause the suspicious drops in the odds for

unacceptably lengthy intervals after the horses have left the starting gates, would be eliminated, or effectively mitigated.

"Three, the players demanded to know, what is the scope of the problem, or how long has this been going on?"

Greg Avioli, then chief operating officer of the NTRA, recognized the need for a national response:

"A national office is our best means for detecting and responding to potential security threats across multiple jurisdictions or tote systems."

Roger Licht, then chairman of the

California Horse Racing Board, offered a regulatory perspective:

"Perception is often more important than reality. The perception is that people are betting after the commencement of a race.

"From what we have learned to date, that is not reality, but unless we upgrade our tote systems, we'll continue to have disgruntled horseplayers who feel that the odds on the winner – especially when we bet on him – are dropping after the commencement of a race.

"Let's change that perception – as fast as we can."

Rudolph Giuliani, the former New York City mayor hired as an NTRA consultant through his firm Giuliani Partners, said:

"The idea of a wagering security office is very, very important.

"The only way in which you can assure yourselves and assure the public that there's a standard of integrity necessary for people to continue to invest in this sport in all different ways is to centralize the data and to have an office that focuses on accomplishing that mission and then making certain with tests along the way that integrity is maintained."

Horseplayers in 2021 will be nodding their heads in agreement with all of these takes relative to betting on racing in North America 18 years after they were first shared. That should serve as a significant indictment.

Given the state of affairs at the time, the move to create the national office was met with optimism.

Horse racing's wagering business was changing. Bettors' perception was poor. The Fix Six scandal undermined confidence and discredited whatever controls the industry thought it had in place.

It did not go as planned.

ORGANIZED OVERSIGHT FAILED SLOWLY

[Financial reports](#) from the time show the NTRA spent almost \$3 million on consultative work to form and launch the Wagering Integrity Alliance and a national office after the Fix Six through 2003.

Sharon O'Bryan, the initial Alliance director hired by the NTRA, [turned-down the post](#) one week before she was supposed to start. An interim director, Isidore Sobkowski, was hired a month later. But the project languished and NTRA annual reports from this period serve as reminders of the shifting interests of the time.

The Wagering Integrity Alliance became the National Office of Wagering Security but was soon rebranded as the Office of Racing Integrity (ORI). In its [2005 year-end publication](#), the NTRA indicated the ORI would be functional by the end of 2006.

In December 2005, Craig Fravel, then in the midst of a 20-year leadership role with Del Mar, highlighted the tough position of track operators being the only responsible entity for wagering integrity, with help from the shrinking TRPB.

After outlining a suspicious wagering outcome raised by a customer which he investigated with TRPB help, [Fravel told an audience of industry professionals](#) at the University of Arizona's symposium that self-oversight was not enough.

"I think to allow customers to have sufficient levels of confidence in us, we

have to demonstrate that not only are we capable of reviewing things, but that there is a sufficiently independent and authoritative organization out there that can be the ultimate arbiter of those kind of decisions.

“And to a degree track management does have a vested interest in making sure that, [not only are we] at least portraying the game as on the up and up, but we are a little suspect simply because we are maybe overly confident at times, and I think the Breeders’ Cup Pick-6 scandal was a classic case of that.

“I had said for years that, upon representations by various tote companies, there’s no way anybody could get in and manipulate the mutuel pools.

“Well, in 2002 we found out that that was absolutely untrue and I had been told for years that there was no way that anybody could do past posting and found out about six months after that, that somebody was past posting in New York.”

Self-oversight remains the status quo and is insufficient for the modern gambling marketplace in 2021.

Despite the initial impetus to promote wagering security, the national initiative floundered.

After spending nearly \$3 million in its first two years, NTRA outlays on wagering security initiatives dropped to just [\\$1.1 million across 2004 and 2005](#) combined. The [NTRA’s five-year strategic plan](#) for 2006-2010, published in June 2005, indicated the NTRA was budgeting \$1 million annually for each of the next five years to support the Office of Racing Integrity. Instead,

spending fell to just [\\$28,531 in 2006](#) and [\\$125,040 in 2007](#), about \$1.8 million less than projected spending announced 18 months earlier.

The NTRA reported the ORI mission was to take “a lead role in the Wagering Transmission Protocol project to improve the technological infrastructure of the pari-mutuel wagering system.”

[By 2008](#), ORI was gone and the hope of independent oversight of wagering was fading.

In December 2008, three executives from different spheres of the business addressed the topic of wagering security in Arizona. All three abandoned their work in racing soon thereafter.



Photo: Alex Evers

Former Del Mar President Craig Fravel

PART FIVE

BINGO

The NTRA-led initiative to bring wagering integrity to North American racing had failed. Independent oversight was falling apart. The frustration was palpable in December 2008. The University of Arizona Racing Symposium ([click here to read the full transcript](#)) convened a panel to discuss the state of these initiatives.

Paul Bowlinger, a long-time horseplayer, attorney, former regulator and then the executive vice president for the Association of Racing Commissioners International (ARCI) found it Shakespearian.



"...The real genius of that soliloquy of Hamlet is not 'to be or not to be,' whether that is the question. He goes on to say, 'To die, to sleep, perchance to dream, aye, there is the rub, for in that sleep what dreams may come?'

"Because what Hamlet is really quite simply saying is, what we may discover is scarier than what we already know."

Later in the session, Bowlinger highlighted that the complexities of the industry, compounded by other issues, distracted the evolution of integrity measures.

"...We no longer have to dream about what's on the other side of an unmonitored pari-mutuel pool..."

"The second part in that soliloquy is, 'Whether tis nobler in mind to suffer the slings and arrows of outrageous fortune,' and what has bothered me is that since 2002, the Pick-6 scandal, it was the topic du jour, it was the topic du everything."

"Now granted, there have been other issues that have taken our time, medication issues, the tragic Eight Belles, Barbaro, the steroid issues, they've all come into place and they've diverted our attention and rightfully so in many ways."

"But I think our betting public is fed up with taking the slings and arrows of outrageous fortune."

When TIF reached him in February 2021, Bowlinger's recollection of the time was unchanged.

"The industry's complete lack of interest was so frustrating."

"We met with everyone, tried to make it work and we had all the numbers in place for it to work. All of the executives started out by saying 'yes, yes, yes,' and when it came down to executing, they ended up saying 'no, no, no.'"

"I owned a nightclub for a long time and I would not possibly think of ignoring my actual customers. Racing is run as if its betting customers don't exist. I would not walk into my club and not notice my customers."

"Instead, racing goes to its distributors and asks them how they are doing. It's a remarkable way of doing business."

Bowlinger left ARCI in 2010, returned to private law practice and has been out of the racing business ever since.

At the time of the 2008 Arizona Symposium, Bowlinger's fellow panelist Isidore Sobkowski had been out of the NTRA's Office of Racing Integrity for several years and was running his own company, Advanced Monitoring Systems (AMS), described by Bowlinger in the session as "specifically created to meet the pari-mutuel industry's need for cyber security of wagering pools and wagering accounts."

Sobkowski lamented the lack of accomplishments to that point.

“

**THERE'S A LOT
OF TALK ABOUT
WAGERING
INTEGRITY BUT
SO FAR I THINK
PRECIOUS LITTLE
HAS BEEN DONE.**

WITHOUT CONTROVERSY

Kevin Mullally provided an external perspective. After 12 years with the Missouri Gaming Commission, Mullally was early in his career with Gaming Laboratories International (GLI) as Director of Government Relations and General Counsel. He had recently served as Vice President of the North American Gaming Regulators Association (NAGRA). Given his broad experience in gaming regulation, he used his time at the 2008 panel to express his bewilderment at how racing could be such an outlier regarding its regulation of technology.

"This is my third consecutive conference.

"I came here two years ago to learn a little bit more about why the racing industry had managed to be the only component of the gaming industry that had not implemented any serious oversight to its technology."

TIF contacted Mullally in March 2021 and his views were unchanged and now augmented by the new forms of gaming technology which have entered the market, each aligned to a set of technical standards that are independently tested under the authority of their regulators. Racing's controls fall farther behind.

"If you were to put me on a panel today, 13 years later, I'd say the exact same thing.

"The only difference is that the tote systems stand out even more given how technology in the rest of the gaming industry has evolved. Testing is not only ubiquitous in every other sector of gaming but is also

without controversy.

"The only aspect about testing of gaming equipment that is controversial is if someone suggests that it is not needed..."

"Automated bingo card devices in church basements have more independent monitoring than the tote systems."

Ironically, Mullally added, the primary source of new money to the racing business – subsidies via slot machines, video lottery terminals and historical horse racing (HHR) machines (slot machine-like devices driven internally by race results) – are all substantially more controlled than the billions going through the tote system.

"Historical horse racing machines have similar levels of controls and oversight as any casino or lottery-style machines. Tote systems that have been used in America lack the clear lines of accountability and defined processes to independently validate the technology. Moreover, they lack proper safeguards to independently investigate a malfunction, or investigate attempts to compromise the system. The message has always been, 'we can do better.'"

Tote operators, not so much.

Mullally's position from outside racing was affirmed by one active racing executive whose role includes managing wagering, but asked not to be named because of ongoing relationships with tote companies. That executive told TIF in early 2021 that AmTote, which was [reported to process about 80% of North America's pari-mutuel bets](#), has consistently disappointed his track:

"They have not met our expectations on tote processing innovations and it has long seemed like they are not receiving the cash needed to evolve or innovate in racing. If anything, they have given the impression

most of their team was working on their historical horse racing technology.”

That technology powers the slot-like devices used to subsidize racing in states including Arkansas, Kentucky and Virginia.

MONITORING

Back in the 2008 panel, Bowlinger, Sobkowski and Mullally were all bearish on the state of wagering integrity and did not hold back.

In the session’s Q&A period, Chris Scherf, long-time Executive Director of the Thoroughbred Racing Associations of North America, the owner of the TRPB, publicly contested Sobkowski’s monitoring business, challenging the underlying technology and claiming it insufficient to meet industry needs.

“I think it vastly overpromises.”

By this point, Scherf had almost two decades of experience working with the tote companies and noted that the technological infrastructure that was required to institute independent monitoring was not possible given the rather sorry state of technology on the part of the tote companies.

Reached in March 2021, Scherf made it clearer.

“You haven’t had an adventure in life until you’ve tried to get tote companies to do something in concert. I found quickly that when you get them all into a room, everyone was in favor of uniformity and the definition of uniformity was everyone doing it ‘my’ way.”

The Scherf challenge in 2008 was an engagement familiar to Sobkowski, who had heard the hemming and hawing before.

“We are a vendor. We compete in a free market and we’ve got a good system. I understand TRA [Scherf’s employer, funded by the consortium of track owners] has a system as well, we’d love to go ahead and compete against you, love to go ahead and partner with you.

“We’re looking for an industry solution here, we’re not looking for any kind of unfair monopoly or any kind of unfair advantage.”

Earlier in his main remarks, Sobkowski struck hard at the racing industry’s overwhelming reluctance.

“I just want to say that the industry has had some pretty significant push-back to the things that we’re doing as a company.

“I’ve been told, for example, that our system is too simplistic. I’ve been told that our system is too sophisticated. I’ve been told that our system works too well and we don’t need it. I’ve been told that our system doesn’t work at all and why bother?”

“But what I’ve really been told over and over is that someone has to pay for this and the industry doesn’t want to pay for it.”

A DEAD RAT

In 2009, the [Indiana Horse Racing Commission \(IHRC\) decided](#) to move forward with Sobkowski’s firm, AMS, declaring itself the first state in America to institute real-time, independently monitored pari-mutuel wagering.

Joe Gorajec was Executive Director of the IHRC for 25 years, and pulled no punches in 2021 when assessing the state of wagering integrity in America, suggesting little, if anything, has been done in the almost two decades that have gone by since the Fix Six



The state flag of Indiana

scandal. He told TIF:

"Most racetrack operators would rather have a dead rat in their mouth than expose or take action on any wagering malfeasance that occurred on their races.

