

# STATE OF COLORADO



## DIVISION OF RACING EVENTS

Department of Revenue

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Bill Owens  
Governor

Fred Fisher  
Executive Director

David Reitz  
Division Director

Honorable Bill Owens  
Governor of the State of Colorado

Honorable Members of the 67th General Assembly  
State of Colorado

Dear Governor Owens and Honorable Members of the House and Senate:

It is with distinct pleasure that we provide you with the following Report of the 53rd pari-mutuel wagering season, pursuant to Section 12-60-302(2), C.R.S. 1985-replacement volume 5. Included within this report are detailed figures and statements covering the 2001 racing calendar year.

We trust that the information proves to be informative and indicative of the benefits that properly regulated pari-mutuel wagering provides to the State of Colorado. The 859 days of racing during 2001, resulted in \$233,123,732 wagered in total with \$5,950,042.16 being deposited in the General Fund of the State of Colorado.

The Department of Revenue is required to report any information that may be related to taxes in aggregate form only. Therefore, we have grouped our data into "greyhound" and "horse" totals. Please note that this report does not intend to reflect profits or losses from any racetrack.

The Division expresses appreciation for the cooperation and service rendered by the Governor, the State Legislature, the Executive Director of the Department of Revenue and other public officials, as well as the various track operators, the law enforcement agencies of Colorado, the press and the Division employees.

Respectfully,

FOR THE DIVISION OF RACING EVENTS

A handwritten signature in black ink that reads "David C. Reitz". The signature is written in a cursive style with a large, stylized "R" at the end.

David C. Reitz  
DIVISION DIRECTOR



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# 2001 Annual Report

**FRED FISHER**

Executive Director  
Department of Revenue

**W. GALE DAVEY**

Chair  
Colorado Racing Commission

**DAVID REITZ**

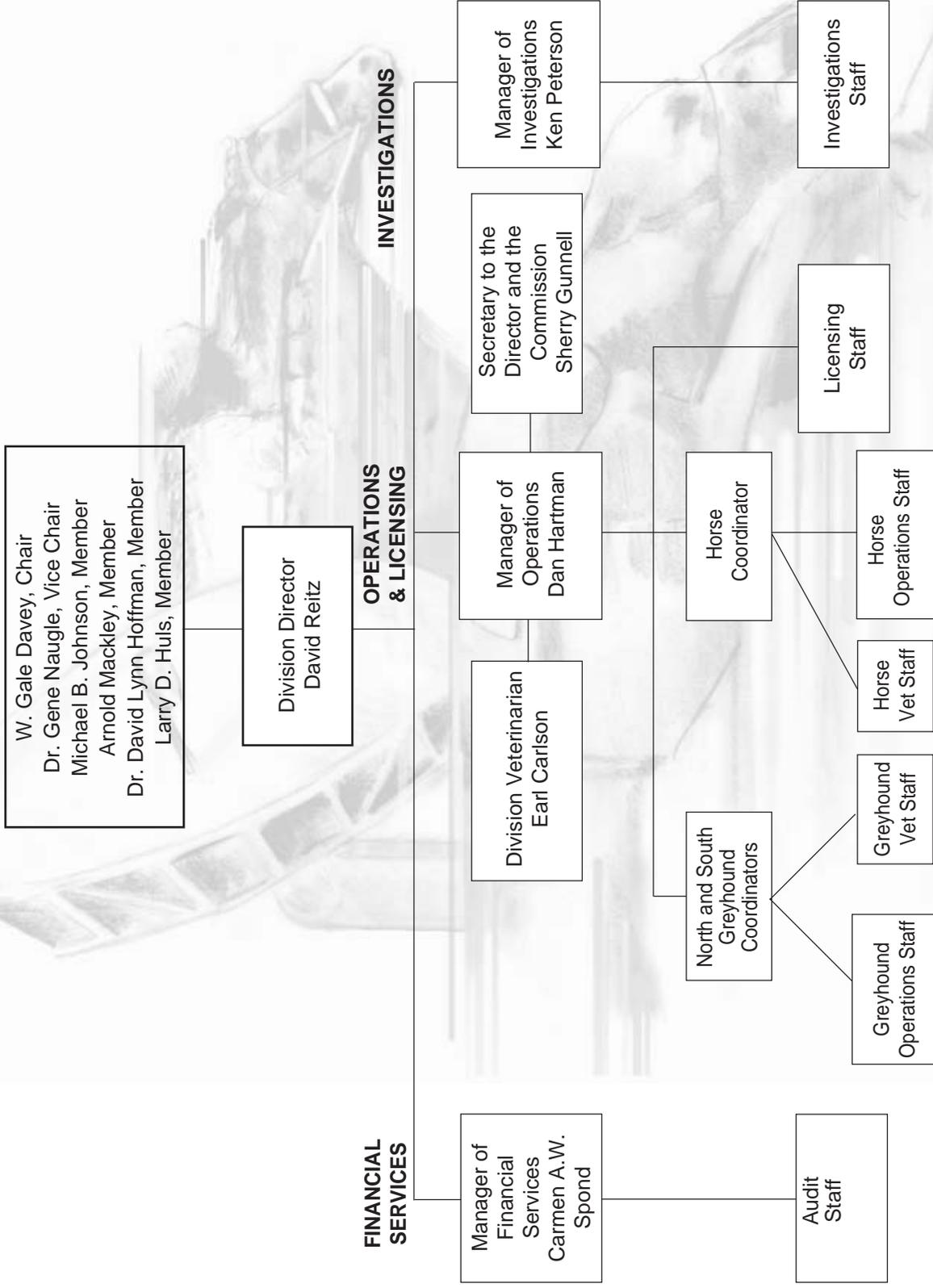
Division Director  
Division of Racing Events

