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MAY 2017

9TH ANNUAL TRACK RATINGS ISSUE!

THREE-PEAT FOR KENTUCKY DOWNS



RATINGS FOR

64

NORTH AMERICAN
TRACKS
+ INTERNATIONAL

EQUISPORT PHOTOS

The Horseplayer Monthly May Issue – 9th Annual Track Ratings

Welcome to the Track Ratings Issue

It's that time of the year again, and we're happy to present our 9th Annual Track Ratings.

Back in 2008, the Ratings were created for a few reasons. First, most of the data on the web or in print regarding takeout rates etc, were outdated, inaccurate or impossible to find so an up to date resource was needed. Second, it was important to shed light to racetracks and track management what horse bettors need to succeed, and enjoy the game more. The idea was suggested at Pacedvantage.com by a man named "Rook." Bill Weaver, an original HANA board member, tirelessly compiled the data, and wrote the algorithm.

How Are the Ratings Tabulated?

The ratings encompass several factors; all of which are indicative of horseplayer "betting value" in some form. **Takeout Rate:** If the takeout rate is too high, horseplayers are paid fewer dollars when they win, which makes it more difficult to win long-term. According to Richard Thalheimer's 1998 University of Louisville study, high takeout is the number one detriment to higher handles (elasticity of -2.3). It was also the highest rated handle determinant in HANA's 2008 horseplayer survey.

Field Size: The second most correlated factor in the Thalheimer study is not coincidentally the second most weighted for the track ratings. Betting five horse fields is not interesting and almost impossible to win long-term at. Horseplayers respond to this rationally: By betting less money.

Pool Size/Popularity: If pool size (handle) is huge, it means is popular with betting customers. As important, if not more so, a larger pool provides horseplayers with liquidity. If a track offers a Pick 3 with a tiny \$1,000 pool, it often will pay less than parlay, costing horseplayers money and enjoyment.

Signal Availability: Tracks that choose to protect their signal anger customers because they need more than one betting account to enjoy the sport. As well, high signal fees stop smaller ADW's from giving a takeout break, along with rewards and innovations to their (both big and small) players.

Beginning with this year, we removed wager variety as part of the ratings since they're both very common now and not all players are in favor of lower minimums.



Frequently Asked Questions

What about on-track customer service, quality of the food, or the racetrack experience?

The Ratings are based on betting value, with hard numbers that can be used to compare racetracks. It's logistically difficult, as well as subjective, to rate tracks on non-quantitative items. Keep in mind, approximately 90% of wagers are made off-track.

Did you look at number of racedates, meet length, or state laws on dates or takeout rates?

No. The ratings are simply a snapshot of where the track lies when compared to others, no matter how frequently or infrequently they race. We also understand there are a great many good people at racetracks which might want to do more for the customer, but are handcuffed.

What about the quality of racing? Number of stakes? Best jockeys and trainers? A turf course?

Tracks with turf courses get a boost with the field size component. In addition, complete tracks with high quality racing tend to get more handle, which make up a tracks' overall score.

Are you advising me to bet higher rated tracks?

No. This is simply a horseplayer resource where you can analyze which tracks are trying to earn your business based on various customer focused factors.

(continued on next page)

How do you ensure you have up to date accurate data?

It is very difficult to get this information – we believe we are the only group who publishes it in totality – so there are no hard and fast rules. We rely on simulcast agreements, ADW contracts and detective work to compile the data. We also email the tracks beforehand with our numbers for confirmation. At times a rate may be changed, or a mistake is made, and when we are made aware of it, we update that on our web page.

Do you take suggestions?

We do. In fact, several tweaks over the last seven years have been made through horseplayer and academic feedback. We also scan all relevant peer reviewed gambling literature to improve the ratings. If you'd like to offer any suggestions, please email info@hanaweb.org.

"Purse Efficiency" Column

Starting with last year's ratings, we added a column that is labeled "PEF Handle/Purse \$." The "PEF" or Purse Efficiency Factor is simply the median handle for a race at a track, divided by the median purse. This shows how well a track does attracting you to bet its product, given the purses the track has to work with. If \$150,000 is bet on a race with a purse of \$15,000, the PEF is 10.0, meaning \$10 of handle is generated from each dollar in purses. If \$500,000 is bet on a track with a purse of \$500,000, purse money is not used very wisely to attract customers, because \$1 in purses only generated \$1 in handle from customers.

Conclusion

We'd like to thank all of our advertisers and supporters, for this issue, as well as all others during the year. We can't do it without them.

Please enjoy our Annual Track Ratings and Industry Issue, and email us at info@hanaweb.org with any comments or questions. We love to hear from you.



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A Hat Trick for Kentucky Downs

Kentucky Downs, the Franklin, Kentucky, racetrack that races a short, all-turf meet each September, has topped the 2017 HANA Racetrack Rankings for the third consecutive year.

The rankings are based on an algorithm using factors indicative of horseplayer betting value, gleaned from both empirical and academic study. Key factors including takeout rate, field size, wager variety, pool size, and signal distribution are analyzed track by track and weighted to produce a final composite score.

"With low takeout and a field size of almost 11 horses per race, Kentucky Downs continues to excite customers," said HANA President Jeff Platt. "Despite an abbreviated meet, the ratings algorithm does not discriminate when it comes to betting value: Kentucky Downs has it and horseplayers responded with another year of record handles."



Racing at Kentucky Downs – Equisport Photos

"Kentucky Downs is once again honored to be recognized as HANA's number one track for the third year in a row," added C.J. Johnsen, the Director of Broadcasting and Wagering at Kentucky Downs. "Our team has worked hard to give horseplayers the best value for their wagering dollar, and it is extremely gratifying to see such a positive response. We have the utmost respect for HANA and their rankings and look forward to working with them for many years to come."

The algorithm ranked Suffolk Downs' micro-meet (race dates this year are July 8-9, August 5-6, and September 2-3) second, based almost solely on their North America-low 15% across the board takeout rates.

Major tracks Keeneland, Saratoga and Del Mar rounded out this year's top five.

The Big Four - At A Glance

1. Kentucky Downs

Total Score: 3.49

Field Size: 10.96

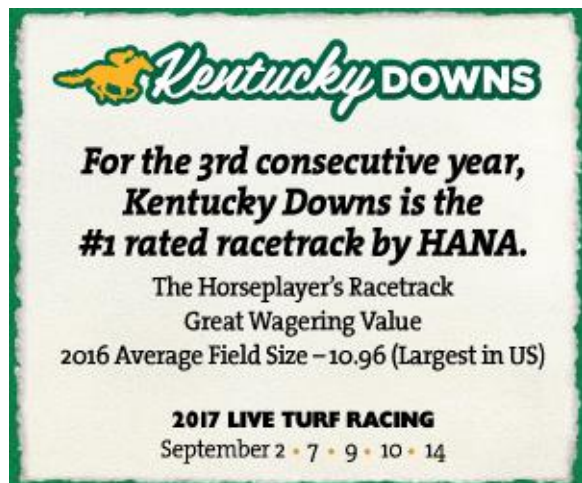
Best Bets: With the large field size and low takeout, all bets are value oriented

"Horseplayers Keep Fuelling Large Handle Gains at Kentucky Downs"

This southern Kentucky track with a short, boutique meet has made serious noise in the betting landscape since 2012.

Mike Maloney, a professional horseplayer, sums it up nicely: "Big fields and competitive racing are certainly part of the equation. But Corey Johnsen, unlike many track execs, understands it's good business to give your customers a fair chance to have a successful gambling experience. Do yourself a favor and check out Kentucky Downs."

Horseplayers have responded. In 2011 handle was approximately \$900,000 per race card. In 2015, that number was over \$4.5 million. Handle records have been set in each of the last four years.



2. Suffolk Downs

Total Score: 3.02

Field Size: 7.41

Best Bets: 15% across the board takeouts

Suffolk Downs, located in the Boston area, moved up from fourth last year to second this year thanks to their 15% across the board takeout. Suffolk Downs raced six dates last year, and will do so again in 2017, with horses stepping on the oval July 8-9, August 5-6, and September 2-3).

It is frequently mentioned in the industry trades that Suffolk could race more dates at some point if various purse agreements can be reached and the dates are applied for. If this happens, we'll be sure to mention it.