"If there is a system in place, today, that is for racetracks to use to monitor live betting, then the tracks should be reporting the results to the public. The reports should indicate exactly the problem that occurred, here's what was done about it and what steps are being taken to ensure it does not happen again.

"You almost never hear that, ever, from anyone.

"Tracks will not take action on their own because tracks are not in the business of integrity. Tracks are in the business of making money conducting horse racing. Some are more integrity and safety minded than others.

"I think most tracks, confronted with a wagering integrity issue, would either bury the information or bury their heads in the sand and it would never see the light of day. That's not every track across America, but the majority would not want to make public any information that would question the integrity of wagering on their product."

New York adopted a rule requiring independent wagering oversight, and [hired Sobkowski's AMS](#) in October 2009 to monitor all betting on tracks in the state. The rule still

exists, but one long-time tote executive told TIF the technology is so limited, monitoring to meet the rule can only take place on live, in-person betting at the host track. Thus, actual monitoring only occurs on just a sliver of total betting.

Widespread independent monitoring across the tote landscape never actually materialized in any state, from AMS or another firm. Though formal explanations are impossible to find, TIF learned from multiple individuals that the protocols which govern the tote system are so antiquated that betting details from the tote companies could never get to the monitoring groups in formats that would enable transaction-level oversight. Investment to upgrade systems to enable such transmissions have not been made. These protocols remain in place today.

At present, two of the three main tote companies serving North America are owned by major racing corporations, each of which also own racetracks, ADWs, high volume betting shops, content distribution arms and a host of other service providers. [AmTote was bought](#) by Magna Entertainment (later, The Stronach Group and now 1/ST) in 2006 and as was previously cited, controls most of the tote relationships between tracks and betting sites. Churchill Downs Incorporated [acquired United Tote](#) in a November 2009 deal as part of its purchase of Youbet. The third, Sportech, sold its global tote business in December 2020 to Australian firm The BetMakers.

TIF asked former TRA boss Chris Scherf in 2021 if consolidating ownership of tote companies with racetracks, as was the case with AmTote and United Tote, made any noticeable difference.

"No. I don't think anyone perceived

anything was going to change or be improved, and that's the way it played out.

"It made it easier getting the tote companies to the table a bit more regularly, but that's about it."

During the period from the Fix Six scandal of 2002 through 2009, horseplayers increasingly questioned the ability of tote

firms to secure betting as they witnessed the failings, making it all the more inexplicable that independent monitoring was rebuffed. Tote representatives said there were no such issues.

One professional horseplayer proved, and reported, that he could bet up to 50 seconds into the start of a race.



PART SIX PROOF

Past-posting is the act of placing a bet after a race has started because the wagering pools were not properly closed. Professional horseplayer Mike Maloney had suspected past-posting was happening with regularity and pleaded with a variety of officials for years to clamp down, but to no avail.

Paul Bowlinger, then Vice-President at

the Association of Racing Commissioners International (ARCI), a trade group of racing commissions, recounted his 2007 observations of Maloney [in a 2008 conference](#) at the University of Arizona.

"He basically came and told this audience [one year earlier]...I past-posted and I did it to show the industry how easily and how frequently it can be done."

Maloney is a member of the Thoroughbred Idea Foundation's Wagering and Integrity Issues Steering Committee and documented his experience uncovering past-posting opportunities in the 2000s at the end of his [2017 book "Betting With An Edge."](#) After engaging, or attempting to engage, with a plethora of track executives and even the NTRA, Maloney realized there was almost no traction to securing wagering systems.

He wrote:

"To make people in racing realize what's going on here, I don't just need proof...I need to drop a bomb. At Fair Grounds in 2007, I found one."

After months of trying to understand the issue while betting the races, Maloney explained how he identified that betting pools were not closing appropriately. Tracks maintained little to no record of when races actually started and a series of issues with time syncs between tote betting machines and the host track made it increasingly challenging to prove when there was an actual problem.

What Maloney knew, for certain, is that if the mechanism to stop betting at the host track and all other simulcast and online sites was being used, it was not always functioning correctly.

Stewards at tracks are provided a mechanism to close the betting pools for a



Mike Maloney

race under their supervision.

This mechanism, known as a "stop wagering device," is supposed to lock all wagering on that race from on-site and at all other locations off-site, and online, where bets are accepted. Maloney noticed that the act of closing the pools was replicated in individual betting terminals with an audible notification to live tellers.

THE BEEP

With an established "office" for wagering at Keeneland, and with a semi-private teller to enter Maloney's bets, he began to notice the "beep."

"The beep is just an alert to the teller. I began to listen for the beep. In the vast majority of races, it came at the proper time. The gates would open, within two seconds I would hear the beep, and I knew the race was properly closed."

"If I was betting that track, my tickets

would stop coming out. But that's not how it was all the time, and I noticed that certain tracks were a lot worse than others.

"Fair Grounds was really bad about it. Golden Gate was really bad about it. Aqueduct was really bad about it. The Florida tracks had issues. As I watched this, I no longer suspected that past-posting was possible, I knew with certainty it could happen."

To prove the point, Maloney bet on a race at Fair Grounds where wagering remained open during the race, well after the start.

"We were over 50 seconds into the race when I heard the beep and wagering finally closed."

Following these startling revelations, Maloney thought an investigation would be forthcoming and wagering security bolstered.

"I got a visit from the TRPB...I was hoping I'd be able to help them investigate the incident, but that was naive. They were more interested in investigating me."

While Bowlinger simplified Maloney's actions in his 2008 remarks, Maloney clarified his intent in a 2021 interview for TIF.

"I certainly wasn't doing it for fun. Despite regular pleading with some officials, very few believed it was happening and said they did not have actual proof."

"So, I showed them the proof from my bets and all of the other legwork I did to expose this for them. I thought that would be enough for those in charge to realize that there was a real problem with the tote systems and that now it could get fixed."

"Instead, I was called before two Commission meetings to show cause as to why my racing license shouldn't be revoked."

"It seemed that more than anything, they wanted to intimidate me and interrogate me,

almost like I was a criminal for revealing to them their own systems' failings."

A [June 2008 past-posting incident](#) came to public attention after it was learned customers at Tampa Bay Downs were able to bet on a race at Philadelphia Park (now Parx) after the race was over, clearing more than \$13,000 from \$2,000 in bets made after the race.

The TRPB's Curtis Linnell told the Paulick Report at the time "it didn't look like it was widespread."

Paulick wrote:

“

THIS ISSUE BEGS THE QUESTION OF WHO IS MINDING THE TOTE, A PATCHWORK, LESS-THAN-STATE-OF-THE-ART WAGERING NETWORK THAT HANDLES THE APPROXIMATE \$15-BILLION IN BETS EACH YEAR AND FLOWS THROUGH RACETRACKS, HUBS, GUEST HUBS, OFF-TRACK BETTING SITES, ACCOUNT WAGERING SYSTEMS, AND OFF-SHORE REBATE SHOPS?

WHISTLEBLOWING

More than **18 months after** Maloney's first proof and exposure of past-posting, and seven years since the Breeders' Cup Fix Six, Maloney was contacted by a tote employee "who didn't trust his company to report" such an incident properly.

The race in question was the Grade 3 Los Angeles Handicap at Hollywood Park on May 16, 2009.

"Rather than immediately report it myself and initiate the usual industry cover-up, I decided to wait and watch what the tracks and regulators would do..."

"I was hoping the higher-ups at Hollywood Park would inform the betting public of the failure of the tote system. Then I hoped to see the California Horse Racing Board, since it regulates all wagering and racing in the state, issue a press release regarding a potential investigation."

But there was no immediate reaction.

Maloney blogged about the incident, which was then [picked-up by Paulick Report](#). Wagering on the race at 33 locations had not been closed properly, enabling patrons there to continue betting on the race even after the results were known.

Tote officials recognized the issue and did not honor winning bets placed at the 33 locations for the race, though they never raised the issue to the public, until Maloney blew the whistle.

"The Hollywood incident summed up the industry response to all of the tote problems."

"First, the industry doesn't want anyone to know about the issue, because it makes them look bad. Then, when they're called on it, they deal with it in a way where they don't even acknowledge the systematic failure that led to the people who fund the game being cheated out of their money."



Photo: Alex Evers

Hollywood Park

Maloney's quest continued for several years, with more incidents identified. Many horseplayers recall the incidents and remain concerned about past-posting, though tote experts, who wished to remain unnamed, told TIF that the specific issues Maloney identified about past-posting were rectified.

While he backed away from the fight in 2012, as Maloney explains in the book, he remains steadfast to this day that the wagering systems for American racing still lack some of the basic security provisions they need.

A STEP BACK FOR INTEGRITY IN 2020

In December 2020, ARCI adopted an update to its [Totalisator Technical Standards \(TTS\) document](#). This document contains the requirements for North American pari-mutuel wagering operators and bet-takers, and is supposed to be adhered-to by members.

In its most recent update, the document included an adjustment to the requirements of the stop wagering device. As it describes, tote vendors "shall install two separate devices that activate the stop wagering function."

The device closes wagering on a race and provided all downstream receivers of the signal from the device are calibrated, it stops the occurrence of past-posting as painstakingly identified by Mike Maloney

over years.

According to the TTS document:

"The stop wagering device shall be the judge's console and a tote system backup located at the racing association."

That is, the host track where the race is taking place.

The primary device is in the possession of the stewards overseeing the race itself. But the 2020 update amends the backup device's requirements.

"Said tote system backup may be operated by local racing personnel and/or racing stewards, and also remotely operated by tote personnel not physically located at the racing association."

"If the tote system backup is operated remotely, a protocol for the remote operation shall be submitted to the racing commission for approval."

In other words, the main device is still with the stewards, but the backup device can be operated remotely, out of control of the track and stewards. This has flabbergasted Maloney, who offered the following comments in 2021:

"I can't imagine a system where an update of these protocols would bring us to, hypothetically, a less secure operation of the stop wagering function in 2021, but that is what seems to have happened."

"The same general lack of concern I felt the industry showed horseplayers in 2007, seems to still be in place now. The betting infrastructure is ancient. How can a reasonable observer look at what we have in place and not think it is in need of monumental upgrades to protect honest customers?"

If technology had evolved across the American pari-mutuel wagering landscape and centralized backup remotes were

implemented with transparent oversight, then confidence might be warranted.

But that does not seem to be the case.

Instead, while other gambling technologies continue improving over time, tote technology seems to remain much the same.

“TRUST US” ISN’T ENOUGH

Alarming, some of the same “late scan” functions which Chris Harn and his conspirators exposed in the Breeders’ Cup Fix Six remain in place.

Maloney documented in 2017 that the method by which tracks identify winning superfecta bets across all North American races still uses the “late scan” approach for verifying winning tickets.

Instead of submitting the full details of every superfecta bet to the host track as it is placed, the remote bet taker only communicates to the host track the dollar amount of superfecta bets they have taken before the race begins. Once the race is run and order of finish confirmed, then the host track requests that the remote betting sites provide detail on how many winning superfecta tickets should be paid to them.

Defined as a process “used after the winners are known” by the Inter Tote System Protocol (ITSP), a shared resource used by tote companies, tracks and remote betting sites, **every superfecta bet** on North American racing is processed as a late scan.

Maloney said:

“The 2002 pick-six scandal happened for a variety of reasons, all well-documented. To the best of my understanding, the only update that has been made to the ITSP is for the pick six, or any multi-race bet like it, which the industry calls ‘Pick-N’ bets. They’ve moved from late scans to early scans.”

The ITSP identifies an early scan is “used after the winners are known from leg to leg of Pick-N pool types.”

The total Pick-N play, with combinations and wager amounts, is still not secured and transmitted to the host track before the betting sequence begins. In 2017, Maloney called these situations “vulnerabilities without reasonable oversight.”

These processes still exist today.

[TIF questioned the TRPB about](#) the unusually low superfecta result of the 2019 Kentucky Derby in the weeks following the race. That year’s race was unofficial for more than 20 minutes before stewards demoted Maximum Security and promoted Country House, at 65-1, to the win. The longest-priced winner of the race in modern times, which holds America’s largest field and largest superfecta pool, produced a superfecta return which was surprisingly low in comparison to other combinations in the past, at just \$51,400.

