



Race Track Industry Program

**34th ANNUAL
SYMPOSIUM ON RACING & GAMING**

THURSDAY, DECEMBER 6, 2007

**A Perspective on Racing – As We See It.
High Volume Customers**

Moderator:

Dave Johnson, TV Analyst/Broadcaster ABC/ESPN Television

Speakers:

Ernie Dahlman, Owner, Lien Games Racing

Mike Maloney, Professional Horseplayer, Thoroughbred Breeder

MR. DOUG REED: The weather has cooperated once again, we got lucky; I would rather be lucky than good. I want to get started so that we can stay on schedule and maximize the speakers that we have here, let them talk and enlighten us.

Very quickly, again, I want to thank our sponsors. Last night's event, the reception was sponsored by Mountaineer Racetrack and Gaming Resort, we appreciate that. Our breakfast was sponsored by Equibase. The refreshment break following this is sponsored by TVG. And this panel, appropriately, is sponsored by the Daily Racing Form. Our moderator for the panel needs no introduction, I'm sure. He is the host of the radio show on Sirius Satellite, Down the Stretch, appropriately named. He's a TV analyst, an announcer with ABC and ESPN. You've seen his face, we all know Dave Johnson. Please give Dave Johnson a warm welcome.

MR. DAVE JOHNSON: Thank you, thank you very much, delighted to be here and with this wonderful panel. We do have — as an announcer I have to tell you, we have a late scratch. Dana Parham had some chest pain last night, was taken to the University Hospital and they said don't leave and don't get on this panel. So right now everything looks good but he's not with us, but an old friend and certainly somebody who knows about big wagers is Dick Powell, who is a consultant with RGS and I think that he can add a lot to our panel. That's Dick down on the end. Right next to him, here in the middle of my panel is Ernie Dahlman, and right here is Mike Maloney.

Let me just start, just so that you get a little sense of who's up here, let me ask this question, and you all in the audience think about it, too, what's the best and the worst thing in racing right now, in your opinion?

Mike, what's the best and the worst thing right now in racing?

MR. MIKE MALONEY: What's the best and the worst thing. The worst thing is the lack of concern about the integrity of the mutuel pools, the security and the integrity of the pools, that concerns me very much. The best thing in racing is the kids that I see out here that are in this Program, my 16-year-old son that loves to go to the track with me on the weekends, all the young people I see at Keeneland that I see on live race days. That makes you feel good about the future when you see that.

MR. JOHNSON: I think that we could all agree on a couple of those.

Ernie Dahlman, the best and the worst in racing.

MR. ERNIE DAHLMAN: Alright, I will start with the worst also; I think the worst thing is the industry fighting expansion. I think the only way for this industry to succeed in the long term is to embrace expansion. The more people have betting places, the better, the more Internet access, the better. And I think that that is the future of racing, that's expansion. We don't know where the players are going to come from, most of the people I know started out betting by going with their fathers when they were very young to the racetracks. I started out in harness racing and went to thoroughbred racing. I know some people start out with dog racing. So we really can't predict where the players are going to come from but we have to expand in order to be successful.

MR. JOHNSON: And the best?

MR. DAHLMAN: The best is that it's a tremendous sport for family participation. As I said, a lot of people started by going with their fathers. I started by going with my father. I have six children, they are all involved. My daughter owns a horse farm, we talk racing all the time. I have a friend who said, "When you have a teenage son, there is not much you can do, you tell them, 'would you like to go to the racetrack?' and that is something you can talk about, something you can do together."

I think it's a great sport for family participation.

MR. JOHNSON: Breaking in off the also eligible list, Dick Powell, what's the best and the worst right now in racing?

MR. DICK POWELL: I can't articulate what the best is, but now after the movie that we saw yesterday, I can take people to see the "First Saturday in May" and say, "This is why I love horse racing." This is what we see as the insiders, the outsiders, in and around the game, that just captured it spectacularly, so that's the

game I love, and the two gentlemen who put the movie together did a great job capturing that. It kind of articulated it for me.