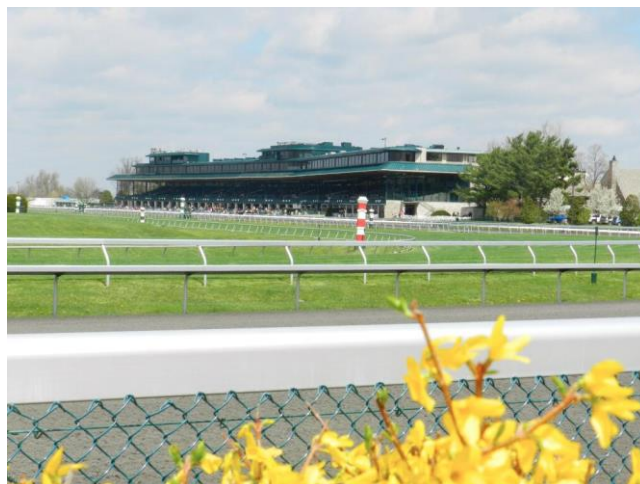
3. Keeneland

Total Score: 2.82

Field Size: 8.77

Best Bets: The 16%/19% Keeneland WPS and exotic mix provides value

"The former number one is still big value"



A panoramic view of Keeneland – photo by [Penelope P. Miller](#)/[America's Best Racing](#)

Keeneland has had a great run atop the rankings, and only a decrease in field size and handle knocked them off the pedestal. The Keeneland betting menu and takeout score is still formidable, and the storied history of the track is well known. Horseplayers continue to dive into large guaranteed pools and top class racing.

4. Saratoga

Total Score: 2.79

Field Size: 8.09

Best Bets: Lower takeout exactas, 15% Pick 5

"The highest handled, most storied racetrack on the Continent needs no introduction."

Saratoga is a solid fourth in the rankings this year, primarily due to exotics value, especially in exactas. In 2016 handle at the Spa was basically flat over 2015's record haul, making one of the most attractive tracks to bet in all of Thoroughbred racing even more of a staple on the betting landscape.

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A Note from Charlie Davis

Charlie can be found on Twitter [here](#).

I've been doing the track ratings for several years now and while I'm glad to see that takeout is trending lower, there are some moments that stand out.

Keeneland and Kentucky Downs continue to be the standouts in the ratings. You want full fields, priced lower than the rest, and a great customer experience, you look at those two tracks. While they both have alternative sources of revenue, they've used that revenue to create a fantastic product as opposed to entire states like Pennsylvania which has done the opposite.

Last year we saw Canterbury drop their takeout across the board and see handle increases because of it despite awful weather, field size, and tons of off the turf racing. This year they've jacked takeout back up, no doubt using the argument that, "taking handle (after the takeout decrease), and multiplying it by the new takeout, revenue will increase by...". With better weather and more turf racing they may end up making a few dollars more, but we all know if that logic worked long-term, they should've hiked the takeout to 100% and make even more money.

One of the constants when putting this spreadsheet together is that I rarely see any thought put into takeout adjustments. There's no science or math applied other than the aforementioned faulty argument multiplying different takeout by static handle. The pick 5 is consistently low takeout, and 15% seems to be the industry standard for new pick 5's. Why is that? Well, because that's about what the one in California is and it was successful. If you ask any casino why different slot machines have different takeout they'll have an answer for you, along with facts to support that answer. I wonder then why takeout rates are decided so arbitrarily in our industry.

One final thought for my friends north of the border. It seems that if you're betting on low takeout tracks in the US from Canada, well, to put it bluntly, for many bets you're getting screwed. Woodbine decided that this arbitrary takeout thing was no good and they decided everyone in Canada should have the same high takeout. If you're betting from Canada, you have to do your homework to figure out what you're paying. Woodbine, from what we can tell, is picking and choosing what prices to honor in a completely capricious fashion.



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Charlie's State of the Industry Q & A

Q: Are you enjoying the betting side of the game more or less than you were a year ago? Why?

A: I'm enjoying it less lately. Not only is it getting difficult to win, but Canterbury, a track I focused on heavily last year and enjoyed, is one I no longer play.

Q: With more international racing being shown on TVG and elsewhere, along with important cards like Dubai being front and center, do you find you're more interested in watching and wagering on it?

A: I'm not really interested in international wagering other than Hong Kong.

Q: Jackpot bets, yay or nay?

A: Absolutely nay unless it's a mandatory payout day.

Q: Do post drags 'drag on you', or do you feel they're part of the game and you factor them into your daily or weekly play?

A: I hate them, but I also bet a lot at Gulfstream, so I've factored them in.

Q: What's worse, inconsistent stewards' calls, or tracks running on top of each other?

A: Yikes, tough one, I dislike both. I'd have to say tracks running on top of each other, though, if forced to choose.

Q: What were your impressions of Always Dreaming's Derby performance?

A: I think it was a good performance, but I also think it was vastly aided by running out front on the inside the whole race. The only horse without mud all over it was the winner and I think that played a big part.

Q: Out of any of the possible Preakness "new shooters" (Conquest Mo Money, Royal Mo, Senior Investment, etc.) do any of them interest you from a betting standpoint?

A: I won't know until much closer to the Preakness as I haven't even looked at it.



Tracks 1 – 32

Track Name	Score	Rank	Field Size	WPS Handle/R	Exotic Handle/R
Kentucky Downs	3.49	1	10.96	\$143,692	\$308,220
Suffolk	3.02	2	7.41	\$29,452	\$40,345
Keeneland	2.82	3	8.77	\$306,103	\$595,579
Saratoga	2.79	4	8.09	\$474,899	\$1,113,915
Del Mar	2.45	5	8.36	\$321,992	\$690,664
Oaklawn	2.37	6	9.62	\$140,753	\$215,514
Remington	2.36	7	8.54	\$31,256	\$63,508
Sam Houston	2.30	8	8.09	\$49,252	\$110,735
Tampa Bay Downs	2.30	9	8.48	\$131,444	\$287,742
Belmont	2.29	10	7.82	\$323,957	\$721,369
Delta Downs	2.24	11	8.73	\$42,979	\$94,728
Woodbine	2.24	12	8.39	\$132,456	\$242,974
Gulfstream	2.24	13	8.39	\$195,267	\$457,251
Santa Anita	2.18	14	7.92	\$316,917	\$668,540
Charles Town	2.16	15	7.77	\$42,820	\$73,077
Turfway	2.12	16	8.71	\$54,115	\$113,418
Aqueduct	2.03	17	7.62	\$224,750	\$505,949
Evangeline	2.01	18	8.20	\$43,971	\$90,366
Hastings	2.00	19	6.95	\$28,369	\$50,502
Mahoning Valley	2.00	20	8.85	\$29,043	\$65,753
Ellis Park	1.99	21	8.05	\$49,164	\$86,960
Churchill Downs	1.97	22	8.45	\$263,848	\$481,059
Thistledown	1.95	23	7.38	\$22,933	\$49,495
Gulfstream West	1.94	24	8.05	\$116,330	\$258,456
Monmouth	1.91	25	7.28	\$123,330	\$224,045
Prairie Meadows	1.81	26	7.05	\$19,757	\$25,760
Laurel	1.76	27	8.63	\$78,067	\$156,219
Louisiana Downs	1.76	28	7.97	\$34,101	\$67,496
Indiana	1.76	29	8.33	\$42,419	\$88,932
Sunland	1.75	30	8.19	\$24,262	\$53,820
Pimlico	1.70	31	8.05	\$230,030	\$447,982
Los Alamitos Tbd	1.69	32	7.27	\$98,213	\$217,550

For full details, including takeout rates – please [click here](#)

State of the Industry Q & A with...

Inside the Pylons

Q: Are you enjoying the betting side of the game more or less than you were a year ago? Why?

A: Much less. Over the course of the last five years or so I have found myself migrating most of my play to smaller tracks for numerous reasons. The drop-off in the quality of the product and the decimation of handle at a lot of these smaller venues is happening at such a fast rate it's absolutely incredible.

I think there is going to be serious contraction soon that is fueled by problems in the industry, coupled with widening competition for the gambling dollar, and that will be followed by another huge contraction fueled by various state governments putting an end to the slot welfare the industry gets that they have squandered for many years.

I know nobody wants to hear it and almost everybody in the industry turns a blind eye to it, but there is going to be lots of pain coming to the industry in the years to come.

Q: With more international racing being shown on TVG and elsewhere, along with important cards like Dubai being front and center, do you find you're more interested in watching and wagering on it?

A: I watch it and might make the odd small bet on it, but betting on it seriously takes a lot of specialization which would be a huge time consumption for anybody to get fully sharp at.

A lot of the pools here are smallish and the takeout is larcenous on some of these products, so as a rule of thumb I stay away and would advise others to do the same. But it does offer a possible option for professional horseplayers to explore if the U.S. racing market drives them out or collapses.

Q: Jackpot bets, yay or nay?

A: Nay! Nay! Nay! Jackpot bets are pure destruction to the everyday regular customer's bankroll, period. Almost all of the jackpot carryovers are built up by their regular customers paying up to 60% effective takeout rates and then all their money is eventually given away to one winner, usually a whale, or the poachers who come in only on force out days and play that track. If tracks want to kill off their loyal everyday customers, then just keep adding jackpot bets.