There may be a plethora of **reasonable** explanations, but none have ever been provided.

“Trust us” isn’t enough.

The 2005 remarks of [then Del Mar Thoroughbred Club President Craig Fravel](#), now the Chief Executive Officer for 1/ST Racing (formerly The Stronach Group), questioned the ability of the tracks themselves to properly ensure the security of wagering. Keep in mind that the one entity which exists in this capacity, the TRPB, is a

wholly owned subsidiary of a consortium of racetracks.

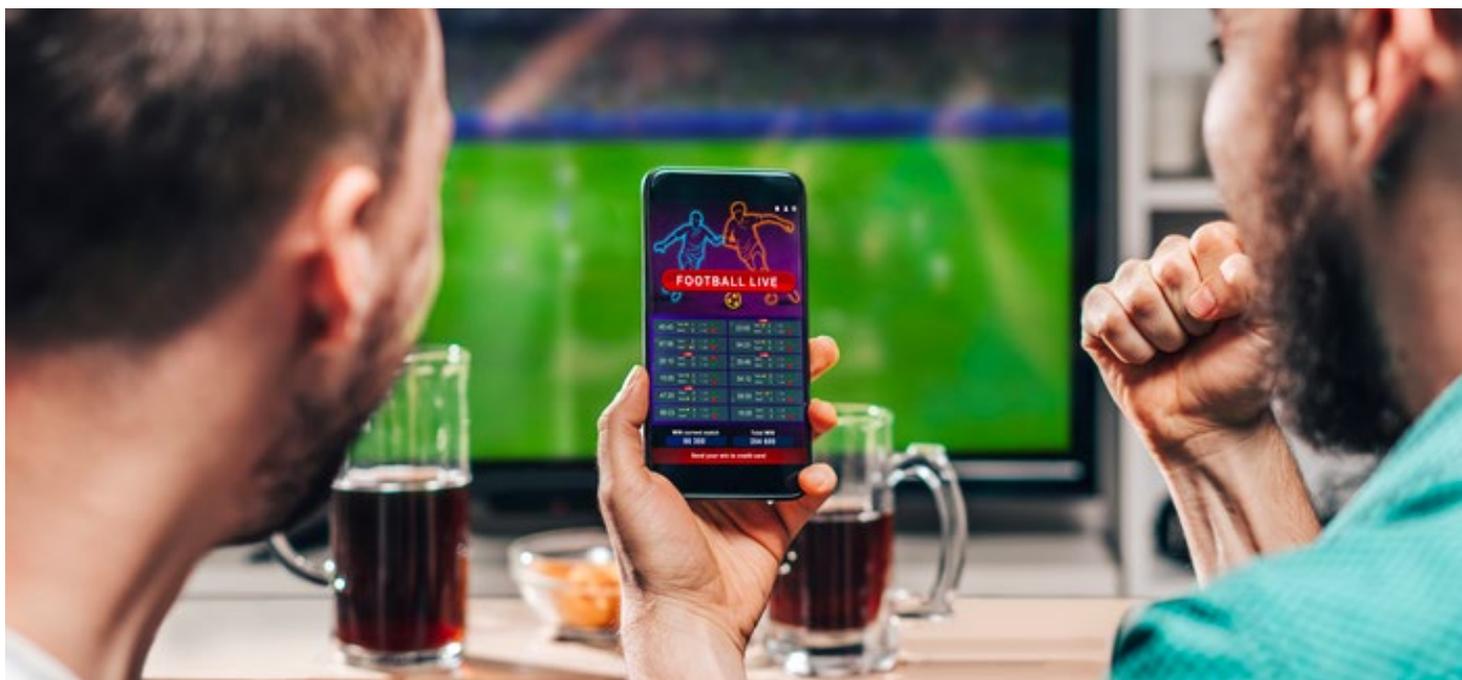
"We [track operators] are a little suspect simply because we are maybe overly confident at times.

"I think to allow customers to have sufficient levels of confidence in us, we have to demonstrate that not only are we capable of reviewing things, but that there is a sufficiently independent and authoritative organization out there that can be the

ultimate arbiter of those kind of decisions."

North American racing is still waiting for one, some 16 years after Fravel's remarks, and 19 years since the Breeders' Cup Fix Six.

The lack of oversight is a flashing red light to both existing and new racing fans. In our next installment, we will look at other racing jurisdictions which are tackling these topics and seeking to keep pace with the ever-changing world.



PART SEVEN Z

Transparent oversight of racing has been defunded over decades and customer protection remains weak. North American Thoroughbred racing in the 2020s is saddled with a regulatory infrastructure designed for a sport in the 1970s.

Racing has to change.

Ten years ago, [Jockey Club research conducted by McKinsey](#) showed that a minority of racing fans, just 46% of those surveyed, said that they would recommend the sport to others.

"Thoroughbred fans are almost twice as likely to recommend baseball (81%), football (73%), or basketball (77%) to others as they are to recommend Thoroughbred racing."

There are many reasons for racing's waning appeal among its own fans but the gambling experience is certainly a key one. Simply getting more eyes on racing is not going to be enough to sustain interest amongst future generations.

While many of racing's existing American customers have long been accustomed to a sport with substandard, haphazard and insufficient oversight, the next generation might not be as forgiving. A [2019 piece by Julie Arbit](#), Global Senior Vice President, Insights at VICE Media Group, highlighted this burgeoning need among Generation Z, whose oldest members are now in their mid-20s.

"Gen Z is coming of age in a world of infinite choice, and this affects everything from how they define themselves to how they love and how they buy..."

"If brands want consumers to be committed to them, brands need to be committed to consumers. What brands say and do should demonstrate this dedication — showing that the satisfaction and happiness of their customers is of utmost importance. Trust is also paramount in relationships, and brand relationships are no exception. Authenticity, transparency and two-way dialogue with consumers are essential."

The topic has been raised in racing too.

Dr. Jennifer Durenberger, Jockey Club Steward at the New York Racing Association, has served as both a regulator and regulatory veterinarian, among many other roles across racing. [In a 2019 presentation](#) at the University of Arizona's Global Symposium on Racing, she highlighted the growing interest consumers are showing in the values of

companies they patronize.

"Ethical consumerism is when a consumer consciously chooses or avoids a product, or an experience based on the perceived ethics of the processes that are used to produce them."

"...this is not just a Millennial or a Gen-X phenomenon...this is consumers who actively consider company values when making a purchase and remember these are purchases of inanimate objects."

How can American racing hope to compete in the future for market share if newer potential customers are turned-off by the sport's poor standards of oversight? Sports betting customers in America generally have confidence in the betting systems and oversight of major sports for which wagering is accepted.

At the time of this publication, [26 states and the District of Columbia](#), accounting for more than 45% of America's population, reside in a state where sports betting is legal. Nearly all of those states are currently accepting bets at present while others will launch soon.

While American horse racing is a laggard, others in the racing world are staying relevant and accomplishing this far better.

COMPREHENSIVE REVIEWS LED TO UPGRADES

North America is an outlier when it comes to monitoring wagering and uncovering malfeasance.

Two other major racing jurisdictions – Australia and Great Britain – have aggressively promoted racing and wagering integrity during the same two decades (2002-present) while America has floundered on such issues.

The [British Horseracing Authority \(BHA\)](#) has been a leader in monitoring wagering as a key component of its integrity services. Australia, which operates a state-by-state regulatory system similar in basic structure to America, has created independent statutory authorities to enhance integrity across all facets of racing.

The British racing industry studied the matter across 2002-2003, published the [Neville Review in 2008](#) which, among other things, “assessed the role and procedures racing and sports governing bodies should adopt when dealing with matters that may involve breaches of the criminal law as well as its own rules in relation to corruption connected to betting.” In 2016, it followed-up with the [Brickell Review](#).

In the foreword of the Brickell Review, then BHA chief executive Nick Rust outlined quite clearly the importance of the topic to the sport’s regulators.

“It should come as no surprise that one of my priorities is to continually improve our integrity work to make sure we have the confidence of participants and the racing and betting public.”

Confidence is good for business.

Australia’s focus is similar, but approaches it differently.

Victoria is Australia’s second largest state and its capital, Melbourne, is home to one of the great racing festivals, headlined by the Melbourne Cup.

In 2007, Victoria’s Minister for Racing commissioned Judge G.D. Lewis to:

“...lead a process of consultation with racing industry Controlling Bodies and stakeholders, with the objective of identifying options to ensure that integrity assurance within the industry is of the highest standard.”

“For the purposes of this Review, “integrity services and systems” were deemed to include: overall stewardship and associated investigations, race-day operations, betting compliance and regulation, veterinary services, drug control, licensing and registration.”

The finished product, known as the [Lewis Report, can be read in its entirety here](#).

American racing has not seen anything similar to the Neville Review, the Brickell Review the Lewis Report, or a 2018 Australian update, the [Wood Review](#).

That is part of the problem, according to global sport and racing integrity expert, Professor Jack Anderson:

“Thoroughbred racing in the U.S. urgently needs the equivalent of a Lewis Report and one that would follow a similar methodology to the integrity reviews undertaken [by both the BHA and Victoria].”

Anderson says that such reviews offer an opportunity to reset expectations and prepare the industry for a major boost to integrity that is most needed. For him, two key principles emerged from these reports:

“The greatest threat to the integrity of racing in the U.S. and elsewhere (be it race rigging for gambling purposes, doping, animal welfare) often comes from poor but engrained practices and culture within the sport itself and not external threats.

“The first, and most prominent recommendation in the Brickell Report, is related to engagement with participants in the industry and the need to consult continuously with the sport’s stakeholders

to better ensure 'buy-in' from the sport for integrity initiatives.

"Rewarding good behavior in the industry, consulting them on education initiatives and better communication between regulators and the industry's participants perpetuates long term trust and confidence in the integrity of the industry as a whole."

"Second, and similar to the Lewis report's recommendations in Australia, it is unlikely that any review of the thoroughbred industry in the United States would recommend either that the status quo in, or piecemeal reform to, current integrity services in the sport nationwide would be the way forward."

"Radical, comprehensive and, likely, federally mandated statutory reform is needed to better promote the integrity of thoroughbred racing in the U.S."

While it is unlikely that the Horseracing Integrity and Safety Authority (HISA) will take-up wagering systems integrity, bet monitoring and understanding wagering's role in rules violations and potential criminal infractions is a basic practice around the world. Communication around such incidents is routine.

Measures of transparency from international racing regulators far exceed America's standards at present.

PART EIGHT

DAMAGE

Just because American racing offers only pari-mutuel wagering on racing does not suggest it is less vulnerable to corruption. History demonstrates otherwise. But compared with international counterparts, North American racetrack operators and regulators do far less to watch guard on their own sport.

Australia, Great Britain and Hong Kong serve as examples with greater controls on the oversight of wagering, no matter the channel. While in Hong Kong the only legal market is pari-mutuel and operated by the Hong Kong Jockey Club, Australia and Great Britain have incredibly diverse wagering markets.

The Hong Kong Jockey Club (HKJC) is the only licensed operator for betting in Hong Kong, has total handle exceeding US\$15 billion annually from more than 800 races across 88 race days. That total dwarfs U.S. handle while conducting about 3% of the number of races.

One difference, racing information is incredibly detailed and free, provided by the HKJC. Another, they take the policing of racing seriously.



Challenges maintaining integrity are ever-present, as described by the [recent handbook published](#) by the Asian Racing Federation's Council on Anti-Illegal Betting:

"The HKJC has a dedicated racing integrity betting analysis team which operates sophisticated monitoring systems and processes to detect irregular and suspicious betting activity on both the legal and illegal markets..."

"The bespoke HKJC monitoring capabilities use technology designed and built in-house specifically for the integrity threats to HKJC racing..."

"Betting alerts are based on unique betting

algorithms which have been developed to detect suspicious betting on Hong Kong racing; these alerts are graded based upon the degree of irregularity, and are updated as the betting market evolves..."

"In 2018, betting alerts raised concerns of suspicious betting on a leading jockey who, after an investigation, was banned for 15 months for betting offenses at a subsequent inquiry..."

