



# An Open Letter To California Thoroughbred Owners and Racing Fans Across The Country

The TOC believes that the future of horse racing is in jeopardy. Many of you have heard about the recent disputes involving owners and ADW companies, not only here in California, but across the country. Currently, if you live outside the state of California and have an account with an Advance Deposit Wagering (ADW) company, such as TVG or YouBet, you cannot bet on California races. That is because we are currently in a dispute with ADW providers on how revenues are split between the tracks, horse owners and the ADW companies on bets made from outside the state of California on our product. The TOC is currently in negotiations with ADW providers and we hope to reach a settlement soon.

At issue is the current division of profits from bets placed with ADW providers. Wagers placed at racetracks and Satellite Wagering Facilities, or Off Track Betting sites (OTB's) return about 70% of all wagering revenue back to the tracks and to our purses. By contrast, interstate ADW companies currently only return about 40% of revenue to tracks and purses. With the growth of internet wagering under the current system, the racing industry is trading 70-cent dollars for 40-cent dollars. If the revenue distribution model for Advance Deposit Wagering is not improved, racetracks and racehorse owners will continue to see a decline in wagering revenue. With a 60% revenue retention rate, ADW companies are by far the most profitable arm of the wagering industry other than Nevada casinos: they make more from each dollar bet than any other kind of betting outlet outside of Nevada. The thoroughbred racing industry will never survive under the current distribution system if it is allowed to continue.

When agreements were originally made with ADW companies over 10 years ago, the great majority of bets were made at the track or at track-affiliated OTB's. Over the past 5 years we have seen internet wagering dramatically increase, while at the same time wagering has drastically declined at the traditional outlets. Now is the time to change the distribution of revenues, or we will never recover from this downward spiral. Without revenue to fuel purses, owners and breeders are deserting the sport. The cost of owning and training a race horse has become more expensive with ever decreasing return; if owners leave, field size decreases and the fans and the betting public suffer. Eventually none of it will matter, because the owners will be gone, the tracks will not be able to afford to operate and the horse racing industry will cease to exist. Not only are owners and tracks affected, but breeders take a loss as well. When we talk about horse racing and our product, we are not only talking about tracks, owners and breeders, but also about trainers, jockeys, employees and the entire infrastructure of our sport.

So while we regret the fact that out of state residents cannot bet right now on California product, we feel in the long term that everyone will benefit from our current efforts to improve the system. Our goal at the TOC is to keep horse racing alive and thriving. Owners, tracks and breeders need their fair share of the revenue to do that. Please support our efforts to keep horse racing strong and thank you for your understanding and patience during these difficult times.

*Thoroughbred Owners of California*



**Distribution of Wagering Revenues  
"Traditional" vs. ADW Internet Wagering**