Q: Do post drags 'drag on you', or do you feel they're part of the game and you factor them into your daily or weekly play?

A: Post drags are horrible. If you bet more than one track at the same time, it's so taxing on bettors cause now not only do they have to worry about analyzing a million factors before they make a bet, but now they have to worry about when the race is going to go off as they have no barometer to go by as these drags vary immensely.

Imagine you are betting three tracks and the one that says 0 MTP goes off after the one that says 3 MTP, and the other that says 5 MTP. How can the industry let that happen? Only in horse racing.

Q: What's worse, inconsistent stewards' calls, or tracks running on top of each other?

A: Both are frustrating to bettors. Tracks running on top of each other is hideous because the problem is easily corrected with just a little communication and coordination that seems to elude most tracks.

The consistency of stewards is a huge problem too, but watching other sports and the same problems they have, you realize that it just might be impossible to get anywhere close to fully correcting the situation.

Q: What were your impressions of Always Dreaming's Derby performance?

A: He did everything like a polished professional and was rewarded with a perfect trip on the best part of the track for a relatively easy win. He definitely prefers going race speed and seemed like his tank was full leading up to the race. Certainly does not fit the Pletcher profile of raced hard and nothing left to give that most of his Derby horses seem to fit. Super Saver looked physically terrible at Pimlico. I don't think we will see that look from Always Dreaming.

Q: Out of any of the possible Preakness "new shooters" (Conquest Mo Money, Royal Mo, Senior Investment, etc.) do any of them interest you from a betting standpoint?

A: The Preakness is just one of a hundred races for me on that day to possibly bet.

Obviously if I play I'll try to beat Always Dreaming, but it's too early for me to have any opinion or confidence in anybody or any group of horses to try to do that with yet.



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The following tracks offer wagers that may boost your bankrolls!

Track	Superfecta Takeout
Kentucky Downs	19.00%
Keeneland	19.00%

Track	Exacta Takeout
Kentucky Downs	18.25%
NYRA	18.50%

** Special Mentions, Suffolk Micro Meet 15%, Keeneland 19%*

Track	Pick 4 Takeout
Sam Houston	12.00%
Portland Meadows	14.00%
Turfway	14.00%
Monmouth	15.00%

Track	Pick 5 Takeout
Sam Houston	12.00%
Laurel	12.00%
Pimlico	12.00%
Kentucky Downs	14.00%
So Cal Tracks	14.00%

-Bankroll Busters -

The following tracks offer wagers that may be hazardous to your wallet!

Track	Exacta Takeout
Santa Anita	22.68%
Del Mar	22.68%
Golden Gate	22.68%

A \$96.65 exacta at Del Mar pays \$102.19 at Kentucky Downs.
For 100 cashes, that's \$553.75

Track	Pick 4 Takeout
Parx	26.00%

A \$740 pick 4 at Parx pays \$880 at Sam Houston & \$850 at Hawthorne

For 20 pick 4 hits, that's between a \$2,200 and \$2,800 difference!

Track	Trifecta Takeout
Penn National	31.00%
Parx	30.00%
Gulfstream/GPW	26.00%
Tampa Bay Downs	25.90%

A \$148 at Gulfstream pays \$162 at Keeneland
Over 50 trifecta cashes, that's \$700!

Track	Pick 5 Takeout
Woodbine	25.00%
Fair Grounds	25.00%
Finger Lakes	25.00%

An \$1,875 Pick 5 at Woodbine pays a whopping \$2,200 at Laurel
If you hit 5 pick 5's this season, that's \$3,250 cash in your bankroll!

Is It Time for the Omni?

By [Cangamble](#)

The Omni wager, also known as the Swinger, has spread into North America. While it is not yet on any US or Canadian's track betting menus, it is available to North American horseplayers on South Africa and Hong Kong cards. If you play it you no longer have to say things like "First and third again, the story of my life," because if you finish first and third, you cash.

After takeout is removed from the Omni pool, the balance is divided by three. One third goes to those who wagered on the first and second finishers, another third goes to those who wagered on the first and third finishers, and the final third goes to those who wagered on the horses who finished second and third. In other words, it is about three times more likely that one would cash this wager as opposed to playing an exacta box or quinella. Of course, the payout is around one third of what an exacta box would pay as well.

It is a wager that could fly with new players. If you look at the success of Daily Fantasy Sports, churn is a key factor. Many players are content when they double their money for the night as they have action money for the next couple of days without having to go to the well, while also keeping an eye on the big prize. As an entry level wager, the Omni offers enough of a reward to put a smile on the face of a newbie, while also introducing them to the idea of using multiple horses which leads to understanding handicapping more which could lead to more horizontal and vertical wagers where bigger payoffs occur.

The Omni was set to debut at Aqueduct in 2014 with a 15% takeout, but for some reason, the December 2013 news releases never came to fruition. It could be argued that NYRA understands churn and growing business more than most, if not all, organizations out there today. The fact they don't offer jackpot bets is evidence of that, and if anyone is going to begin offering the Omni at a North American track, it will probably be them.

The big problem regarding the Omni is that pools are already diluted as players have too many options each race. Pool size is important to value players, so it might take a while for the Omni to catch on. However, if racing is to grow, the focus should be on high churn, low takeout wagers as opposed to the current jackpot fad that is lazily becoming available as more and more tracks hope to fluke into a Gulfstream Park Rainbow 6 situation rather than think out of the box for ways to grow handle. Jackpot wagers create little to no churn and create no new long-term players; the Omni could do the opposite.

How about repealing and replacing jackpot bets, Hi 5s and high takeout superfectas in races with less than seven betting interests with a low takeout Omni?

State of the Industry Q & A with...

[Rich Halvey](#)

Q: Are you enjoying the betting side of the game more or less than you were a year ago? Why?

A: Compared to a year ago, the same.

Q: With more international racing being shown on TVG and elsewhere, along with important cards like Dubai being front and center, do you find you're more interested in watching and wagering on it?

A: While I enjoy watching some of the bigger international races, I have no real interest in betting them with any gusto.

Q: Jackpot bets, yay or nay?

A: A very tentative "yes" to jackpot bets, but with higher minimums, at least a dollar. As I have argued, small bet jackpot pools cannibalize the pools where players have a higher probability of cashing and thus churning.

Q: Do post drags 'drag on you', or do you feel they're part of the game and you factor them into your daily or weekly play?

A: There is no reason not to keep prompt post times. NYRA does it. If the issue is meeting guaranteed pools, reduce the amount of the guarantee.

Q: What's worse, inconsistent stewards' calls, or tracks running on top of each other?

A: Inconsistent stewards' calls. A replay system like Major League Baseball uses could work in horse racing.

Q: What were your impressions of Always Dreaming's Derby performance?

A: He's a good horse who got a perfect trip given the track condition. The pace was pedestrian, and the final time and the final quarter were hardly Grade 1 caliber. He may prove a top 3-year-old, but the Derby performance was nothing special.

Q: Out of any of the possible Preakness "new shooters" (Conquest Mo Money, Royal Mo, Senior Investment, etc.) do any of them interest you from a betting standpoint?

A: The Preakness rarely represents a prime investment, but we have to wait until we see which horses are entered and their value. However, given the Arkansas Derby produced two of the top four Derby finishers, horses coming out of that race would be of interest, including Conquest Mo Money. I actually believe Classic Empire should be given a second chance if he goes considering the troubled trip he had in the Derby.



Tracks 33-63

Track Name	Score	Rank	Field Size	WPS Handle/R	Exotic Handle/R
Retama	1.68	33	8.05	\$14,344	\$30,659
Hawthorne	1.67	34	7.55	\$56,668	\$119,764
Fair Grounds	1.64	35	8.51	\$96,510	\$180,339
Zia Park	1.62	36	7.91	\$18,660	\$35,784
Parx	1.59	37	7.96	\$54,708	\$103,865
Presque Isle	1.59	38	7.30	\$30,685	\$59,821
Will Rogers Downs	1.58	39	7.60	\$20,046	\$48,755
Fonner Park	1.55	40	7.62	\$10,411	\$14,642
Emerald Downs	1.53	41	7.41	\$45,602	\$69,530
Delaware	1.52	42	7.25	\$45,239	\$87,754
Lone Star	1.48	43	7.94	\$36,231	\$56,052
Canterbury	1.46	44	7.66	\$29,747	\$43,304
Belterra Park	1.43	45	7.45	\$10,535	\$19,296
Mountaineer	1.43	46	7.23	\$36,006	\$69,666
Penn National	1.43	47	7.51	\$37,762	\$68,710
Portland Meadows	1.38	48	7.55	\$19,911	\$45,584
Albuquerque	1.37	49	7.62	\$8,624	\$13,342
Arlington	1.35	50	7.49	\$86,563	\$137,556
Golden Gate	1.33	51	6.95	\$84,986	\$156,914
SunRay Park	1.31	52	7.45	\$7,331	\$14,669
Fort Erie	1.27	53	6.96	\$35,190	\$63,736
Finger Lakes	1.27	54	6.69	\$33,831	\$68,777
Fairmont Park	1.24	55	6.70	\$21,121	\$31,464
Northlands	1.22	56	6.82	\$11,429	\$15,760
Arapahoe	1.07	57	7.79	\$6,125	\$9,512
Ca. Racing Fairs	1.03	58	6.61	\$67,006	\$108,344
Fair Meadows Tulsa	0.94	59	6.47	\$2,681	\$4,216
Hazel Park	0.87	60	6.50	\$7,549	\$7,293
Turf Paradise	0.87	61	7.70	\$43,991	\$106,744
Ruidoso	0.84	62	6.67	\$15,401	\$20,773
Assiniboia	0.44	63	6.57	\$11,033	\$16,952

For full details, including takeout rates – please [click here](#)



***For the 3rd consecutive
year, Kentucky Downs
is the #1 rated
racetrack by HANA.***

The Horseplayer's Racetrack
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Editorial on Takeout

There was a [study recently released](#) called "How Do Prior Gains and Losses Affect Subsequent Risk Taking? New Evidence from Individual-Level Horse Race Bets."