The reference is to the suspension of jockey Nash Rawiller (pictured next page), which is covered in [this article from the South China Morning Post](#).

Monitoring in Hong Kong goes several



extra steps too, as the ARFCAIB Handbook explains.

"The principles behind bet monitoring have expanded to include integrity profiles on all licensed persons. Alerts are run on a wide range of performance outcomes and are based upon the structure of the betting alerts.

"For example, if a jockey has an irregular trend for being slow to leave the starting stalls, a graded alert will be triggered."

Great Britain and Australia both have wagering alternatives which may have contributed to their implementation of expanded oversight measures. [On its website](#), the BHA describes the role of its

integrity team both in advance of racing and working with officials during the race day. There is little comparable at North American racetracks.

"Throughout the day... BHA betting analysts monitor the markets for any signs of unusual activity. This takes place across all the modern betting platforms, and analysts can also call upon bespoke monitoring software to drill down and understand the emerging picture..."

"As well as the betting markets, the BHA's analysts also study the races themselves, using speed maps and a database provided by an industry-leading software company

Photo: Alex Evers



Jockey Nash Rawiller and Mr Stunning

to establish the likely shape of races, both from a performance perspective and a betting angle.

“Before racing, the BHA’s Integrity team will update the professional Stipendiary Stewards at each racetrack with betting information, and highlight to them any potentially unusual activity or horses to be wary of or vigilant about, based on the emerging intelligence and profiling work.

“Post-race, the Integrity team can advise the Stewards on any issues about runners and/or rides that concern them, and on occasion can request action before a race, when betting patterns are especially unusual. On rare occasions, a pre-race Stewards’ enquiry is held, which can disrupt a potentially corrupt event by letting those involved know the BHA is aware of what is going on.”

The Australian state of Victoria is similar. Racing Victoria also has betting analysts working as part of their overall integrity team, in regular contact with stewards at racecourses, providing information that could be helpful in policing the sport.

The ARFCAIB highlights that there are strong common characteristics linking these entities. Each jurisdiction has:

- Dedicated betting analysis teams,
- Human assessment supported by automated systems,
- Real-time monitoring and assessment,
- Licensed betting operators in well-regulated environments which provide useful data.

If these elements are present in North American racing, no one sees or feels their impact.

BET MONITORING IN PRACTICE

Just like the races themselves, there are regional intricacies when it comes to the monitoring of wagering.

According to details in the ARFCAIB Handbook, the BHA successfully prosecuted 82 individuals, including 12 jockeys, following betting corruption investigations in the ten years from 2009 to 2018. Bet monitoring and systems to flag suspicious bets, developed by the betting companies themselves, have featured in many of them.

In one example, jockey Darren Egan was suspended for 12 years in 2015 for incidents where Egan did not ride horses on their full merit, in conspiracy with bettor Philip Langford, who paid Egan to stop the horses from winning. The details of Langford’s betting around the incidents were damning.

Betting operators shared information with the BHA crucial to the investigation. Betfair suspended Langford’s account after he risked more than the equivalent of \$1.1 million with profits of approximately \$75,000. The [full BHA report is here](#).

More recently, the Irish case of trainer Charles Byrnes combined a series of nefarious actions which fleeced bettors, endangered other horses and jockeys and brought another cloud over the sport. But the case itself was made because of the collaborative relationship between regulators and betting operators.

As the Irish Horse Racing Board (IHRB) Tribunal report outlines, Byrnes was suspended six months for being “seriously

negligent” after an investigation revealed Viking Hoard, a horse he trained, was doped with a sedative while unaccompanied in the pre-race stables at Tramore Racecourse on October 18, 2018.

Furthermore, information sharing between betting operators and regulators confirmed unusual wagering activity on Viking Hoard to lose. Global sport and racing integrity expert Jack Anderson summarizes the situation:

“The IHRB received alerts from the British Horseracing Authority (BHA) based on information received internationally from commercial betting exchanges.

“This information indicated that there was a substantial lay bet on the Tramore race, with a potential liability of €34,889 if the gelding won. The sum risked to win was €3,200. This represented 50% of the relevant exchange market. The IHRB Tribunal was satisfied that this risk/reward ratio demonstrated substantial confidence on the part of the layer, and evidence was also given of similar patterns in the horse’s previous two starts.

“Further evidence suggested three of these lay bets had been traced through the Betfair exchange to the same account number and that the lay bets were initially placed with a limited liability company, which placed them in turn with Betfair. The Tribunal was also informed that the controlling person behind the company was an individual based in a third jurisdiction and was said to be associated with match fixing and associated betting in connection with other sports.”

The IHRB report noted that while there was no connection between Byrnes and the betting patterns, the impact was clear:

“Significant actual damage flowed from

the neglect of the trainer. The damage was financial in the case of affected punters, and reputational in the case of the racing industry. This case illustrates the specific and additional challenges and dangers to the integrity of racing posed by the widespread ability to back horses to lose races for significant returns.”

While lay betting features prominently in many of these cases, that option is not available to customers in North America through legal operators.

Regardless, racing regulators and stakeholders across the sport must be attentive to the threats posed from ANY wagering market on its races. U.S. customers might not be able to enter lay bets or fixed odds bets on its races at present, but the rest of the world is firing away and it is naïve to think some are not looking to capitalize on any opportunity.



PART NINE ALERTS

Foreign bookmakers accepting bets on American racing have recently identified suspicious betting on U.S. races themselves.

[According to the International Betting Integrity Association \(IBIA\)](#), a consortium of mostly European-based bookmakers, 270 suspicious alerts were generated across all sports by their monitoring platform in 2020.

Five of the IBIA's alerts were generated on U.S. racing, all in the fourth quarter of 2020, the first time the group has identified any suspicious betting activity on North

American races.

The IBIA told TIF that five races from one American track were the source of the alerts, all of which had one consistent characteristic among them. As for the specific details, no more information could be shared due to data protection requirements.

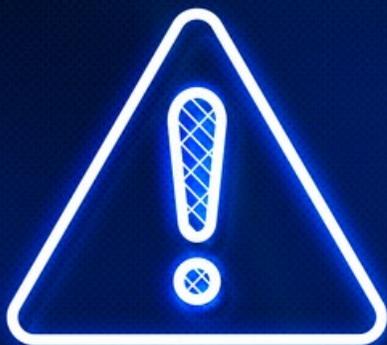
The suspicious activity originated with customers outside of America whose bets were regulated by a well-respected, international gambling regulator. The suspicious activity was reported to this regulator at the time of the relevant races.

However, the IBIA does not have information-sharing relationships with any North American racing jurisdictions, and up until now, their betting operators had not generated any alerts on U.S. racing.

IBIA Director of Integrity Matt Fowler offers more detail.

"If there were agreements, or memoranda of understanding between IBIA and American state racing regulators in place, we definitely would be reporting it directly to them. We do have relationships with other American sports authorities, so it would not be unusual for us to reach out to an American entity and provide information."

There is no reason to wait until the recommendation phase of this series – such agreements or MOUs should be



struck as soon as possible.

Prior to publishing this series, TIF connected one major state regulatory agency to IBIA and has learned other groups have reached out since the summary of “Wagering Insecurity” was published with these details.

The IBIA’s 2020 annual report showed 12 suspicious betting alerts were generated from American tennis matches, up from eight in 2019 and 3 in 2018. Prior to 2020, tennis had been the only sport to generate suspicious alerts from American events available for betting across the IBIA’s membership.

The IBIA noted that unusual betting patterns alone do not generate suspicious betting alerts. Fowler continued:

“There are many factors that go into declaring a suspicious alert. This goes well beyond just an unusual betting pattern or unexpected price movement. There is a process in place to getting to the 270 alerts we issued in 2020, which is much less than the total number of incidents which were reviewed. We take very seriously the business of declaring an alert.”

BOOMING BUSINESS

International customers are legally betting North American racing at fixed odds through licensed bookmakers.

They are betting a lot of money.

[XB-Net](#), owned by 1/ST (formerly The Stronach Group), “is the exclusive provider of international wagering” on more than

70 North American tracks at fixed odds to foreign customers. It sells North American track signals to international sites, along with a variety of services to bookmakers, including data.

Under the radar, American racing is doing big business with mostly European customers to enable fixed odds betting. A representative of one major European bookmaker told TIF that the annual market for U.S. racing at fixed odds to only European customers, almost exclusively enabled by the XB-Net sale of signals, is more than \$1.4 billion, or the equivalent of nearly 13 percent of all pari-mutuel wagering on U.S. races in 2020.

Another bookmaker told TIF that at the height of the pandemic-related shutdowns, European bookmakers were handling the equivalent of between \$690,000 and \$1.38 million per race at Will Rogers Downs in Oklahoma, far outpacing the pari-mutuel totals recorded from America’s own domestic customers on those races in what was, undoubtedly, an unusual period.

But over the long term, the foreign fixed-odds business on American racing continues to grow.

One track executive, who requested anonymity, told TIF that his track had experienced a 500% increase in revenue from these international fixed odds agreements over the last six years.

Lay betting on American racing – that is betting on a horse to lose – is also available via exchanges like Betfair.

Across races three through five at Aqueduct on Thursday, February 25, 2021, the pari-mutuel win pools totaled a combined \$343,344. But those with access to the European-based Betfair exchange were trading the race too, with

more than a combined \$70,000 matched, roughly 20% of the pari-mutuel win pool on the races.

As referenced in previous installments, the monitoring of wagering in foreign jurisdictions has traditionally identified suspicious activity on such exchanges. If North America is doing this, they are doing so without any public acknowledgement.

MONITORING ALL WAGERING MARKETS

In Hong Kong, although its own business is exclusively pari-mutuel, the choice is clear: it needs to monitor all betting markets where its racing is offered. Measures to monitor legal, gray and illegal markets were key in their 2018 actions against jockey Nash Rawiller, leading to a 15-month ban and his expulsion from riding there.

The [South China Morning Post captured the insight](#) of HKJC Chief Executive Officer Winfried Engelbrecht-Bresges in the aftermath of the Rawiller ban.

"The Jockey Club has developed technology to gather data for illegal gambling sites and employs a stipendiary steward whose job is to watch for suspicious betting patterns. People should know we have an extremely vigorous system and that we can uncover things that perhaps others can't.."

"We monitor markets, both legal and

illegal, in Hong Kong and around the world, and we have a dedicated team that does that. We can use the data we find to be more specific in investigations and we identified this as a significant case. The analysis we do of markets, both legal and those overseas, helped us identify a pattern. We had sufficient evidence we could start the investigation."

In contrast to Hong Kong, American racing lacks proper oversight of its wagering systems and has little transparency on incidents involving the integrity of racing through wagering.

How can American regulators police illegal markets if it has negligible control over the legal market?

The enormity of the challenge should not render it unconquerable.

Americans **are** betting through unregulated operators beyond its shores. While some of these platforms may be licensed by some jurisdiction, they are not legal for Americans to transfer and receive funds and they do not share information with regulators about incidents which may threaten the integrity of racing.

These sites exist not only because they enrich those who run them, but in some cases, for more nefarious reasons. Regardless, they offer customers opportunities to wager in relative anonymity beyond the reach of regulators.

Several prominent American horse owners have boasted about their play through such channels. Another illicit betting platform is using familiar, credentialed racing writers to create unique content in the hopes of attracting more Americans to wager.

At one point in time, there was hope that America could learn more about

international markets which were betting on U.S. racing, some through legal arrangements and others illicitly.

In the National Thoroughbred Racing Association's 2005 [publication of its strategic plan](#) of work for the next five years (2006-2010), it detailed the need for the NTRA to work with the international racing community to understand the

role of illicit betting operators, while also interacting with law enforcement to pursue avenues to curtail U.S. citizens betting on U.S. races outside the legal markets. Establishing relationships with licensed operators to share information was a goal.

After much research, TIF concludes this never materialized.