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# COLORADO RACING COMMISSION AND DIVISION OF RACING EVENTS



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## RACING HISTORY

The Division of Racing Events and the Colorado Racing Commission were established in 1949 to supervise pari-mutuel wagering in Colorado. Pari-mutuel means "betting among ourselves." When placing a wager at the track, you are not betting against the "house" as you would be at a casino. Pari-mutuel wagering is a form of betting in which the loser's wagers (less a percentage for the Associations and taxes) are distributed among the winners. The Division is a regulatory, enforcement and revenue-generating agency of State Government. The Colorado Legislature and the Racing Commission set a public policy in the area of racing regulation which is then administered by the Division. The major functions of the Division and the Racing Commission are to promote racing and the recreational, entertainment and commercial benefits derived therefrom, to establish high standards of sport and fairplay, to promote the health and safety of the animals involved in racing and to foster honesty and fair dealing in the industry. The Commission allocates race dates to various racing associations, adopts rules and supervises the conduct of race meets, racing officials and licensees. A staff of administrative, security and veterinary professionals, in conjunction with Division racing officials, supervised the daily activities at the six tracks conducting pari-mutuel racing in Colorado during 2001 (five greyhound tracks and one horse track).

During 2001, the Division changed membership from the Association of Racing Commissioners International, Incorporated (ARCI), formerly known as the National Association of State Racing Commissioners (NASRC), to the North American Pari-Mutuel Regulators Association (NAPRA). The Commissioners and the Division Director are active participants on various national and regional committees. The National Association of State Racing Information Services (NASRIS) allows the Division to monitor the backgrounds of licensees and to exchange important regulatory and industry information with other jurisdictions.

In 2001, fourteen Commission meetings were held. The Commission conducted a 2002 race date hearing, renewal application hearings for north and south circuit greyhound race meets and renewal application hearings for one major horse race meet, conducted numerous disciplinary, administrative, and appeal hearings, held rule-making hearings related to the adoption of various greyhound, horse, pari-mutuel and racing rules and continued its official regulatory, supervisory and enforcement control of pari-mutuel wagering.