One of the conclusions stated, "the house money effect [shows that] bettors spend most of the money they have won"

This means what it says - when you are making gains, you bet most of what you've won. This behavior is often linked to the "break even effect", which is a way of saying the vast majority of people will bet at a slot machine until their original \$20 is gone.

This is, in fact, a big reason why slot machines were taxed, at one time, at 25%, but this rate went lower and lower. The people playing to break even were not enjoying themselves at 25% and the casino was not making as much as it should've been. At 5% you had a whole lot of people on the floor chasing break even. Chasing is maximizing utility.

This theory is relatively simple, and it's not solely used for racing, or slots.

In finance, Tobin's Q is (loosely) the market value of a stock divided by the firm's replacement value. Studies show companies with a low Tobin's Q use the house money effect to chase gains, and even when they have minor losses in a given year, will increase their risk (chasing break even the following year). Companies with a high Tobin's Q do not exhibit this behavior.

In racing, low Tobin's Q users are your casual user. People like to say "they don't care about takeout" but they do, because they always know where they are when it comes to break even, and when they have (or don't have) house money. Higher takeout moves them away from break even, and in response, over time they leave the market.

This is also why, in my view, jackpot bets are so terrible for the casual bettor. When you take a bunch of a user's money and tie it up, *they can't exhibit the behavior they are predisposed to exhibit*. Then, adding to the deleterious effect, jackpot money is not spread out for masses to chase break even, it's sent to one winner and he or she puts much of that money away.

When you give people more back for them to bet, they bet. This is why, 100% of the time lowering the takeout rate increases pari-mutuel handle.



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State of the Industry Q & A with...

[Mike Dorr](#)

Q: Are you enjoying the betting side of the game more or less than you were a year ago? Why?

A: I'm betting less but enjoying my opportunities more, if that makes sense. Gambling categories are broadly filtered at work so it's been hard for me to do the routine things that a horseplayer must do to stay up-to-date. That said, my on-track experiences have been really fantastic and I've bet as much as ever on the Arkansas and Kentucky Derbies and the Kentucky Oaks, the last one which produced my best score to date.



Q: With more international racing being shown on TVG and elsewhere, along with important cards like Dubai being front and center, do you find you're more interested in watching and wagering on it?

A: Not really - my priority is US racing.

Q: Jackpot bets, yay or nay?

A: The first rule of Fight Club is, "You do not talk about Fight Club." The second rule of Fight Club is, "You DO NOT TALK ABOUT FIGHT CLUB"

Well, for industry execs, the first rule of jackpot bets is "You cannot replicate the success of Gulfstream Park's Rainbow 6."

Industry exec, thinking there are other rules: "But we have a great..."

"YOU CAN NOT REPLICATE THE SUCCESS of the Rainbow Six!"

****racetrack announces Pot-of-Gold Pick 5** SMDH**

Jackpot bets could be designed in such a way to be a more horseplayer-friendly bet (low-takeout, capped
(continued on next page)

carryover growth) that allowed for consistent overlays in payouts, but even then you have a churn-killing bet that aggregates the dollars of many to the hands of a few. But you cannot beat the first and second rules of Jackpot Bets.

So nay. Unless there's a mandatory payout.

Q: Do post drags 'drag on you', or do you feel they're part of the game and you factor them into your daily or weekly play?

A: Terrible trend which the Rainbow 6 at Gulfstream worsened. Feels like an alphabet organization, probably the TRA which regulates simulcasts, needs to step in.

Q: What's worse, inconsistent stewards' calls, or tracks running on top of each other?

A: Stewards' calls. Goes to the integrity of the game at any level, and fraught with conflicts of interest.

In terms of tracks running on top of the other, game theory would tell you the only way to avoid it, independent of a third-party coordinating it, would be for you as a track exec would be to delay your start until others have run. But things happen.



Q: What were your impressions of Always Dreaming's Derby performance?

A: I was impressed, and I had him nowhere on my tickets. Thought Johnny V's ride was picture perfect and he obviously has a lot of talent like his sire.

Q: Out of any of the possible Preakness "new shooters" (Conquest Mo Money, Royal Mo, Senior Investment, etc.) do any of them interest you from a betting standpoint?

A: Not to win - though I wouldn't consider Always Dreaming a cinch either. Could see Royal Mo in the trifecta.

Horseplayer Alert

The 2017 Horseplayers Association of North America "Bad Actor" Award Goes to Woodbine

A big problem with monopolies is the consumer usually pays a premium.

In horse racing, Woodbine's Advanced Deposit Wagering arm has a monopoly in Canada. It sure seems that they can do what they want when they want when it comes to takeout and payoffs with no regard to the horseplayer.

If you are a Canadian horseplayer or a visitor to Canada who wagers through HPI or at a Canadian racetrack, you may have noticed that the payoff you received on a bet made on a US track may not be exactly what the US track shows in its live feed or on the results at Equibase.

The difference in price has nothing to do with US-Canadian exchange rates, or taxes.

Woodbine, in its ultimate wisdom to 'raise revenue' (yes, we know this never works long-term) has decided that to take extra on certain bet types at most US racetracks. For example, instead of honoring the 19% trifecta or superfecta takeout rate at Keeneland, Woodbine has increased the takeout on those specific bet types to 25%. The trifecta takeout rates for California are 29% in Canada, as opposed to 23.68% everywhere else.

What does this mean in dollars and cents? A trifecta that pays \$301 at Keeneland, pays \$275 in Canada.

HANA feels that this may be the single most egregious thing being practiced by any track anywhere. Not only does it put Canadian horseplayers at a tremendous disadvantage, there cannot be any justification for this. Tracks and ADW's in the US most probably pay the same rate for simulcasted racetracks as Woodbine pays, yet somehow they can afford to pay real track odds in every instance.

This year's Bad Actor Award goes to Woodbine Entertainment, and on behalf of our hundreds of Canadian members, we sincerely hope they correct this assault on their customers' wallets in 2017.



Q & A with...

[Craig Milkowski](#), [TimeformUS](#)

Q: We'll often see corrections with timing by some tracks of late. What's your opinion on the state of timing in Thoroughbred racing?

A: There are definitely a lot of problems. Several tracks have had problems for years and don't seem to care. There are constantly missing fractions, hand times, etc. I hate to single out one where there are many, but Will Rogers Downs is an example. There have been problems for as long as I can remember and this is the worst year yet. As of this writing, 51 of 207 races have had timing malfunctions.

Another issue is that the people responsible for timing don't have the expertise needed to realize when something goes wrong much of the time. The richest race ever run in North America, the inaugural Pegasus at Gulfstream this year, was mistimed initially and still is listed as too slow in my opinion. That probably says it all.



Q: You've mentioned run-ups in the past, can you explain a little about them, and what you go through as a figure maker when taking account of them?

A: Run-up is simply a portion of the race from the opening of the gate until the official race starting point that isn't timed. That in itself decreases how reliable race times are. I wrote an [article](#) of the effect of run-up on times that can found pretty easily on Google.

As a figure maker, the biggest problem is when run-ups aren't consistent. There are tracks that use different run-up distances for similar races on the same day, making them tough to compare to each other. There are also places where similar races, for example 6 and 6 1/2 furlong races, use run-up that is much different. That makes them difficult to compare as well.

Speed figures are most reliable when you have a lot of similar races. When you don't, you almost aren't making

speed figures anymore. They become more like class ratings.

Q: There's a school of thought (anecdotal) where some believe that dirt tracks have been slowed down over the years. How do you feel about that?

A: I believe this is true as well. There is certainly more cushion on dirt tracks then there was 20 or 30 years ago. This is a good thing. We all want every horse to come back safely.