MR. JOHNSON: Sensational movie, it put the human face and emotion on the game that hasn't been done before on television or in the movies before.

MR. POWELL: Not like that.

MR. JOHNSON: So that's the positive, what's the negative?

MR. POWELL: How much time do you have?

MR. JOHNSON: Dick, what is the worst?

MR. POWELL: The thing right now that I think is the worst in racing is customers feeling that the industry is not managing itself properly and that the integrity of the races themselves, whether it's the trainers, veterinarians, whatever is going on, much of which is being rumored to be going on, might not be going on, but I don't even see the industry recognizing that there is chatter out there from all sorts of players, every strata of player, that there are issues with the game and there have always been issues with the game. But now we are starting to feel, is anyone doing anything about it? Is anyone paying attention?

MR. JOHNSON: So in a word, is it leadership?

MR. POWELL: Leadership is a major part of it.

MR. JOHNSON: Okay. Here is the format for this morning. First of all, along with me, please take your cell phones and turn them down to vibrate. And if you do need to take a call, would you please walk out and start talking out there rather than inside. We are going to do about a half hour of commentary with us up here and then we will turn it over, if there are questions out there. If not, we've got plenty of subjects.

Obviously, this is a big bettor's panel and the 800-pound gorilla in the room, I know every one of you is thinking, well how much do they wager, and what is their biggest thing? I don't want to spend a lot of time on this and I know they don't either. But just so that we get it out there on the table to start with, how much do you wager and what is your biggest wager, Mike?

MR. MALONEY: What is my biggest wager in a single race?

MR. JOHNSON: Yes.

MR. MALONEY: In a single race, if I am in love with a situation I might bet \$10,000 in a race and I will generally wager between \$6 million and \$12 million a year.

MR. JOHNSON: Ernie?

MR. DAHLMAN: Well, I think that right now I'm betting about the same amount I bet when I was in my twenties, I really haven't increased it that much, but I was a big bettor in my twenties and so I am probably betting about \$12 million a year. My biggest bet, I think, was \$22,000.

MR. JOHNSON: And Dick, we are the bookends here, do you want to give an idea?

MR. POWELL: Dana would have had a very different answer than me. Depending on my schedule, Saratoga obviously I have a lot of time and I devote a lot of energy to betting Saratoga and Del Mar, other times of year, traveling and everything, it's hard for me to even keep up with handicapping. So on a good day, I'm probably betting \$5,000 to \$10,000 if I am churning and doing well, not anything substantial. I am showing a profit this year, so I'm happy about that.

MR. JOHNSON: Ernie's answer instigates a question for me; he said that he was betting in his twenties as he is now, but, Ernie, that was obviously not with a rebate, so when was the first rebate that you got and how has rebating effected your wagering?

MR. DAHMLAN: Okay, well, I used to bet at Suffolk County OTB in New York and they raised their takeout three percent. I figured at three percent, it was going to cost me \$300,000 or more in order to play, so I'm not going to be a winning player over the long run, I hadn't averaged that kind of money. So I told the OTB people that I wouldn't bet there anymore, I would have to stop betting and I was going to move to Vegas if I couldn't keep the thing the same. The president of OTB came to me and said, "Well, here's what we'll do, we'll offer you a job, you get \$150,000 a year, we want you to do some handicapping seminars and we want you to have dinner with me once a month, make suggestions."

So I said, "You're going to be taking \$300,000 and paying me \$150,000 and I'm going to have to work, I think that you made my choice for me."

And he said, "Well, Ernie, the truth of the matter is, the governor only makes \$175,000, if I were to offer you more than the governor that would be the end of my political career."

So, a couple of months later I moved to Las Vegas.

MR. JOHNSON: What about the, I'm going to start down here, Dick what about the rebated, how has rebating effected your wagering?**Other terms, concepts and keywords contained in the balance of this transcript are:** rebate, advance wagering, integrity, betting, gambling, synthetic surfaces, dirt races, claiming, field size, fractional wagering, unaccountability, signal rates, technology, Pick 6, Breeders' Cup.....If you desire a full transcript contact bprewitt@ag.arizona.edu