### **MISSION STATEMENT**

*TO PROMOTE AND FOSTER THE PUBLIC CONFIDENCE IN THE  
PARI-MUTUEL INDUSTRY, PROTECT THE WELFARE OF THE  
PARTICIPANTS THROUGH FAIR, CONSISTENT, PROACTIVE  
ENFORCEMENT OF APPROPRIATE POLICIES, STATUTES AND  
COLORADO RACING COMMISSION RULES*

Visit us at our website at [www.state.co.us/racing\\_dir/coracing.html](http://www.state.co.us/racing_dir/coracing.html)



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## 2001 EVENTS

### COMMISSION ACTIVITIES:

1. Mr. Larry Huls was appointed by the Governor to serve a full four-year term as a member of the Colorado Racing Commission. His appointment was confirmed by the Senate during the 2001 legislative session. Commissioner Huls' term will expire on July 1, 2004.
2. Commissioner Arnold Mackley was re-appointed and confirmed by the Senate for a full four-year term expiring on July 1, 2004. Previously, he had completed an unexpired term occasioned by the resignation of another Commission member.
3. Commissioner Michael Johnson, who served two full four-year terms on the Colorado Racing Commission concluded his lengthy term of service as a Commission member on June 30th. We extend our sincere gratitude to Mr. Johnson for his conscientious service to the citizens of Colorado.
4. In July, W. Gale Davey was re-appointed Chairman of the Commission. Commissioner Gene Naugle was re-appointed to serve as Vice-Chairman. They will hold these positions for one year.
5. Dr. David Lynn Hoffman, a Professor of Business Management at the University of Northern Colorado in Greeley, to serve a four-year term expiring on July 1, 2005.

**SALE OF ROCKY MOUNTAIN GREYHOUND PARK:** In April, the racing assets and race dates of Rocky Mountain Greyhound Park in Colorado Springs were sold to Racing Associates of Colorado, a subsidiary of Wembley USA. Racing Associates of Colorado renamed the live race meet "Post Time". As a result of the sale and the short amount of time available for the new owner to establish a completion schedule for upgrades and renovations to the Colorado Springs facility, the Commission approved Racing Associates' request to conduct the 2001 live Post Time meet at Pueblo Greyhound Park.

Rocky Mountain Greyhound Park conducted live racing for approximately fifty years and was owned by the Cloud family throughout its existence.

Wembley USA announced its intention to modify its 2002 race dates at Pueblo Greyhound Park and requested that the Commission approve the proposed change. At its December meeting, the Commission approved the request, which will significantly reduce the amount of live racing to be conducted in the southern sector of the state. The live "Post Time" meet at the Pueblo track site will commence on January 2 and conclude on March 17. The Pueblo Greyhound Park live meet will begin on March 19 and end on May 31. No additional live racing will be held in the Southern Greyhound Circuit until calendar year 2003.

### CLOSURE OF PRIVATE RESERVE:

On June 22, 2001, Private Reserve, the off-track wagering facility established by Interstate Kennel Club, was permanently closed.



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## CURRENT MEMBERS OF THE COLORADO RACING COMMISSION

**W. Gale Davey**, a member of the commission since 1995 became the chair on 07/01/00. Previous to July, he held the position of Vice-Chair. He believes that the Commission's positive impact on pari-mutuel wagering in Colorado, is through maintaining total control over animal welfare, fair play and industry integrity, thus ensuring honesty, safety and protection for the public and the racing participants. He acknowledges a lifelong interest in horses and racing and has been a horse breeder, rider, owner, and trainer. Mr. Davey spent twenty-five years with the Fort Morgan Police Department, nineteen of which were a Chief of Police. Additionally, he served as Sheriff of Morgan County for eight years. As current civic affiliations, Mr. Davey is an appointed member of the Morgan County Community Corrections Board and is Co-President of the Brush, Colorado Rodeo Association. Mr. Davey has been recognized by his peers as a leader in law enforcement, serving as President of the Colorado Association of Chiefs of Police.

On June 9, 1999, **Dr. Gene Naugle**, a Veterinarian from Penrose, was appointed to the Colorado Racing Commission. He was appointed Vice-Chair, effective 07/01/00. Dr. Naugle has been a Veterinarian in private practice in Colorado Springs since 1967. He is a member of numerous professional organizations, including the American Association of Equine Practitioners and the American and Colorado Springs Area Veterinary Medical Association. He is also a charter member of the Colorado Mule Riders and an honorary lifetime member of the North American Trail Riders Conference. His assorted professional activities include the presidency of the Colorado Springs Area Veterinary Association and the program chairmanship of the State Meeting of the Colorado Veterinary Association.