Q: Do you believe, as some do, that the sport is breeding fewer and fewer classic distance horses on the dirt?

A: I'm probably the wrong person to ask about this as breeding isn't something I've studied very much. We've seen some very good horses of late – like American Pharoah and Arrogate - that were able to handle 10 furlongs and longer in fast time. I think it could be as much about how horses are trained as how they are bred.

Q: Track bias, whether path or speed/closers is talked about a lot. How often do you see a true bias when you're making figures?

A: I'm not a big track bias guy. I do believe they exist. We've all seen days where the track dictates results as much as the horses. I just try to make notes of those days and ignore the rest. I think a lot of people see biases that don't exist. As a figure maker, I just calculate how fast I think the horses ran and let handicappers decide on bias.

Q: Do you have any general thoughts on the state of the game?

A: I think changes need to be made. Races are being written for horsemen, not bettors. Most racetracks are getting some kind of subsidy from the government. We're losing a lot of customers putting out a bad product.

When the day comes that racing isn't being subsidized any longer, and that day will come, it will be tough to get customers back.



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State of the Industry Q & A with...

[Mike Adams](#)

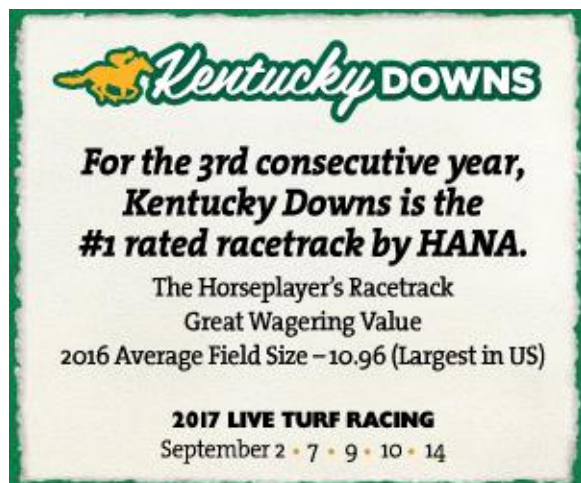
Q: Are you enjoying the betting side of the game more or less than you were a year ago? Why?

A: I am enjoying it much less and as a result, my overall handle is just a very small fraction of what it was a year ago at this time. There are several factors. My ROI was not as strong last year, and I have grown frustrated with the way that I am treated as a bettor. From takeout to small fields to drug testing enforcement to jackpot bets, I just don't feel that the industry is being run the way it should be in order to justify my time and my money.

I still enjoy playing occasionally but it's very hard to justify the time and energy it takes to win vs the return on investment, given the current takeout structure. As a result, I have scaled my play back dramatically.

It's funny that I have made this decision at this time because my outside business is thriving, and I probably have more disposable income now than I have ever had, but I am finding it too hard to support racing given the way it's being run.

I have been watching other sports and attending more live pro sports (NHL and NBA games) instead of focusing on racing. I will still play big days, watch some International Group 1's, probably go to Saratoga, and I am going to the Belmont Stakes again, but right now I have no intention to play like I have the last three years.



Q: With more international racing being shown on TVG and elsewhere, along with important cards like Dubai being front and center, do you find you're more interested in watching and wagering on it?

A: I do. With my play limited I have tuned in to several of the Group 1's in the UK. It will fit my style better going forward.

Q: Jackpot bets, yay or nay?

A: Not a fan....just another money grab by the tracks at a high takeout

Q: Do post drags 'drag on you', or do you feel they're part of the game and you factor them into your daily or weekly play?

A: Post drags are annoying but are pretty low on my list of things that need to be improved

Q: What's worse, inconsistent stewards' calls, or tracks running on top of each other?

A: Both are just awful. I come from the mindset that you should not be able to foul to benefit and so many times I see horses not being penalized after fouling others and winning.

The tracks running on top of each other is just another example of the game not caring about their fans or bettors.

Q: What were your impressions of Always Dreaming's Derby performance?

A: I thought it was solid. He ran back to his Florida Derby and was very good in the Derby. I think he did benefit from the track, and I am very interested in seeing how he responds coming back on short rest. Pletcher does not often run horses back on short rest, so I wonder if he runs big again or bounces.

Q: Out of any of the possible Preakness "new shooters" (Conquest Mo Money, Royal Mo, Senior Investment, etc.) do any of them interest you from a betting standpoint?

A: Not sure yet. I have been a fan of Royal Mo but I am not sure he is good enough. I would be interested in Battle of Midway if he returns.



Note to HANA Members from Equestricon

There is an exciting event for fans and horseplayers taking place this summer: **Equestricon**, the First-Ever Horse Racing Convention, Fan Festival and Trade Show, which will be held from August 13th to 15th of this year. With plenty of great content for horseplayers, ranging from betting product demonstrations and sales to handicapping panels and workshops, and even HANA's own "Horseplayers Forum." Many of the best tournament players in the country will be there as well to talk about strategies for qualifying for, and playing in the NHC, BCBC, and other handicapping tournaments that have garnered so much attention in recent years.

Many horseplayers are also longtime fans of racing, and for those who are collectors, or are just interested in a little nostalgia, there will be autograph signings with many racing legends including Team Secretariat, the Triple Crown winning jockeys of the 1970's, and several others. In addition, attendees can network with and glean insight from some of racing's best trainers at the "Stories: Trainer's Panel" and a "Trainer's Meet-and-Greet", each of which should provide excellent insight for horseplayers, or at least a chance to ask some probing questions of some of the biggest names in the game.

Perhaps the best benefit for horseplayers is the opportunity to compete in a restricted NHC qualifier, limited to purchasers of panel and VIP passes to Equestricon! The qualifier will be hosted on Horseplayers.com and will be held on a weekend date during the 2017 Saratoga meet after Equestricon. This is essentially a freeroll opportunity to qualify for the biggest handicapping tournament in the country. Specifics on this event will be out shortly.

For HANA members, these tickets will also be offered at an exclusively discounted rate of \$95 for Two-Day Panel Passes (normally \$125) and \$375 for VIP Passes (normally \$450). To use these discounts, enter the code '**HANAMEMBER**' when logging in at www.equestricon.com/ticket-packages. Non-discounted General Admission passes are available starting at \$25.

For more information on Equestricon programming and ticket packages, please visit www.equestricon.com. If you're interested in attending, please book soon as Equestricon also has discounted hotel rates <www.equestricon.com/hotels> at several hotels in and around downtown Saratoga and, not surprisingly, these rooms are booking fast!

(press release)

State of the Industry Q & A with...

[Rich Nilsen](#)

Q: Are you enjoying the betting side of the game more or less than you were a year ago? Why?

A: I would say about the same. However, I've really embraced the opportunities on the big days, such as the Breeders' Cup. There are not many chances to get payoffs like the ones you find on those huge days of racing.

Q: With more international racing being shown on TVG and elsewhere, along with important cards like Dubai being front and center, do you find you're more interested in watching and wagering on it?

A: Currently raising four foster children and my own daughter, international racing is out of the question for me. However, the company I consult for (BetPTC.com) continues to expand their international signals and a lot of players do like them, probably because of the "off" hours. BetPTC offers up really good rebates on these international signals. They offer Australia, UK/Ireland, and Japan and are planning to add Hong Kong in the near future.



Q: Jackpot bets, yay or nay?

A: I like the jackpot bets. Obviously the mandatory payout days can be very good opportunities, but even the payoffs during the midst of carryovers can be surprisingly good. Of course, the wagers are also very affordable and that is a very attractive feature.

Q: Do post drags 'drag on you', or do you feel they're part of the game and you factor them into your daily or weekly play?

(continued on next page)

A: I factor them in, but at the same time, the post draws are just out of hand. It's very annoying because you don't know if 0 MTP (minutes to post) is actually five, 10 or 15.

A few weeks ago the Louisiana Derby and the turf stakes from Gulfstream Park both dragged their post time out and went off at the same time, causing TVG to air the call of the Gulfstream race instead of a major Kentucky Derby prep while doing a split-screen on the two races. You couldn't tell what was going on in the Fair Grounds race even with a 55-inch television. It was pitiful.

Q: What's worse, inconsistent stewards' calls, or tracks running on top of each other?

A: Inconsistent stewards' calls are a death nail in this industry. Horses are getting taken down for minor infractions. I'm not sure who are worse, the NFL refs or the stewards in New York and California. There is very little consistency and it needs to be fixed.

I would love to see a central, national "judges' stand" that oversaw the inquiries and worked together with the track stewards. Did the infraction affect the outcome? Could the result have been different? Those are the questions that need to be answered, and it's amazing how often they seem to get this wrong.

Q: What were your impressions of Always Dreaming's Derby performance?