PART TEN

GREY

Jim "Mattress Mack" McIngvale made it clear how important it was, for him and the overall racing industry, to place his massive Kentucky Derby bet on-track at Churchill Downs. [He told the Thoroughbred Daily News:](#)

"It's crazy that some people in the horse racing business bet with a bookie or go offshore to a place like Costa Rica. They're not supporting racing."

While there are plenty of legal arrangements for betting on U.S. racing, be it through any ADW account, at the track, an OTB outlet, or even for those abroad betting through licensed bookmakers who have agreements in place with U.S. tracks, there are many illicit operators which seek to skirt the law and share no revenue with horsemen or track operators.

Betting markets can be classified in three categories, defined below in the [recent Handbook](#) from the Asian Racing Federation's Council on Anti-Illegal Betting and Related

Financial Crime (ARFCAIB):

- *[Legal] market: Companies licensed to operate in the jurisdiction where their customers are located.*
- *Grey market: Companies licensed in some jurisdictions, but which take bets from consumers in jurisdictions where they are not licensed.*
- *[Illegal] market: Operators who have no license from any jurisdiction.*

No matter how robust your legal market regulation and monitoring may be, racing operators worldwide must be attentive to the issues created by grey and illegal betting sites.

For this report, we speak most about "grey market operators" – or GMOs. Their presence can impact legal pari-mutuel markets, degrade customer confidence and threaten the integrity of the sport. That impact was felt on at least three occasions in the last month at one U.S. track.

GOOD PRACTICES IN ADDRESSING ILLEGAL BETTING

A HANDBOOK FOR HORSE RACING AND OTHER SPORTS TO UPHOLD INTEGRITY



[Click to read the ARFCAIB Handbook \(PDF\)](#)

RECENT MANIPULATION

In April 2021, at least three instances of tote pool manipulation occurred in quinella pools at Will Rogers Downs in Oklahoma.

Extremely large wagers, relative to the size of the overall pool, were placed on

combinations likely to lose, inflating the actual tote returns on more favored horses.

The goal of such manipulation is to dramatically change the odds on the pari-mutuel outcomes and win far more by betting through a non-parimutuel operator (like a GMO) which pays at track prices and at generous limits. While the manipulated bets on the legal, pari-mutuel pools are expected to be losing ones and inflate the returns for other successful customers, the manipulator aims to make a far larger score through their other plays. There were [instances](#) of such manipulation through the mid-1990s at Nevada racebooks before most books stopped booking racing bets and adopted pari-mutuel wagering on racing.

The quinella pool at Will Rogers typically handled between a few hundred dollars to less than \$2,000 per race. In the most egregious example of manipulation, which occurred in Race 2 on April 27, the quinella

pool totaled \$7,469 for this Oklahoma-bred claiming event.

The winning quinella (first two horses in any order) featured the two favorites in a five-horse field and returned an astounding \$51.30 for every \$1 bet. The exacta with the same horses returned \$6.20 while the trifecta with the third choice in betting running third paid \$9.60.

What seemed like a gift for favorite backers could have been a nightmare for those who legitimately backed the two longest-priced runners in the small field if that result had materialized. The quinella probable payouts featuring those two horses, who closed at 6-1 and 9-1 in the win pool, would have returned \$1.05 for every \$1 bet.

There were variations on these manipulations earlier, on April 7 and April 20. The acts of manipulation are not in violation of law or even existing betting rules but could trigger a blow to customer confidence and lead to legitimate questions about the integrity of race results, depending on the circumstances of each race. Vigilance from stewards and regulators is absolutely necessary.

Will Rogers Downs, much to their credit, stopped offering quinella wagers after their April 28 races.

GMOS

While wanting to raise awareness to the issues the GMOs create, TIF has no interest in promoting a troublesome betting option. For that reason, we use generic titles below to describe the actions of three GMOs.

Grey Market Operator 1 (GMO1) is based in Asia and is reportedly the world's largest unregulated betting exchange. It shares no information and allegedly handles as much on Hong Kong racing as the Hong Kong Jockey Club (HKJC) itself.

Michael Cox's [2015 profile is well worth reading](#), providing additional insight on GMOs and a connection to U.S. racing.

In February 2021, [three men were arrested](#), and more than US\$1 million in cash seized, at Hong Kong's Sha Tin Racecourse where the men were allegedly laying horses which were slow into stride, using sites like those run by GMO1 and taking advantage of the lag between live viewing of the races and the ability of sites to shut betting.

Attendance at Sha Tin was severely limited due to the COVID-19 pandemic and

ACTUAL WIN POOL		Actual Race Returns		
#	Odds	Bet	Combo	Payout
1	9	Exacta	6-4	\$ 6.20
2	5-2	Quinella	4-6	\$ 51.30
3	SCR	Final Update Probables		
		Bet	Combo	Probable
4	5-2	Exacta	1-5	\$ 84.00
5	6	Exacta	5-1	\$ 80.00
6	6-5	Quinella	1-5	\$ 1.05

Thoroughbred Idea Foundation Graphic

A review of the quinella probables in the final moments of betting showed that the eventual winning combination was paying \$3.90 in the next-to-last update of the probables, while the longshot combination, which would tumble to \$1.05, was paying \$18.30 at that time.

What was being treated as the least likely outcome in the win and exacta pool would close as a 1-20 favorite in the quinella pool.

those arrested were guests of, at the least, Hong Kong horse owners.

As [cited previously in this series](#), Hong Kong's betting monitoring includes profiles on jockeys and alerts are triggered if "irregular trends" for slow starts are identified.

Grey Market Operator 2 (GMO2) is perhaps the most aggressive operator seeking to attract racing wagering from Americans.

GMO2 operates a marketing arm which produces legitimate, original racing-related content from established and even award-winning American racing writers and media members. They created an annual award series, tagging various trainers, jockeys and other racing fans through social media in the hopes of engaging them to spread their message and promote their illicit platforms.

You won't find a more striking example of the degradation of American racing journalism and its lack of independent media coverage on it than seeing recognized journalists and publicists accepting work for a GMO.

GMO2 prefers that its customers use cryptocurrency to fund accounts and receive winnings while guaranteeing a daily rebate on all play. One executive with a legal American ADW, who asked not to be identified, told TIF that GMO2 has "an incredibly effective search engine optimization strategy which almost certainly is helping them grow their business."

Grey Market Operator 3 (GMO3) offers 17 different methods to fund accounts to bet on any number of sports or racing offerings. Eight of the funding methods are cryptocurrencies, headlined by Bitcoin, but includes Ethereum and several smaller cryptocurrencies. GMOs seem to have a growing affinity for cryptocurrency because of the difficulties with legitimate

banking transfers.

According to the ARCAIB Handbook, this evolution in funding methods presents more challenges to concern racing.

"Many cryptocurrency betting operators accept bets that allow the customer complete anonymity..."

"To support integrity operations, sports and gambling regulators rely on information-sharing agreements with betting operators..."

"Account opening procedures can be limited to user name, password and e-mail address, while some operators do not even require these for a customer to place a bet."

On Saturday, January 30, 2021, GMO3 took betting across every Thoroughbred and Standardbred race in America.

One year earlier, in January 2020, a tweet from an American owner whose horses accumulated earnings approaching \$9 million from more than 1,000 starts over the last five years as of April 2021, boasted about winning thousands from GMO3 and posted screenshots (since deleted, though retained by TIF) of the successful bets.



Hong Kong's Sha Tin Racecourse - 2018

A second horse owner whose family history in the sport includes a win in a Breeders' Cup race, posted images of successful GMO bets on racing via social media in February 2021. He indicated ADWs were not legal in his U.S. state, and thus he had no choice but to use such an option.

Betting with GMOs is the least sustainable method of wagering on American racing. No revenue from these bets is returned – to horsemen to fund purses or tracks to fund operations.

They are free riders on racing's own product.

RACE FIXING AND WORSE...

[Speaking at the 2020 Asian Racing Conference](#), Tom Chignell, the HKJC's Executive Manager, Racing Integrity and Betting Analysis, a member of the ARFCAIB, and a former betting investigator with the British Horseracing Authority (BHA), offered a sobering assessment of the overall situation:

"The greatest betting integrity threat to racing are jockeys or trainers stopping horses from winning and then betting them to lose on the illegal markets."

Chignell makes it clear that the sport's attention to bet monitoring must come not only on the legal markets on which racing regulators have some oversight, but also an awareness of other, less-visible markets which can also lead to corruption of the sport.

"You have to be looking at the illegal market. If you are looking to race-fix or match-fix, why would you bet with the legal

market where there are healthy, established reporting channels when there is a large illegal market, with insufficient know-your-customer [policies] and almost non-existent reporting channels to racing authorities?"

Betting sites in the grey or illegal markets are not operating solely out of pure profit motives either, but also as a conduit for money laundering of other criminal proceeds.

The ARFCAIB Handbook outlines the specifics:

"Illegal betting is also a key means of money laundering by transnational organized crime. It has been estimated that US\$140 billion, or 10% of global crime proceeds, is laundered through sports betting every year..."

"Sports betting websites are essentially analogous to financial institutions as they are involved in deposits and withdrawal of money, which can be huge amounts. Yet, illegal operators are subject to none of the [anti-money laundering] oversight of financial institutions or indeed legal betting operators."

"Exacerbating this is the fact that many illegal operators are deliberately run poorly in this regard – they are set up by transnational organized crime specifically to make the proceeds of crime appear to be the profits from licensed betting operations."

"For example, [in 2015, police seized EUR2 billion](#) [approximately \$2.5 billion] of assets from the 'Ndrangheta, the Italian organized crime group behind most of Europe's cocaine trade. These assets included 82 gambling websites licensed in the betting haven of Malta, through which huge sums were laundered."

The ARFCAIB does not currently have a member from North America within its ranks, which includes racing industry

representatives from Australia, Great Britain, Hong Kong, New Zealand, South Korea and organizational representation from the [United Nations Office on Drugs and Crime](#), [INTERPOL](#) and the [Australia Criminal Intelligence Commission](#).

The more direct connection between the role of racing and that of grey and illegal markets becomes clearer, as the ARFCAIB Handbook continues:

“The globalization of sport and betting has been a perfect combination for the corruption of racing and other sport. Match-fixers can arrange a fix safe in the knowledge that leading Asian illegal bookmakers often accept large bets on even obscure sporting events.

“Unlike legal operators, illegal betting operators do not share information about suspicious betting patterns or otherwise

co-operate with law enforcement or sports governing bodies. Illegal betting operators ignore race-and match-fixing, and may actively participate.

“Race-and match-fixing has a huge social and economic impact, and if not stopped leads to a vicious cycle of corruption which can destroy the public’s faith in the sport. Once lost, it is extremely difficult if not impossible to win back this trust.

“For horse racing, this is of even greater concern, since the sport depends on public confidence in racing integrity, without which there is no betting appeal.”

While a majority of developed racing jurisdictions are managing their racing and betting operations cognizant of these threats, North America is falling short of much of the rest of the racing world, at least for now.

PART ELEVEN

RECOMMENDATIONS

North American racing has been here before...and failed.

In the aftermath of the Breeders’ Cup Fix Six in 2002, the opportunity to improve customer confidence was within the industry’s grasp. Nothing materialized.

As this series has outlined, the challenges in 2021 and beyond are different. Should we meet the challenge and make wagering and racing integrity

the lodestar of American racing, all well-intentioned stakeholders will benefit.

The establishment of the Horseracing Integrity & Safety Authority (HISA) presents an extraordinary opportunity to blaze a new path for the industry, presenting a sport where all participants can be far more confident in its outcomes than they are now.



RECOMMENDATION ONE

HISA MUST LEAD ON MATTERS PERTAINING TO WAGERING OVERSIGHT

Most involved in the American racing industry correctly believe HISA will involve track safety and anti-doping control programs. Those views are correct.

But HISA's role should be more than just establishing such important programs.

[According to Section 1205 \(a\) \(2\)](#) of the final legislation passed and signed into law, HISA shall "...exercise independent and exclusive national authority over the safety, welfare, and integrity of covered horses, covered persons, and covered horseraces..."