Effective November 5, 1999, **Mr. Arnold Mackley** was appointed to the Racing Commission. He is from Rifle and will serve as our representative from the Western Slope. Mr. Mackley brings over thirty years of experience as an Accountant, Controller, Administrative Assistant, Vice-President of Finance and Director of Finance of several large U.S. companies, with offices through the Western U.S. and Israel as well as almost ten years of service in prominent government office. He was appointed to the Planning and Zoning Commission of Garfield County, Colorado, where he served for fourteen years before his election and eight years tenure as County Commissioner of Garfield County. Mr. Mackley is currently a consultant for Ameralia, Inc., a chemical company which is in the process of permitting and constructing a mine capable of producing 50,000 tons of product a year.

**Michael B. Johnson**, a Commission member since 1993, is a Certified Public Accountant in Denver. Mr. Johnson's professional experience is quite varied, ranging from being Senior Accountant with Ernst and Ernst in Boston, to comptroller for Ceres International, to his current role as Chief Executive Officer of Michael B. Johnson and Company, P.C. Michael B. Johnson and Company, P.C. has fulfilled requirements and auditing functions for, among others, the Denver International Airport, Coors' Field Construction, the Piton Foundation and various programs within the Colorado Department of Health and Human Services. Mr. Johnson believes that while serving on the Commission, his primary function is to relate a business aspect to the decision-making process. He emphasizes that the Colorado Racing Commission must be pro-active in responding to problems occurring in the pari-mutuel realm, be strong on animal welfare, and demanding on industry integrity. Mr. Johnson served on the Commission until June 30, 2001.

**Larry D. Huls** joined the Racing Commission on March 21, 2001. Mr. Huls served in various capacities in State government for approximately twenty-five years. He retired in 1999 as Director of the Division of Racing Events.

Effective October 02, 2001, **Dr. David Lynn Hoffman** was appointed to the Racing Commission. Dr. Hoffman is a Professor of Management at the University of Northern Colorado and serves as the President of the Board for Platte River Industries. He is the former President of the Westminster 7:10 Rotary and a former member of the Vocational Service Committee, Foundation Request Committee, and the Foundation Board of Directors. He is also a former member and President of the Small Business Institute Directors' Association.



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## LICENSED RACETRACKS

### GREYHOUND TRACKS

#### MILE HIGH GREYHOUND PARK

Steve Rose, General Manager  
6200 Dahlia Street  
Commerce City CO 80022  
(303) 288-1591

#### PUEBLO GREYHOUND PARK

Steve Rose, General Manager  
3215 Lake Avenue  
P. O. Box 2220  
Pueblo CO 81005  
(719) 566-0370

#### INTERSTATE KENNEL CLUB

Steve Rose, General Manager  
6200 Dahlia Street  
Commerce City CO 80022  
(303) 288-1591

#### CLOVERLEAF KENNEL CLUB

Joe Pardi, General Manager  
P. O. Box 88  
Loveland CO 80539  
(970) 667-6211

#### POST TIME

Steve Rose, General Manager  
3215 Lake Avenue  
P. O. Box 2220  
Pueblo CO 81005  
(719) 566-0370

### HORSE TRACKS

#### ARAPAHOE PARK

Bruce Seymore, General Manager  
26000 East Quincy  
P. O. Box 460370  
Aurora CO 80016  
(303) 690-2400