A: I was very impressed. He wins big regardless of the track conditions and should certainly prove tough in the Preakness. Classic Empire had a difficult trip and could certainly improve if given the opportunity.

Q: Out of any of the possible Preakness "new shooters" (Conquest Mo Money, Royal Mo, Senior Investment, etc.) do any of them interest you from a betting standpoint?

A: None of the new shooters you listed have any type of reasonable chance for the win.



An o_crunk Stat for the Month

As field size has decreased, the win percentage by favorites has increased

year	median win payoff	average win payoff	fav win pct	field size
1995	\$8.20	\$12.58	33.97%	8.24
1996	\$8.40	\$12.75	33.38%	8.36
1997	\$8.20	\$12.68	33.71%	8.27
1998	\$8.20	\$12.62	34.37%	8.24
1999	\$8.40	\$12.74	33.75%	8.29
2000	\$8.20	\$12.50	34.37%	8.17
2001	\$8.20	\$12.44	34.69%	8.24
2002	\$8.20	\$12.46	34.87%	8.32
2003	\$8.00	\$12.58	35.62%	8.34
2004	\$8.00	\$12.49	35.40%	8.31
2005	\$8.00	\$12.31	35.48%	8.19
2006	\$7.80	\$12.22	35.79%	8.16
2007	\$7.80	\$12.24	35.99%	8.19
2008	\$7.80	\$12.24	36.09%	8.19
2009	\$7.80	\$12.11	36.89%	8.26
2010	\$7.60	\$12.06	37.23%	8.21
2011	\$7.60	\$11.94	37.15%	8.06
2012	\$7.40	\$11.75	37.48%	7.90
2013	\$7.60	\$11.78	36.96%	7.87
2014	\$7.40	\$11.45	37.96%	7.71
2015	\$7.40	\$11.67	37.67%	7.85
2016	\$7.40	\$11.71	37.95%	7.80

-Courtesy of [o_crunk](#)

Note from the Desk

All of us at HANA would like to thank [Melissa Nolan](#) for taking over our Twitter feed during the lead-up for the Derby, posting some pictures of horses working before the race (including eventual winner Always Dreaming). Melissa's penmanship, which is almost assuredly better than all of ours, drew rave reviews as well!

Post Position	Horse	Jockey	Favorite Odds
1	Lookinlak Lee	Corey Gonsky	20-1
2	Thunder Snow	Christophe Lemaire	20-1
3	Front Run	Channing Hill	50-1
4	Whispered	Ricardo Saez	50-1
5	Always Dreaming	John Velazquez	5-1
6	Secret of the Heart	Jose Lezcano	30-1
7	Gunvor	Mike Smith	15-1
8	Wanda	Alfonso Garcia	15-1
9	Irish	M. Gutierrez	20-1
10	Cañonero	Jaime Gansch	15-1
11	Boyle of Midway	Arrian Plot	30-1
12	Sonneteer	Frank Desormeaux	50-1
13	J. Bay's Echo	Craig Stet	20-1
14	Classic Empire	Julian Lopez	4-1 *
15	McGeehan	B.S. Hernandez	5-1
16	Reprint	Jose Ortiz	20-1
17	Irish War Cry	Reggie Mearns	15-1
18	Gormley	Victor Espinoza	20-1
19	Practical Joke	Joel Rosario	20-1
20	Postum	Tyler Gaffalione	50-1
AE-21	Royal Mo		20-1
AE-22	Master Plan		50-1
AE-23			
AE-24			



Joe Nevills @DRFNevills - May 3

The podium for best handwriting of the #KyDerby post position draw goes as follows:

Gold: @CoxTalks

Silver: @HRRN

Bronze: @HplayersAssnNA

1 7

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YOUR HOMEPAGE FOR THE THOROUGHBRED INDUSTRY

CDI Acquires BetAmerica

Advance Deposit Wagering site BetAmerica is now part of the Churchill Downs Inc. family after an acquisition in late April. BetAmerica had been blocked from offering wagering on California races to California residents due to the geolocation requirement imposed by the Thoroughbred Owners of California, but TwinSpires, the other ADW owned by CDI, was approved. According to reporting by Bloodhorse.com, Stronach Group, which owns rival ADW Xpressbet was also seeking to limit ADW's in California, including BetAmerica, earlier this year.

More information on this story is available [here](#).

Big Derby Numbers

The 2017 edition of the Derby was big business for Churchill Downs. Despite soggy and cool weather, the numbers showed "wagering from all-sources on the Kentucky Derby Day program totaled \$209.2 million, a 9% increase over the 2016 total of \$192.6 million, and an increase of 8% over the previous record set in 2015 of \$194.3 million. Wagering from all-sources on the Kentucky Derby race increased 12% to \$139.2 million from 2016's \$124.7 million and a 1% increase over the previous record set in 2015 of \$137.9 million."

Our friend o_crunk posted on [Twitter](#) that the industry outside Churchill also did well, with non-Churchill Downs Derby Day handle up 10.7% overall and up 11.8% on a per-race basis.

More on the numbers from Churchill for the week can be found [here](#).

Laurel Handle Surges Again

Laurel Park recently finished their winter meet for the year, and the numbers were strong for the Maryland oval, with all the numbers coming in over 20 percent higher than 2016.

According to the Paulick Report, total wagering for Laurel's 56-day meet was \$184.7 million, up 22.2 percent from 2016 when total handle was \$151.1 million for 52 days. Average handle jumped to \$2.729 million from

\$2.372 million in 2016. In-state wagering was up 23.1 percent and export was up 22.3 percent.

"We're pleased with the success of our winter meet," said Sal Sinatra, President and General Manager of the Maryland Jockey Club. "We increased our field size and improved our quality with the support of horsemen throughout the East Coast. The decision to run the General George on the same day as the Barbara Fritchie also created a Super Saturday atmosphere and a total handle of \$4.9 million.

"We want to continue growing Maryland racing. We continue to renovate our facility and barn area, expand our off-track betting network, and build relationships with our casino partners. Horsemen and fans continue to show an increased interest in Maryland racing. We still believe there's a lot more room for improvement. We're off to a great start this May and we're looking forward to the opening of Pimlico Thursday and Preakness Weekend May 19-20."

This story can be read in full [here](#).



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Charles Town Enjoying Record Numbers

The month of April at Hollywood Casino at Charles Town Races saw a new record of \$162,021 per race, establishing a new record at the West Virginia oval. The previous mark had been \$153,083, set in April of 2015.

Charles Town cut takeout on their two nightly pick 4 wagers to just 15 per cent in December 2016, and it appears that decision has paid off handsomely.

"Our entire team here at Charles Town should be incredibly proud of what they've accomplished and the job they've done in moving our business forward the last several years," said Charles Town's Vice President of Racing Operations Erich Zimny. "It also goes without saying that we are very thankful for our horseplayers and industry partners that have contributed to those successes."

Additional information can be found [here](#).

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State of the Industry Q & A with...

Jerod Dinkin

Q: Are you enjoying the betting side of the game more or less than you were a year ago? Why?

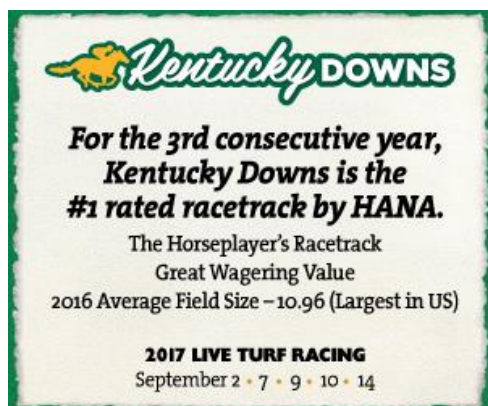
A: Each passing year that goes by, I enjoy the pari-mutuel game less and less for a number of reasons:

(1) The number of overlay situations has sharply decreased as there is less "dead money" in the pools. There are a myriad of reasons why this is the case, but that is a subject for its own piece.

(2) I would generally set aside 25%-30% of my yearly bankroll for the Keeneland Polytrack, which I found to be nuanced in a way that I understood while the balance of bettors did not. With the main track surface back to dirt, it's just another run of the mill opportunity in terms of value. Nice fields, great track, wonderful place, but no longer advantageous from a betting standpoint for my personal strengths as a handicapper.

(3) Saratoga is also not what it used to be. The increased number of race dates has hurt the Spa from a betting attractiveness standpoint. Many of these fields are "Aqueduct North," and the six-day a week schedule creates fatigue for all parties involved.

(4) There are countless other entertainment offerings out there that feature a lower price point and better customer service. I'm a glutton for punishment, but can only take so much.



Q: With more international racing being shown on TVG and elsewhere, along with important cards like Dubai being front and center, do you find you're more interested in watching and wagering on it?