The mechanism of federal authority to permit HISA's creation IS wagering on horse racing:

"The term 'covered horserace' means any horserace involving covered horses that has a substantial relation to interstate commerce, including any Thoroughbred horserace that is subject of interstate off-track or advance deposit wagers...the term 'interstate off-track wager' has the meaning given such term in section 3 of the Interstate Horseracing Act of 1978."

HISA has been endowed with the power to raise standards and protect wagering customers. This new authority **should** become a horseplayer's best friend while bolstering the confidence of all stakeholders.

HISA will operate under the aegis of the Federal Trade Commission (FTC) whose

mission is:

“Protecting consumers and competition by preventing anticompetitive, deceptive, and unfair business practices through law enforcement, advocacy, and education without unduly burdening legitimate business activity.”

HISA will provide the mechanism to improve the policing of racing. Monitoring wagering can be a big step towards that. HISA has the power to lift the standards of racing in America and protect its wagering customers.

It should do so.

RECOMMENDATION TWO

ADOPT MODERN, TRANSPARENT BEST PRACTICES ACROSS THE SPORT

One key observation is necessary before highlighting four modern, transparent best practices below, all of which should be adopted in North American racing: these are not the only measures to add, but should be a starting point.

It will take a long time for North American standards to be lifted to join the ranks of the rest of the developed racing world. That’s OK.

These efforts cannot bring us from a hypothetical “0 to 100” overnight. Start slow, build capabilities, engage stakeholders and show progress.

Customer confidence is good for business.

A) ALL TESTING RESULTS SHOULD BE PUBLICIZED AND MODERN METHODS EMBRACED

Doping control and wagering integrity go hand-in-hand. The insight of Professor Jack Anderson, cited earlier in this series, is clear:

“Doping in a sport such as racing is often intertwined with gambling interests.”

Every pre-race, post-race or out-of-competition sample should be reported publicly, soon after it is processed. The results should be reported regardless of the finding – most will be negative.

Positive findings should be identified publicly as soon as possible after results are received and the connections receive notice, followed by an explanation of steps going forward with relevant updates provided. An initial report should include the substance(s) involved, particularly if it involves a legitimate medication.

This is standard practice in many other racing jurisdictions and benefits all participants. The appendix at the end of this installment includes a re-publishing of the entirety of the press releases from the Hong Kong Jockey Club stewards on the case, from a winner at Happy Valley in June 2017. [Here is a link](#) to the first public release of news on the finding.

The absence of confirmed details from the Kentucky Horse Racing Commission about Kentucky Derby winner Medina Spirit’s positive post-race test and the failure to explain clearly the steps in the process after

a positive test exemplifies the weakness of the current system, not just in Kentucky, but every jurisdiction in North America.

USADA

The United States Anti-Doping Agency (USADA) will replace the current “patchwork quilt” of state-by-state approaches as the enforcement agent of the HISA anti-doping program.

USADA’s Chief Executive Officer Travis Tygart, in [a February 2021 interview with the Thoroughbred Daily News](#), assessed the woeful state of racing’s overall testing uniformity, and lack of transparency.

“I really started looking at the policies around anti-doping and medication control within the [racing] industry and they were just completely antiquated...they were years behind what the human world, as well as the equine and Thoroughbred horse racing industries around the world had done as far as uniform policies.

“Other places don’t have 38 different racing jurisdictions run by the states, with frequently conflicted people that have an interest in the outcome without transparency, without good quality testing, without laboratory accreditation that is uniform. It actually reminded me of, and I drew the comparison to, what the Olympic world looked like prior to us coming into existence.

“So, having a uniform policy, where you can have confidence that when a horse runs in California, it’s going to be running under the same rules and allowances and free of drugs as in Kentucky and in New York too, is going to be a game changer I think, right out of the gate.”



Travis Tygart

[USADA publishes a history](#) of athlete tests to provide full transparency, to the public and also fellow competitors. Its website explains the approach:

“By publishing our Athlete Testing History, any athlete or member of the public can see how many tests USADA has conducted for specific U.S. athletes, and in different sports, over the course of a specific time period. Instead of wondering if their competitors or role models are being tested, people can track testing data and see how USADA is working to uphold clean sport.”

[The USADA portal is searchable](#) by year, quarter, sport and name, showing the total tests administered, while maintaining a [separate ledger of all sanctioned athletes](#) with full details of the investigations.

The greater use of active investigations to supplement testing will boost confidence. Adopting intelligence-based investigations would do the same.

[TIF pondered the possibilities](#) just days after the indictments of Jason Servis and Jorge Navarro were revealed.

This discussion was front and center

a month prior to that at the 2020 Asian Racing Conference when Brett Clothier, Head of the [Athletics Integrity Unit](#), outlined that organization's efforts in world track and field, where algorithms are used to "analyze unusual performance trajectories or spikes in performance...to enable better targeting of athletes" for testing (video of his remarks).

Clothier added:

"It's very hard to catch determined, well-resourced cheats with testing processes that are essentially random."

Adopting modern methods, combined with transparency which has become standard in other areas of human athletics and a growing number of racing jurisdictions, will bring American racing forward, building confidence.

B) DETAILED STEWARDS' REPORTS SHOULD BE MANDATED

The world offers many compelling models of stewards' reports to emulate, as we outlined in our [August 2019 paper](#). Stewards' reports in most North American jurisdictions fall far short of what is needed and many don't bother at all.

The goal of such reporting is simple – instill confidence in racing's participants, especially horseplayers.

When bettors are left bewildered by rides or horse performances, and no explanations are ever provided by those whose job it is to oversee the races – the stewards – confidence is shattered, conspiracy theories run amok and the business is tainted by

unaddressed conjecture.

One incident from a race at Gulfstream Park on March 27, 2021 [drew thousands of views](#) from frustrated horseplayers [in search of an explanation](#) that was not forthcoming. The incident was highlighted later on a national broadcast when the horse returned in its next start too, though without any formal explanations from officials.

Stewards should review races from a central location, close to ground-level, with easy, face-to-face access to jockeys and trainers (or their representatives, assistants, etc), to enable direct questioning before and after races regarding any number of incidents, publishing easy-to-find post-race reports to explain findings for the day.

A Spanish-language interpreter should be used to facilitate the process when needed.

While many stewards around the world view races from an elevated position, they return to a more accessible location and nearly all meet face-to-face to question jockeys and trainers throughout the race day. Findings are published at the end of the day.

These reports should include key details provided to the stewards from regulatory veterinarians. Observations of bleeding, lameness, thrown shoes, reasons for scratches and voided claims must be published. Strange or unexplainable performances should get attention from the stewards and be shared with the public.

American racing cannot jump to the future and join the rest of the world with Lasix-free racing without the adoption of other key global standards of reporting which are commonplace.

It may be hay, oats and water before a race, but after a race, the public must be made aware of key observations from regulatory veterinarians whose roles

are crucial for both equine welfare AND protection of the wagering public.

This level of transparency is standard in other major racing jurisdictions. North America should be no different. Anyone suggesting otherwise should be asked why.

The following examples, one from the British Horseracing Authority and one from the National Horseracing Authority of Southern Africa (South Africa) reflect the reports published from separate races in 2021, with details from regulatory veterinary officials.

GREYVILLE RACECOURSE, SOUTH AFRICA MAY 5, 2021 – RACE 4

- a) VOICE NOTES raced with a tongue tie (advised 01.05.21/10h19).
- b) ASHFORD CASTLE raced without a tongue tie (advised 04.06.21/09h46)
- c) MIND SET raced with alumites, and an alumite bar shoe right front (advised 30.04.21/08h31).

THE VETERINARY SURGEON REPORTED:

- a) DI MAZZIO (AUS): Bi-lateral epistaxis – confirmed 60-day suspension.
- b) WINTER WAVE: Returned post-race having cast the left front shoe.
- c) SIR POM: Lameness left front. Vet certificate required prior to re-entry.
- d) BEDAZZLED JOKER: Couging.

SCRATCHINGS:

- a) MAGIC SAILOR: Injured right front (Trainer – 03.05.21/09h00). Rule 53.5 applies.

LINGFIELD PARK, GREAT BRITAIN – MARCH 6, 2021

Race 4 - 1:25pm.

THE BETWAY HANDICAP STAKES (CLASS 2)

Following the race, Ben Curtis reported that MARNIE JAMES, unplaced, was never travelling and the Veterinary Officer reported that a post-race examination of the gelding failed to reveal any abnormalities.

Race 5 - 2:00pm.

THE GET YOUR LADBROKES DAILY ODDS BOOST SPRING CUP STAKES (CLASS 1) (Listed Race) (All-Weather Championships Fast-Track Qualifier)

Permission was given for MEGALLAN to wear a red hood to post.

Martin Harley, the rider of the winner, APOLLO ONE, was suspended for 2 days for using his whip above the permitted level from 1 1/2 furlongs out.

Race 6 - 2:36pm.

THE BETWAY NOVICE STAKES (CLASS

Nothing to report

Race 7 - 3:11pm.

THE BETWAY CASINO HANDICAP STAKES (CLASS 6)

Following the race, the Veterinary Officer reported that FIRST VOYAGE (IRE), unplaced, had bled from the nose and that GIBALTARIAN (IRE), unplaced, had lost its right fore shoe.

BREEZY GUST

A race at Pimlico on the 2021 Preakness Stakes undercard highlights the failings of the present system.

Breezy Gust was the 5-1 third choice in that day's Grade 3 Maryland Sprint Stakes, his first start in graded stakes company.

Claimed for \$25,000 in October 2020, Breezy Gust had about three months off before returning for new trainer Daniel Velazquez to win three consecutive races by a combined 18.25 lengths with a monumental improvement in his Beyer Speed Figures and practically every other measure used to assess performance.

The gelding has a propensity to lead his races early, or at least be forwardly placed. Those tactics were executed in each of his four starts for Velazquez, whose horses were winning at a 24% clip in 2021 to that point.

Breezy Gust [was judged](#) the best turned out in the paddock prior to his race. That would be the only recognition he received. The [chart comment](#) from the Maryland Sprint Stakes notes the following.

"BREEZY GUST, pinched back leaving the starting gate, was pulled up near the half mile pole and walked off."

A view of various replays of the race ([replay](#)) showed a slight brush at the start, but Breezy Gust was seemingly uninterested in running – the exact opposite of what he has shown in recent races, exhibiting no early speed.

No official record of the state veterinarian's findings, or an explanation provided to the stewards by the jockey, were provided to the public after the race.

Other jurisdictions do it differently.

Just a few hours after Breezy Gust's unexplained performance, Golden Mission was sent postward as the 2-1 favorite in the first race at Sha Tin in Hong Kong. Under leading jockey Joao Moreira, the gelding was under pressure early in the race and faded substantially to finish 11th of 12, beaten nearly 15 lengths [Click to view the replay](#).

The stewards sought to inform the public about the performance. The [post-race report](#) included just about everything a horseplayer, or any other interested party, might want to know about Golden Mission's disappointing run.

"Despite being ridden along for some distance in the early stages, GOLDEN MISSION (J Moreira) was slow to muster speed and travelled wide and without cover until approaching the 600 Metres and in the Straight gave ground.

"After the race, J Moreira stated that GOLDEN MISSION did not travel strongly at any stage of the race and felt "flat". A veterinary inspection of GOLDEN MISSION immediately following the race including an endoscopic examination showed a substantial amount of blood in the horse's trachea.

"The performance of GOLDEN MISSION, favourite for today's race and which finished towards the rear of the field, was considered unacceptable. Before being allowed to race again, GOLDEN MISSION will be required to perform to the satisfaction of the Stewards in a barrier trial and be subjected to an official veterinary examination.

A post-race sample was also collected from Golden Mission. By the next race day, the stewards reported the sample showed no adverse findings.

North American jurisdictions may never

rise to the level of Great Britain, South Africa or Hong Kong. But they need to try. “Pulled up and walked off” does not cut it.

C) INTEGRITY PLATFORMS AND BET MONITORING CAPABILITIES SHOULD BE CREATED.

The Asian Racing Federation’s Council on Anti-Illegal Betting and Related Financial Crime (ARFCAIB) [identifies several “good practices”](#) in monitoring betting, all of which should be adopted.