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## LICENSED OTB'S

### HAVANA PARK

10750 East Iliff Avenue

Aurora CO 80014

(303) 751-5918

Licensee: Mile High Greyhound Park

### PRIVATE RESERVE

351 So. Jackson

Denver CO 88209

(303) 316-9552

Licensee: Interstate Kennel Club

### RED AND JERRY'S

1840 West Oxford Avenue

Sheridan CO

(303) 783-0655

Licensee: Rocky Mountain Greyhound Park



## CUMULATIVE DATA

Year	Live Days		Pari-Mutuel Handle	Percent (compared to previous year)		Total Breakage	State Commission	Total Divisional Receipts
1996	843	d	258,295,605	+0.46	a	648,879.80	b&c	7,780,948.63
1997	860	d	251,868,450	-2.49	a	658,845.25	b&c	7,251,801.88
1998	f 667	d	235,104,817	-6.66	e	629,328.78	g	6,726,190.36
1999	f 652	d	244,568,401	+4.03	e	668,240.51	g	6,592,394.72
2000	f 659	d	241,368,462	-1.31	e	651,538.88	g	6,485,218.97
2001	f 859	d	233,123,732	-3.42	e	629,880.95	g	5,950,042.16

### Footnotes

- a Breakage retained by racing association in accordance with Colorado Supreme Court decision after June 21, 1954. Half of breakage from live horse meets to horse purses. (SB91-99 Effective June 6, 1991.)
- b State and track greyhound commissions changed to 17.5%; and 0.75% for State horse commissions. (SB91-99 effective June 6, 1991.)
- c State and track greyhound commissions restored to 17.5% effective July 01, 1994. (HB93-1268.)
- d Includes handle wagered from out-of-state sources on in-state races.
- e Effective 07/01/98, the association share increased from 13% to 15%.
- f In previous years, both live and simulcast days were included in this calculation. However, starting in 1998 only live days are included.
- g State commission changed to 19.5% affective July 1, 1998.

**NOTE** The primary reasons for the substantial growth in pari-mutuel handle between 1995 and 1996 are 1) an increase in the number of out-of-state races accepted in Colorado; and 2) an increase in the number of out-of-state simulcast facilities wagering on races in Colorado. However the State does not collect pari-mutuel commission on wagers made outside of Colorado. Consequently, the percentage increase seen in the pari-mutuel handle is not duplicated in the State commission increase for this same period.



## 2001 RACING SEASON - COMPARATIVE DATA

	# of Race Days	# of Races	Pari- Mutuel Handle*	State Revenue	City Revenue	Tracks' Revenue	Owners/ Breeders Fund
HORSE							
LIVE	37	3,109	\$17,520,111	\$123,907.85	NA	\$907,341.81	\$198,249.43
SIMULCAST	214	14,030	\$64,369,662	\$482,774.29	NA	\$13,718,888.74	\$795,772.18
TOTALS	251	17,139	\$81,889,773	\$606,682.14	NA	\$14,626,230.55	\$994,021.61
GREYHOUND							
TOTALS	608	11,116	\$151,233,959	\$5,288,542.77	\$535,389.56	\$24,423,909.40	NA
GRAND TOTAL	859	28,255	\$233,123,732	\$5,895,224.91	\$535,389.56	\$39,050,139.95	\$994,021.61

\* Includes off-track-betting (OTB) and out-of-state figures.

**NOTES** Do not compare the horse numbers to previous years, as the calculation method has changed to show the difference between live and simulcast days.



	CSU Fund	Breakage	Distributed to Public	Average Daily Handle
HORSE				
LIVE	\$28,911.03	\$92,534.66	\$13,518,672.35	\$473,516.51
SIMULCAST	\$118,481.10	\$287,826.81	\$49,363,490.05	\$300,792.81
TOTALS	\$147,392.13	\$380,361.47	\$62,882,162.40	\$326,254.08
GREYHOUND				
TOTALS	NA	\$249,519.48	\$120,736,826.60	\$248,740.06
GRANDTOTAL	\$147,392.13	\$629,880.95	\$183,618,989.00	\$271,389.68





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## HORSE BREEDERS AND OWNERS AWARDS AND SUPPLEMENTAL PURSE FUND

12-60-704, C.R.S. as amended, June 6, 1993 provides for the horse Breeders and Owners Awards and Supplemental Purse Fund program. The fund consists of 0.5% of the mutuel handle on win, place and show wagers and 1.5% of the mutuel handle on all other wagers from all horse meets including simulcast programs, plus uncashed ticket money from previous years.