A: No, not at all. I really like International racing, specifically the English and French Classics, but do not

know enough about it to feel I have any sort of edge nor are the post times conducive to a productive family life. Yelling for the 26 horse to win the seventh race at Moonee Valley at 3 A.M. generally doesn't go over that well in my household.



Q: Jackpot bets, yay or nay?

A: Nay, no, nein, nyet, meiyou, le, lo.

Q: Do post drags 'drag on you', or do you feel they're part of the game and you factor them into your daily or weekly play?

A: Since Gulfstream now runs 30 races a day, 365 days a year, I just assume that every 32 minutes there is some sort of a race in Hallandale Beach no matter the day or time, so post drag is basically like death or taxes.

Q: What's worse, inconsistent stewards' calls, or tracks running on top of each other?

A: Wow, that's like deciding which of the Osmonds is most annoying. I'll say steward inconsistency as those decisions have monetary consequences.

Q: What were your impressions of Always Dreaming's Derby performance?

A: Very solid, professional effort. Johnny V worked out a superlative trip and he was much the best.

Q: Out of any of the possible Preakness "new shooters" (Conquest Mo Money, Royal Mo, Senior Investment, etc.) do any of them interest you from a betting standpoint?

A: I think the Triple Crown races are epidemically overhandicapped. I find it difficult not to take some preconceived biases from intently watching all the Triple Crown preps which can be beneficial, but at the same time you can easily overthink it. As such, I'll be waiting until the field is drawn to start any tangible analysis.

It's Prime Time for Racing Innovation

The competition is being handcuffed and the sport should prepare to take advantage of it

In the 1860's in the UK, innovators were working on a device that could propel a carriage without the use of a horse. It was the beginning stages of one of the most influential and important inventions in modern times - the motorized vehicle.

In the early days, though, these UK inventors came across a roadblock. There were people who liked things the way they were; because they owned the horses and the stagecoaches; shod the horses and built and serviced the stagecoaches. To push back against this new device, they used their connections to lobby for legislation to help their legacy businesses. In 1865 they were rewarded when [‘The Red Flag Traffic Laws’](#) were passed.

These laws put penal restrictions on powered devices:

- They could go no more than 4 miles per hour in the country, or 2 miles per hour in the city.
- Three people had to travel with the car. One had to drive, another had to walk in front of it waving a red flag to warn people they were coming, and the other had to, well, no one is really sure, but he had to be there
- A whistle had to be affixed on the car, even though the whistle (curiously) "shall not be sounded for any reason whatsoever". The vehicles had to have lights (not easy in the day), and the owner's name and address had to be prominently displayed



These new rules worked as intended. The development and testing of this new vehicle wilted.

Meanwhile, in the relatively new and individualist country across the pond, Uncle Sam saw no reason to pass such laws. In 1896 when England repealed the Red Flag Laws, the combustion engine had already arrived. By 1915, Henry Ford's [new assembly line innovation](#) allowed for a motor vehicle to be put together in 90 minutes flat. The rest, as they say, is history.

What do car laws in 1865 have to do with harness racing? I think, in this day and age, quite a bit. Please allow me to explain.

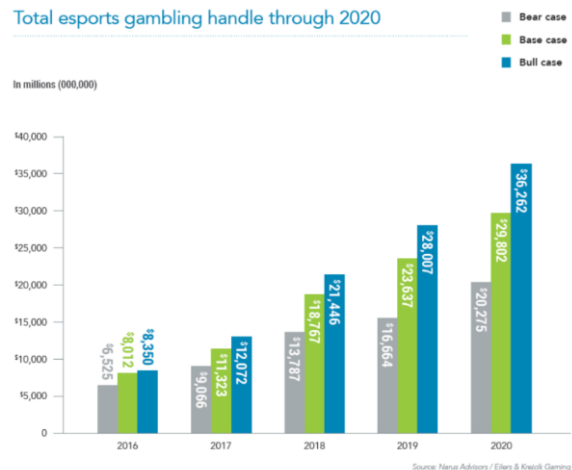
Harness racing as a gambling game has been afforded some generous protections. In 2006, the [Unlawful Internet Gaming Enforcement Act](#) was passed, which prohibited "gambling businesses from knowingly accepting payments in connection with the participation of another person in a bet or wager that involves the use of the Internet." This law killed a lot of Internet gambling (especially online poker sites), but, as we all know, it left horse racing free to take bets over the web.

Since that time, harness racing (along with their thoroughbred cousins) has used this edge - Internet wagering has allowed us to wager and enjoy the sport from home, with 100% legality. But far too often it has simply reshuffled the deck and market share has not increased.

Meanwhile, Daily Fantasy Sports – with demographics that hits racing right between the eyes – has boomed. It too had a grey area carve-out, and enterprising entrepreneurs took advantage of it. Back in 2010 the letters "DFS" were foreign to almost everyone. In 2016, these sites took in \$3.4B in bets.

More recently, handle is growing leaps and bounds on something called 'e-sports'. This may surprise some of you (I'm still having trouble getting my mind around it), but this involves wagering money on teams who play in video game tournaments. Yes, I typed that right. By 2020, some are predicting this wagering will reach upwards of \$36B – about 300% more than is currently wagered on all breeds of horse racing in North America. At the present time, most of this betting takes place offshore.

Total esports gambling handle through 2020



Maybe at this point you're getting depressed. It seems there's more competition for harness race wagering over the web, not less, despite the UIGEA. No, I'd argue that's not the case, because we're in the process of seeing more and more gambling regulation.

First, Attorney General Jeff Sessions appears to be [leaning towards banning much of the Internet wagering we see today](#).

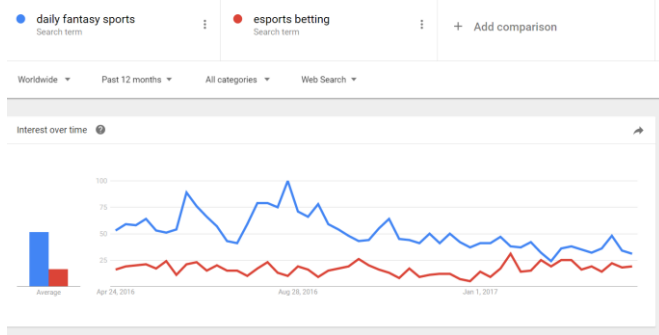
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"Sessions indicated that as attorney general he would revisit and likely overturn a 2011 opinion by the agency that restored federal gambling law to Congress's original intent and returned power to regulate intrastate gambling to the states," an opinion piece in The Hill noted. If this comes to fruition, it may mean that not only new betting games (like e-sports) will not be approved for wagering, but old ones will likely be curtailed, as well. The many states that run online bingo, online slots, or Internet poker could be prohibited from offering them. In addition, sports betting over the Internet (something pushed for by many of late) would not see the light of day. As we all know, rulings of this nature can get watered down, but I am certain racing won't be affected, while others could be hampered, in at least some way.

If Mr. Sessions' signalling is legitimate, more protection for harness racing wagering will be happening soon. But for some of the sports' main competitors, they're already in the throes of a similar fate, no matter what the Attorney General's office does.

Ronald Reagan once said, "if you invent a better mousetrap, the government comes along with a better mouse," and those words are prescient when it comes to Daily Fantasy Sports. State taxes and regulation have helped stop the DFS beast right in its tracks. Just two short years ago there were 118 companies in the space; now 81 have left, leaving only a select few. The list is likely to grow smaller because states have begun to ask for hefty fees which smaller companies cannot afford.

Ryan Huss, co-founder of Syde Fantasy Sports, [told the Denver Post](#) when announcing his company was folding its tent, "the fees seem like more of a deterrent than anything else. Only the largest operators can truly afford to pay them."



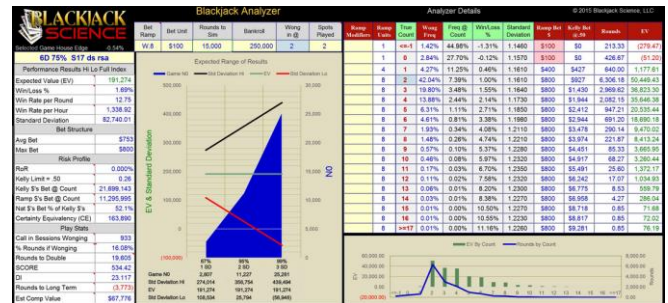
In the DFS world, takeout has gone up while customer choice has gone down. The two main DFS behemoths, Draft Kings and FanDuel, (in what the [Economist](#) described as "a deal borne more out of weakness than strength") have begun to merge. This once vibrant Internet business that was [detrimentially affecting state lottery revenue](#) in 2015 is turning [into an old life cycle oligopoly](#). Any way you slice it, its hyper-growth days are clearly in the past. Internet gambling in the early 21st century is right in the middle of their very own Red Flag Laws. Betting racing over the Internet, however, hums along, with little interference. It's the stagecoach operator, the farrier, the

old, protected guard.