“Critical components of a dedicated betting integrity team are a structured approach and a specialized central monitoring team, made up of experienced industry professionals who proactively assess and analyze betting information. These teams should comprise personnel with specialist skills such as form experts, race readers and statisticians, all with extensive betting knowledge and expertise and an understanding of the intelligence process.

“Direct communication between the sport and the betting industry supports the flow of relevant information to the analysts. In-house betting expertise strengthens the productivity of these relationships and avoids the misinterpretation of betting information. Regular communication between analysts and betting operators strengthens trust and understanding, which increases the flow of information to the sport.

“Betting experts may be required to

provide expert witness statements forming part of the evidence in sports disciplinary hearings (i.e. against a jockey charged with corruption offenses). The betting analysis can make up a key part of the evidence in sports disciplinary hearings and therefore expert evidence is often required to explain findings.”

[As outlined in Part 10](#) of this series, an awareness of the grey and illegal markets where betting occurs is also needed. Worldwide wagering on your races requires worldwide awareness of the threats racing faces.

Fixed odds betting on U.S. racing for domestic customers, should it occur, will introduce a different mix of betting businesses to the sport. Commercial bookmakers need to uncover betting malfeasance. There is no benefit to burying it.

[In December 2020](#), Australian firm The BetMakers purchased the global tote business of Sportech, one of three tote companies providing services for North American racing. The BetMakers already provides integrity services for Racing Victoria, the regulators of racing in that Australian state, through their Racing Victoria Integrity Platform (RVIP).

RVIP is in use across Victoria’s more than 500 annual race meetings, monitoring betting and serving as a portal for centralized reports for use by racing integrity officials.

According to [this press release](#) in 2019, RVIP capabilities include:

- Real-time tracking of data, such as price movements and associated betting patterns,
- A host engine that ingests ratings

and performance indicators created by the racing authority and BetMakers, and matches these with actual performances,

- An alerts system to flag inconsistencies,
- Database and library functionality that stores and recalls any integrity comments associated with individual horses, trainers, jockeys, owners and wagering movements,
- Video analysis and management portal for tracking past performances, and
- Links to betting patterns and comments for recording and recall capabilities.

North American racing needs this kind of platform.

As a new service provider in the American space, The BetMakers may have a significant role to play. Their first foray into American racing has been in partnership with Monmouth Park to bring fixed odds betting on racing to New Jersey customers.

DJ INTEGRITY IMPROVEMENTS FROM OTHER PROFESSIONAL SPORTS SHOULD BE ADAPTED TO RACING

Professional sports leagues, including the National Basketball Association (NBA) and National Football League (NFL) have been expanding their public interactions

regarding officiating of games in a world where legal wagering is driving additional revenue streams. Leagues provide access to game officials for media members, publish head-office reviews of in-game incidents and their officiating, and have even [admitted mistakes](#) in past rules applications. The use of replay to adjust key officiating decisions, yielding more correct outcomes, has greatly increased.

In March, the National Hockey League (NHL) fired a long-time referee after a microphone caught him admitting he felt the need to, essentially, fabricate a penalty on one team. [The Athletic's Sean Gentile](#) called on the NHL to adopt a more transparent approach to officiating like the NBA.

"If they want an example, they can look at the NBA. Shielding refs – coddling refs, in fact – only creates space for conspiracy theories. Which, as we've learned, are sometimes true. Come up with an NHL version of the [NBA's final] [two-minute report](#). Make officials explain themselves when the situation calls for it. Hold them accountable in a real, public way. If you're trying to fix anything, say so. Virtually every other big-time sport does this..."

"The elephant in the room...is gambling."

Some professional leagues, pro teams, collegiate conferences, universities, regulators, betting operators and technology providers are working with private integrity assurance firms, like [U.S. Integrity](#), to provide services to monitor everything from betting markets to social media and irregular officiating.

As for American racing? Well, no, but it isn't because groups like U.S. Integrity weren't trying.

The growing firm met with one major

American racing operator in 2017. U.S. Integrity's Chief Executive Officer Matthew Holt shared the experience with TIF.

"They told us better integrity does not help us bring in more customers and their main focus right now is on growing the customer base. There was no desire to connect pari-mutuel systems to any sort of integrity provider."

Holt made it clear if the racing industry has interest, U.S. Integrity remains available.

In Australia, sports and racing actually work together in developing a modern approach to bet monitoring.

In 2018, Racing Victoria and the Australian Football League (AFL) [formed a joint venture](#) – Sports Wagering Integrity Monitoring Ltd (SWIM) – to introduce transaction-level bet monitoring platforms across the sporting landscape. The launch of SWIM was a response to the Wood Review, a nationwide study ([a full copy can be reviewed here](#)) of Australia's sports integrity arrangements commissioned by then Prime Minister Malcolm Turnbull.

The goal, of course, is to ensure a level playing field, both during the game or race for participants and in the betting markets on such events, maintaining confidence of all internal (teams, coaches, players, owners, management) and external (bettors and fans) stakeholders.

STEWART'S RULE

No group of well-intentioned racing stakeholders should be against any of the recommendations offered. HISA provides an opportunity to accomplish far more

than what has been done with a woefully-inadequate state-by-state approach. Racing in America in the 2020s has a regulatory structure more akin to the sport as it was in the 1970s.

That has to change and HISA enables such change.

Change, of course, frightens many long-time racing participants. There will be increased costs, new procedures and added scrutiny. Communication will be key.

It is easy to fret over how much transparency is enough, but North American racing desperately needs it while upgrading our provision of racing oversight in every facet. A delicate balance is required to satisfy integrity assurance and boost public confidence while not jeopardizing ongoing investigations or revealing specific trade practices.

As former U.S. Supreme Court Justice Potter Stewart [famously expressed](#) in a 1964 opinion related to a case about obscene material: "I know it when I see it."

What exists in North American racing at present is not only not "it," but is far from the standards of transparency that are needed to operate a professional sport to meet the expectations of modern betting customers in 2021. The recommendations offered in this series would yield substantial, desperately needed changes to the operation of American racing, but they are hardly ground-breaking - almost all of them are in place in major international racing jurisdictions.

With practical examples from abroad for the North American racing industry to follow, change may be within a more reasonable reach than many might realize.

NOTE

On March 15, 2021, the National Horsemen's Benevolent and Protective Association and 11 of its smaller state affiliates sued members of the nominating committee of HISA and the Commissioners of the Federal Trade Commission (FTC) in an attempt to stop HISA's launch.

On April 26, 2021, the states of Oklahoma and West Virginia, their racing commissions, three Oklahoma racetracks, United States Trotting Association and others, filed a separate suit.

Both suits are pending as of July 2021.

PART TWELVE

PRAVDA

In this final installment of "Wagering Insecurity," we make four observations which have become clear. These are the product of input from many individuals, both named and anonymous, whose support throughout this series and whose assistance made it possible.

The Thoroughbred Idea Foundation supports the growth of the North American Thoroughbred racing industry. We want more horseplayers and more horse owners. That sort of future is impossible without beginning the process of adopting the recommendations offered previously and considering the observations below.



Photo: Thoroughbred Idea Foundation

"Man Controlling Trade" - FTC Headquarters, Washington, D.C.

OBSERVATION #1

Medication use has dominated public discourse on North American racing integrity over the last three decades. The history is long and contentious.

For context, the 2021 Kentucky Derby was the first run since 1985 where the entire field ran without Lasix. Five years after that, the topic was front and center on Derby Day as exemplified in [this video of the 1990 Kentucky Derby broadcast](#), where Al Michaels and Dave Johnson spoke of a Jockey Club study about the potential impact of Lasix use.

Michaels said it would be a story to follow throughout that summer. Regardless of the study's specifics, it took more than three decades for action.

Anti-doping control programs are a necessary component of a broader suite of integrity measures. But balance is needed; progress must be shown in other areas of the integrity arena, too.

There are many factors which have contributed to North American racing's issues with doping, including a weak regulatory structure, a laissez-faire culture about drugs and a general failure to be active overseers of the sport, protecting the betting public.

One area where racing has gotten it right is in constantly improving thresholds of testing. A wealth of well-educated experts has ensured that as science and testing improve, racing's approach to testing evolves as well.

But the contrast with other forms of racing's integrity infrastructure should not be lost.

In one corner, one-trillionth of a gram can be measured. Penalties may be assessed because of that microscopic finding. In another corner, jockeys and trainers go unquestioned about in-race decisions or tactics, state veterinarians are not required to report publicly any episodes of bleeding or lameness noticed after a race or provide reasons for scratches and voided claims, thrown shoes, or other measures which are standard across the rest of the racing world.

That gap needs to be closed.

OBSERVATION #2

North American stewards fall short of those in the rest of the developed racing world. The blame resides with the regulators and track operators (yes, sometimes stewards are hired directly by the tracks) who have allowed these roles to degrade over time.

They have less training, are paid less and have not been given responsibilities commensurate with the worldwide expectations for such positions. As many veterans of the stewards' stand and other officials have retired, their replacements are often even less prepared.

[A positive development in this space came in August 2019](#) when the Jockey Club and Racing Officials Accreditation Program announced the launch of a global exchange program which would give North American stewards the opportunity to learn and practice in other countries. The pandemic delayed implementation, but the program should be embraced as the world reopens.

The Horseracing Integrity & Safety

Authority (HISA) presents a vehicle for uplifting these standards.

TIF founder Craig Bernick is hopeful HISA evolves to tackle these issues, and the opportunities raised [in Part 11 of this series](#).

"This time, it actually feels different. HISA offers racing a unique opportunity because it has superseding power over existing industry organizations.

"Past efforts to reform our sport have failed because of two main reasons – either the groups or organizations involved were not empowered to effect change or those involved were too focused on their own bottom line or retaining some semblance of control."

While many horse and racetrack owners may have enjoyed slot-supplemented revenues and purses over more than the last two decades, additional funding has not found its way to racing's integrity infrastructure and the neglect shows.

Several stewards and racing officials consulted during TIF's research for the "Wagering Insecurity" series, who all requested anonymity to speak forthrightly, shared examples of poor working conditions, obsolete technology and general concerns over their ability to do their job well at present.

Uplifting standards will not be cheap, but the cost of not improving will be far greater for everyone who makes their living in racing.

OBSERVATION #3

A troublesome factor which belies all of the detail shared in this series is the absence of a robust, independent racing

media in North America.

While racing has several influential trade publications and broadcasts with some very talented, knowledgeable staff which contribute significantly to the sport, mainstream, independent coverage is practically non-existent.

Steve Crist, former publisher of the *Daily Racing Form*, lamented the state of racing coverage in March 2021 remarks to TIF for this series.

"Anyone from the outside who has seen the evolution of coverage of the sport can say that the kind of journalism which existed, even 10 years ago, is just not being done.

"This is a huge issue. It's nearly impossible to hold anyone accountable for anything."

Crist recalled a time when he was a young reporter for the New York Times in the early 1980s, covering the ongoing hearings and legal wranglings around race-fixing from the 1970s. The coverage was endless, Crist recalls.

"I was working for the Times and there were three other racing beat reporters from each of the tabloids doing the same. Everyone wanted to be first."

His work included eye-popping ledes, like the following [from a 1981 piece](#):

"A former New York-based trainer has identified Jacinto Vasquez, a leading rider who has twice won the Kentucky Derby, as the man who offered the jockey Mike Hole a \$5,000 bribe to hold back a horse at Saratoga in 1974, according to a deposition given to the State Racing and Wagering Board."

Adjusting for inflation, a \$5,000 bribe in 1974 would be about \$26,000 today, the equivalent jockey's cut for winning a race with a purse of more than \$400,000.

Most public racing coverage is restrained because advertising dollars come from

within the industry itself. Mainstream coverage, when it happens, is often fleeting.

Crist thinks this is dangerous for a sport whose foundation is grounded in wagering.

“A media outlet in racing should not be compared to a propaganda machine like Pravda from the old Soviet Union, but in at least one case, that’s what we now have.”

The line between journalism and publicity has been increasingly blurred.