For calendar year 2001, accumulated funds came from the following sources:

Funds earned from wagering in 2001	\$ 994,021.61
Earned from 2000 uncashed tickets	352,485.45
Interest in 2001	20,512.04
Bank Fees	(3,500.00)
<hr/>	
<b>TOTAL</b>	<b>\$ 1,363,519.10</b>

Following is the approved Owners and Breeders Awards and Supplemental Purse Funds distribution amounts for calendar year 2001:

Thoroughbreds	\$ 940,349.14
Quarterhorse	243,146.26
Arabian	22,901.11
Paint	5,242.59
Appaloosa	1,669.05
Harness	210.95
<hr/>	
<b>TOTAL</b>	<b>\$ 1,213,519.10</b>

Due to the Fund's fiscal year end of December 31, actual distribution of most of these funds from 2001 took place in 2002. However, during 2001, the Colorado Racing Commission approved an advance of funds to the Colorado Thoroughbred Breeders Association of \$150,000.00. The distribution amounts above reflect these advances.

Current escrow totals are:

Harness	\$16,295.10
Appaloosa	9,798.76
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<b>TOTAL</b>	<b>\$ 26,093.86</b>



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## DIVISION RECEIPTS AND DISBURSEMENTS:

### RECEIPTS:

#### State Commission on Pari-Mutuel Handle:

Horse	\$	606,682.14
Greyhound		<u>5,288,542.77</u>
<b>Total Commission</b>	<b>\$</b>	<b>5,895,224.91</b>

#### Occupational Licenses:

	<b># Issued</b>	<b>\$</b>	<b>Received</b>
Horse	857	\$	20,471.50
Greyhound	651		16,722.00
Central	<u>129</u>		<u>7,110.00</u>
<b>Total Licenses</b>	<b>1,637</b>	<b>\$</b>	<b>44,303.50</b>

Lease Registration Fees Collected	\$	60.00
Fines and Penalties Collected		10,410.00
Investigation Fees Collected		0
Printing Fees Collected		<u>43.75</u>
<b>TOTAL RECEIPTS</b>	<b>\$</b>	<b>5,950,042.16</b>

### DISBURSEMENTS:

Personal Services	\$	1,789,902.00
Operating Expenses		157,687.00
Laboratory Services		270,026.00
Legal Services		<u>25,611.00</u>
<b>TOTAL DISBURSEMENTS</b>	<b>\$</b>	<b>2,243,226.00</b>

NOTE: We have modified this report. Therefore, the reporting categories (and net balance) should not be compared to previous years.



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## SECTION REPORT • INVESTIGATIONS SECTION

During 2001, the Investigations Section completed 446 investigations. Of these cases 36 were filed in criminal court and resulted in 37 arrests. The Section completed 232 administrative investigations of which 48% resulted in an administrative action being taken. The Section also completed 176 licensing background investigations.

The Section completed 202 kennel, stable and OTB inspections with major emphasis placed on animal welfare. Ninety percent of the kennels and stables were in compliance with current rules and regulations. The remaining 10% that were not in compliance came into compliance on the second inspection.

The Section also assisted Colorado Department of Agriculture 'PACFA' Division ( Pet Animal Care Facility Act) in the proper licensing of greyhound adoption and rescue groups. The investigations Section will provide assistance with inspections when requested.

We also assisted in the implementation and enforcement of the procedure for the Colorado Racing Commission policy concerning all equine health documents for horses stabled at Arapahoe Park Racetrack. This has become very important in this day of infectious animal diseases that are traveling around the world.

The computer case reporting system continues to be upgraded, to include a new print format to produce a much easier to read and more professional report. The new format also allows the use of digital photographs to be placed in the report.

The investigation section has been instrumental in assisting police agencies apprehend wanted persons suspected of crimes in their jurisdictions. Either the suspects have been identified as patronizing the racetracks and OTB's or they have attempted to gain a license in the racing industry.



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## SECTION REPORT – RACING OPERATIONS, LICENSING AND ANIMAL WELFARE SECTION

In 2001, the Racing Operations Section, which includes the licensing and animal welfare staffs, continued to emphasize outstanding customer service and implemented additional procedural modifications to expedite the licensing process, oversee operations at racetrack sites and enhance the animal safety and welfare program.

The Section staff commenced review of its rule book with the intention of adopting many new and amended rules early in 2002. Several rule review workshops were held at which industry members and Section staff representatives discussed rule proposals.

This year, the Section also changed its animal drug testing procedures by allowing only Division employees to be involved in animal testing, thus, ensuring the maintenance of the chain of command. The new procedures streamlined animal testing and proved to be very efficient.

The Animal Welfare Section has merged with and moved to the forefront of our Operations Section. All staff members have the responsibility of protecting the health and safety of greyhounds and horses racing in Colorado. To do this, several approaches are used, consisting of multiple inspections of animals, a preventative health maintenance program, research, a drug testing program and an injury tracking system. In addition, staff members maintain individual health records on all animals, indicating vaccination status, medications used and all other information.

Veterinarians and other staff members observe all animals several times prior to racing and examine any animal that performs poorly, appears to be injured, or is injured. Emergency care is also provided at each track with more intensive care available from area clinics when necessary.

To monitor drug administration to greyhounds and horses, the Division maintains a comprehensive drug testing program that is overseen by those responsible for animal welfare concerns and issues. For greyhounds, this program involves the pre-race and/or post-race selection of samples that is based on the percentages between total starts and total samples collected. The samples collected from horses are taken post-race from all winners with additional samples obtained from other selected horses, as needed.

An important aspect continues to be the injury tracking system which track 27 variables. This insures that racing animal injuries are closely monitored to determine how and why they occur. An extensive updated report on the injury tracking system, including information for the past eight years and involving additional statistical evaluations will be provided to the Commission in early 2002.

Additionally, new kennel and stable inspection procedures were developed and implemented. The staff spent much time in workshops and discussion sessions with industry representatives before presenting the proposed procedural guidelines to the Racing Commission for approval. The Section is very proud of having achieved a very functional and efficient inspection program.



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## SECTION REPORT • FINANCIAL SERVICES SECTION

In order to determine compliance with statutory requirements, Financial Services staff conduct audits and calculate pari-mutuel taxes due and paid, minimum purse amounts, payments to and proposed distribution amounts from the Horse Breeders' and Owners' Awards and Supplemental Purse Fund, payments to the School of Veterinary Medicine at Colorado State University, uncashed ticket monies reverting to the Breeders' and Owners' Fund and racing associations, pre-meet tests, price tests, and revenue audits. Staff review the pari-mutuel rule sections and develop policies and procedures as needed. They also investigate incidents within the mutuel department to determine if taxation, payouts, and/or totalisator aspects have been affected and review all financial statements used in the decision to license Associations. Financial Services staff also keeps statistical information regarding all wagering in the State.

Effective 07/31/98, all totalisator companies, in order to be licensed within the State, were required to fully comply with Colorado's Totalisator Standards. Colorado is the first state in the nation to develop and implement a set of standards of this type. A copy of these standards can be reviewed on the Division's homepage, under the Financial Services Section.

During 2001, 105 compliance audits were completed. Of these, 1.9% of the audits concluded that adjustment or corrections were required. In the same period, staff conducted or oversaw 68 tests of the totalisator system and totalisator communications, of which 25% of the tests required further follow-up. The Financial Services Section also responded to requests from the Associations regarding mutuel department operations and wagering. Pursuant to one of these requests, the Section conducted an Internal Control Review. This Review uncovered actions that led to an administrative action.

The Financial Services Section also reviewed mutuel department and totalisator incidents during 2001. These incidents varied from simple report of loss of video or data communications to software and hardware failures to violations of rules.

The Financial Services Section attended training conducted by the National White Collar Crime Center and the National and Colorado Chapters of the Association of Certified Fraud Examiners. They also attended the North American Pari-Mutuel Auditor's Conference. Staff conducted training for totalisator operators regarding Division expectations and regulations.