Industry publications are hard-pressed to hold tracks, tote companies, ADWs and other-related organizations accountable for the degradation of the sport’s integrity infrastructure when those same entities are their primary source of income through advertising. Years ago when he was with the New York Times, Crist and his mainstream media colleagues were in those roles. Today, coverage is mostly limited to the trades.

Several racing writers and broadcasters questioned by TIF acknowledged these issues are ever-present in their daily work. They all asked to remain anonymous because of a fear of reprisal from their employers and contacts within the industry. Staffing within industry media has contracted substantially in recent years, reducing the opportunity for deep coverage. Those in place are doing the best they can with what they have, but it is a delicate balance. One said the situation has devolved to such a degree that they know instinctively what topics are off-limits.

Criticism about the industry’s integrity failings and other myriad issues could come at significant cost to racing media.

Those with substantial investments in horses, farms, associated agribusiness and other economic drivers of the sport should recognize that racing media must be given

the freedom to hold the business to a higher standard than at present.

In the long run, the truth benefits the greatest number of stakeholders.

OBSERVATION #4

The overall wagering space is changing rapidly. Fixed odds betting for racing in North America is a necessity for one key reason – all new betting customers expect to know what price they are getting on their bets. While pari-mutuel betting still has a future, particularly in exotic wagers, the tote monopoly which has existed for generations on U.S. racing is coming to an end, as it should.

The tote protocol in use now, relying on a decades-old approach known in the industry as ITSP, is likely on its way out. Global commingling is more important than ever and TIF has learned from several major players in the pari-mutuel wagering technology space that a much-revised modern system of bet processing and information sharing will be needed. Support for antiquated tote technology is fading fast.

Customers must still be protected in the interim, and whatever new systems are developed should have proper oversight measures at its core.

OPPORTUNITY

The “Wagering Insecurity” series is unlike anything we have researched and published at the Thoroughbred Idea Foundation. We

hope lessons can be learned from it.

“TIF was created to improve the prospects of horse owners and horseplayers, whose participation fuels racing’s sustainability,” said Bernick.

“We have focused on issues related to pricing, transparency, technology and access to data. Racing has huge obligations too – now more than ever: aftercare, backstretch programs, jockey health and equine research. The best way to meet these obligations and sustain the business is to grow revenue through wagering. Doing so will be impossible without the greater industry accepting the serious issues raised and recommendations provided by this series.”

Ensuring integrity in horse racing takes a team effort. It’s hard work. And it requires drive and support from horse owners, breeders, racing fans and most especially, the customers who need the most significant protection – the horseplayers.

It will take significant capital from the greater industry, investing in the appropriate resources to build an acceptable standard of integrity oversight. That does not go unnoticed. [Under no circumstances](#) should the costs for such programs come from increasing takeout – the cost of betting. There would be no more counterproductive effort than that.

The long-term costs to racing and its stakeholders’ investments, if we do not upgrade racing’s integrity infrastructure, will be far more substantial than the short-term costs of filling those needs.

We must restore and build confidence in existing horseplayers and horse owners, which will help us attract future customers. Little that racing in North America is doing now will accomplish that, particularly given our general embrace of opaque practices.

Racing must be operated more sustainably than it is now and we need to adopt the measures recommended here, and others, to bring the industry forward.

The path to better securing racing’s wagering business is challenging and getting there will require exposing some long-standing failings.

For sports and racing integrity expert Jack Anderson, there is no choice.

“In the immediate, U.S. racing needs to look within. It needs to consult and review its own stakeholders and undertake a clear-eyed, hard-headed analysis of the state of the sport.

“That process may be a painful one. It may shock the racing public. It may, in the short term, undermine the reputation of the sport even amongst the most sympathetic of its supporters in the wider American sporting public.”

These improvements are needed to make North American racing better, to sustain the interest of bettors and secure the substantial investments of owners and breeders, as well as the reach of racing’s economic impact.

The role of the Horseracing Integrity & Safety Authority offers a tremendous opportunity for **ALL** parties in the sport going forward and should be leveraged in every capacity to yield much-needed, uniform control over the integrity of U.S. racing. As previously outlined, HISA is required to report to the Federal Trade Commission.

Outside the FTC’s Washington D.C. headquarters are a pair of sculptures created by Michael Lantz in 1942 entitled “Man Controlling Trade.” Each sculpture depicts a man holding a horse.

Our collective opportunity for improvement is real. There are countless examples for North American racing to follow.

APPENDIX

NASHASHUK (V143) – Race 3 (745) 21 June 2017 Happy Valley Racemeeting

03/07/2017 12:04

In accordance with the usual practice of The Hong Kong Jockey Club, urine and blood samples were obtained from all winning horses at the Happy Valley racemeeting on Wednesday, 21 June 2017, including NASHASHUK, which was successful in the Ninepin Group Handicap.

The Stewards have today received a test report issued by the Head of Racing Laboratory, Dr T S M Wan, advising that the post-race urine sample taken from NASHASHUK on analysis has shown the presence of etofenamate and flufenamic acid. Mr J Size, trainer of NASHASHUK, has been advised of the analyst's findings.

A preliminary investigation conducted to ascertain the circumstances that may have resulted in the finding has established that etofenamate and flufenamic acid are not contained in any registered veterinary products in Hong Kong, but that etofenamate is a constituent of a number of registered human preparations. The initial investigation also revealed that a stable assistant, who was attending to NASHASHUK at the relevant time, reported using a registered human preparation containing etofenamate, which is known in a number of species to be metabolised to flufenamic acid. The relevant medication has been surrendered to the Stewards as part of the investigative process.

The investigation is ongoing and no confirmation as to the source of the finding has been determined at this time.

A further release will be issued at the appropriate time.

NASHASHUK (V143) - Race 3 (745) - 21 June 2017 Happy Valley Racemeeting

13/07/2017 17:36

Further to the press release which was issued on 3 July 2017, Laboratoire des Courses Hippiques has been selected as the official racing laboratory to perform confirmatory analysis of the referee (B) urine sample obtained from NASHASHUK after being successful in the aforementioned race.

Depending on the findings of the selected official racing laboratory in respect of the referee (B) urine sample, an inquiry into this matter will then be conducted. This would take place after the commencement of the 2017/2018 racing season to ensure the availability of the connections of NASHASHUK and other persons who may be called to give evidence at the inquiry. Accordingly, this matter remains adjourned until a date to be fixed.

NASHASHUK (V143) - Race 3 (745) – 21 June 2017 Happy Valley Racemeeting

28/08/2017 17:45

Further to the press release which was issued on 13 July 2017, the Stewards have been advised that the confirmatory analysis of the referee (B) urine sample obtained from NASHASHUK after being successful in the aforementioned race has been found to contain

etofenamate and flufenamic acid.

Mr J Size, trainer of NASHASHUK, has been informed of the referee laboratory's findings. The inquiry into this matter remains adjourned to a date to be fixed. A further release will be issued at the appropriate time.

Adjourned Inquiry - NASHASHUK

15/09/2017 16:38

The inquiry into the analyst's report in respect of the post-race urine sample taken from NASHASHUK after that horse was successful in the Ninepin Group Handicap conducted at Happy Valley Racecourse on Wednesday, 21 June 2017 which was found to contain etofenamate and flufenamic acid will be held at the Happy Valley Inquiry Room on Tuesday, 19 September 2017 at 10:30 am.

"NASHASHUK" INQUIRY

19/09/2017 17:20

The Stewards today concluded their inquiry into the analyst's findings in respect of the post-race urine sample taken from NASHASHUK after that horse was successful in the Ninepin Group Handicap at Happy Valley Racecourse on Wednesday, 21 June 2017.

Evidence was today taken from Mr J Size, the Trainer of NASHASHUK and who represented the interests of the Owners of NASHASHUK, Dr T S M Wan, Head of Racing Laboratory, and Dr P Curl, Executive Manager, Veterinary Regulation. Evidence was also taken from a Stables Assistant allocated to Mr Size's stable and who attended to NASHASHUK on the day on which it raced.

Dr Wan had previously advised that the pre-race urine sample taken from NASHASHUK on the morning of the race in question did not contain etofenamate and flufenamic acid, however, the post-race urine sample taken from the horse was found to contain both substances.

Dr Curl provided evidence to the inquiry that etofenamate and its metabolite flufenamic acid are capable of acting on a number of systems of a horse and as such are prohibited substances in accordance with the Rules of Racing of The Hong Kong Jockey Club.

Mr Size accepted that etofenamate and its metabolite flufenamic acid are prohibited substances in accordance with the Rules of Racing and that the urine sample taken from NASHASHUK after the race in question showed the presence of those substances and that established protocols had been observed in respect of the taking of the sample.

Rule of Racing 138 (1) and (2) provides that any horse shall be free of any prohibited substance on the day on which it has been declared to race (i.e. race day), until such time as the Stewards release such horse after it has raced and that in the event of a sample taken from any horse during this period being reported as positive to a prohibited substance such horse shall, in the case of a post-race sample, be disqualified for such race. Accordingly, NASHASHUK was disqualified from the Ninepin Group Handicap and the placings amended to No. 8 FOX SUNTER, 1st; No. 5 PHANTOM FALCON, 2nd; No. 2 TRAVEL SUCCESSOR, 3rd; No. 9, GOLDEN DEER, 4th; and No. 7 LEOWL, 5th. Mr Size was advised of the owners' right of appeal against the decision to disqualify NASHASHUK from this race.

When undertaking a preliminary investigation into this matter following the Stewards initially having been made aware of the analyst's findings, it was established that etofenamate and flufenamic acid are not contained in any registered veterinary products in Hong Kong but that etofenamate is a constituent of a number of registered human preparations. The investigation found that the Stables Assistant, who was attending to NASHASHUK at the relevant time, used a registered human preparation which contained etofenamate, such substance being known to be metabolized to flufenamic acid. Analysis of a sample of the human preparation by the Club's Racing Laboratory confirmed that the preparation contained etofenamate. The Stables Assistant informed the inquiry that he had applied the relevant medication in the days prior to NASHASHUK competing in its race so as to treat an ongoing soreness condition.

The Stables Assistant subsequently agreed to provide a sample of his urine for the purposes of analysis to establish whether the sample contained etofenamate and flufenamic acid. It was subsequently confirmed by the Club's Racing Laboratory that the urine sample did contain etofenamate and flufenamic acid.

Having considered all the evidence before them, the Stewards formed the opinion that the findings of etofenamate and flufenamic acid in the post-race urine sample taken from NASHASHUK on 21 June 2017 were as a result of inadvertent contamination caused by the Stables Assistant who attended to the horse on that day. A report will be forwarded to the Club's Stables Management Department regarding the Stables Assistant's role in the findings of etofenamate and flufenamic acid in the urine sample taken from NASHASHUK and which ultimately led to the horse's disqualification from the stated race.

Rule of Racing 140 (2) provides that in the event of a sample taken from a horse during the specified period being found positive to any prohibited substance, the trainer of such horse bears the onus of proving that he did not administer or cause to be administered the prohibited substance detected, and that he had taken all proper precautions to prevent the administration of the prohibited substance.

Mr Size was advised that as the Stewards had formed the opinion that the findings of etofenamate and flufenamic acid in the urine sample taken from NASHASHUK on 21 June 2017 were as a result of inadvertent contamination caused by the Stables Assistant who attended the horse at the relevant time, they were satisfied that he did not administer or cause to be administered etofenamate and flufenamic acid to NASHASHUK. Having regard to the evidence provided to the inquiry by Club Officials who conducted the preliminary investigation that there was signage informing of steps to be taken to prevent inadvertent contamination in two common areas of Mr Size's stable at the relevant time and the ongoing education of stables staff in respect of measures to be taken to avoid cross-contamination between humans and horses, the Stewards were of the opinion that the findings of etofenamate and flufenamic acid in the urine sample taken from NASHASHUK had not resulted from any failure, omission or neglect on Mr Size's part and therefore, in the circumstances of this case, the Stewards were satisfied that Mr Size had discharged his responsibility under the Rules of Racing in respect of the analyst's findings. Accordingly, no further action was taken against Mr Size in respect of this matter.