This is why, in my view, there's no better time to create a harness racing web business that can take advantage of this serendipitous edge.

What new bets and mediums can be offered, and what new avenues to wager can be exploited?

Because harness racing is protected, can it use its edge and partner to legally offer games that others can't? What investment can be made that can propel the sport into the gambling mainstream, to attract a skill game market, itching to play a gambling game over the net? What can the sport do with its data to make the game more attractive to bettors who love models and statistics, like esports gamblers do? Or like blackjack players who use sophisticated analyzers to enjoy their craft?



What can the sport do to its rules to make it more palatable to bettors by creating a better on-track product? What do harness racing destination sites say to a willing gambler? How can web properties across the sport (along with new ones created) be improved to speak their language?

What can harness racing do to differentiate itself from thoroughbred racing, to attract value conscious Internet bettors?

Betfair may be under pressure with new legislation and racing is a friend to them; what type of partnership can benefit both parties?

Is there anything that can be leveraged with international partners?

Back in 1865, stagecoach builders in the UK were in the catbird seat. They had a product people had to buy, and the government was taking care of the competition for them. They didn't take advantage of it by partnering to build bumpers and fenders and oil pans, changing to a dealership model, moving from servicing large coaches to servicing engines. They just wanted to muddle along, hiding behind a set of laws; laws which would inevitably change. When that change came 30 years later, their fate was sealed.

Harness racing could choose that same path with the current and perhaps future protections it possesses; after all, the slot machines are spinning, and Twinspires and TVG are carrying the races from Northfield tomorrow. In the meantime there may be a \$500 billion dollar skill game gambling market looking for something to patronize over the web. In my view it's a perfect time for harness racing to modernize and modify their offering to provide them with a welcome place to land.

State of the Industry Q & A with...

[Craig Johnson](#)

Q: Are you enjoying the betting side of the game more or less than you were a year ago? Why?

A: I'm enjoying the betting side of the game the same, but smaller fields and less competitive fields have depressed prices so overall handle is down about 25%. Wish horse racing would have more Doubles and Pick 3's with multiple stakes races which have larger pools and can generate an incentive to bet more. Wood, SA Derby, Bluegrass. pick 3. Or even Wood/Bluegrass Double.

Q: With more international racing being shown on TVG and elsewhere, along with important cards like Dubai being front and center, do you find you're more interested in watching and wagering on it?

A: Yes, enjoying the coverage. Only issue is past performances. I want fractional splits and points of call if an American provider did American-style PP's for international races, I would dive into the pools into Australia and Europe.



Q: Jackpot bets, yay or nay?

A: Nay - they take a lot of money out of circulation and syndicates take all the money on mandatory days. Thus, they overall reduce "handicapping" and lead to the buy every combination. Long-term we need more people interested in handicapping and solving the race. Pick 6's and Pick 4's do this as well, and I think they take a lot of money out of circulation on a daily basis, which is why handle has been flat since Pick 4 and Pick 5 have become part of every card.

Q: Do post drags 'drag on you', or do you feel they're part

of the game and you factor them into your daily or weekly play?

A: Post drags are a problem for lining up your bets. Once a track starts dragging it multiplies to other tracks. Also, it effects when planning your race day for later in the afternoon. I also think post drag alters the races. Several horses at Gulfstream and Tampa washed out in the 10-15 minute drag, and I think horses' performances were changed.



Q: What's worse, inconsistent stewards' calls, or tracks running on top of each other?

A: Tracks running on top of each other. Stewards are always going to be blamed, but 90% of races are run without a problem. I do think jockey herding is an issue on the NYRA circuit. Someone is going to get hurt. Floating horses out in the stretch has become a major issue the past two-three years.

Q: What were your impressions of Always Dreaming's Derby performance?

A: Dominating performance, trained brilliantly before the race, looked good on the warm-up and made two moves, putting away Irish War Cry into the turn and then accelerating through the finish line. Biggest long distance engine I have seen since Easy Goer.

This horse can run all day and has consistently galloped out half a mile in his races. Moves with efficient stride.

Q: Out of any of the possible Preakness "new shooters" (Conquest Mo Money, Royal Mo, Senior Investment, etc.) do any of them interest you from a betting standpoint?

A: None of the new shooters interest me on the win end. Royal Mo and Senior Investment will be key players in the exotics underneath in the Preakness.



Brought to you by [The Raceway at Western Fair District](#)

Previewing the Molson Pace

By Greg Reinhart & the staff at Western Fair

The 2017 edition of the \$150,000 Molson Pace Invitational, one of the biggest races on the harness racing calendar in Canada, is coming up on Friday, May 26 at The Raceway at Western Fair District in London, Ontario.

The field for this year's Molson Pace is beginning to take shape and there are a few new faces expected for this year's race.

One of the confirmed starters is down under import Bit Of A Legend, who last season captured the \$609,000 Levy Series final at Yonkers Raceway in a career-best clocking of 1:51. The 8-year-old son of Bettor's Delight, trained by Peter Tritton, is a career winner of more than \$1.5 million and is coming off a closing fourth-place finish in this year's Levy final.

Soto is a fellow regular at Yonkers Raceway where he was a solid competitor in this year's edition of the Levy. The 5-year-old son of Rock N Roll Heaven won twice in the \$50,000 preliminary legs before rallying from last to fifth in the \$529,000 final. The Eric Ell trainee, who has earned more than \$400,000 lifetime, will be making his Canadian debut in the Molson.

The pair of New York invaders will be joined by fellow American invaders Rockin Ron, Night Pro, and Sunfire Blue Chip.

Rockin Ron, trained by Ron Burke, is no stranger to success on Canadian soil. The son of Real Desire was victorious in both the Confederation Cup and Prix D'Ete last season. Recently, the 23-time winner captured a division of the Levy and has missed the board only twice this season.

The X-factor horse in this year's edition could be Night Pro. Arguably the best free-for-all pacer in the Midwest, the son of Pro Bono Best has crafted an impressive record of 15-11-0 from 27 starts over the past two seasons while racing primarily in Ohio and Indiana. Dale Decker owns and trains the 45-time winner who will make his second appearance in the Molson Pace.

Sunfire Blue Chip, a 7-year-old American Ideal stallion, was second in last year's edition of the Molson Pace after cutting the fractions. The Jimmy Takter-trained millionaire has won two of his four starts this year.

Back to defend his title is the local horse Evenin Of Pleasure. The Richard Moreau pupil established a new track record last season of 1:50.3 with a thrilling performance at odds of 36-1. The son of Dragon Again will be making his third start of the season this Saturday at

Mohawk.



Evenin Of Pleasure gets up late to win the 2016 Molson Pace – Jake MacDonald photo

Horses confirmed in alphabetical order include:

Bit Of A Legend N
Evenin Of Pleasure
Night Pro
Rockin Ron
Soto
Sunfire Blue Chip

There are two remaining spots still to be filled for this year's rich classic. The management team at The Raceway will announce more confirmed starters next week.

The powerful Molson Pace undercard will feature the first leg of the Ontario Sires Stakes for sophomore pacing colts and geldings along with a quartet of City of London finals. Total purses for the night will be in excess of \$500,000.

Two-time Molson Pace champion Foiled Again will also be competing on the night's undercard in what could be one of his final career races on Canadian soil. The 13-year-old is the richest pacer of all-time with earnings in excess of \$7.5 million and he currently sits with 94 career wins to his credit.

As always, there will be lots happening on track that night, including the Party On The Patio with BX-93, Scratch and Win program prizes as well as contest giveaways and swag tosses, the OSS 'Be A Winner Contest, food specials and more. Complete details will be announced in the coming days.

The wagering menu has been bolstered to include a \$5,000 guaranteed early Pick-3, \$10,000 guaranteed early Pick-4, \$15,000 guaranteed late Pick-4 and the addition of a third Super Hi-5 – all low 15 per cent takeout wagers.

For more information, visit www.MolsonPace.com.

The Dave & Gabe Show is Coming to The Big M

Recently, The Meadowlands [announced that its broadcast team is getting a refresh](#). With the incredibly sad passing of Sam McKee (along with Jennifer Bongiorno moving on to new pursuits), Pompano's Director of Racing Gabe Prewitt and past Big M stalwart Dave Brower have been pushed front and center.

I applaud this move, because I believe it has a chance to be valuable for The Meadowlands' long-term handle prospects.

Allow me to share a story.

LEGO is a Dutch company that you and I are probably very familiar with, and for years it did pretty well. Kids loved making buildings, or animals, or entire towns out of those neat little bricks. But by the 1980's the world was beginning to change.

Study after study, big data, and just about every business leader was talking about the "digital natives" – people who were born later than 1980. The theory said that this demographic wanted instant gratification; they did not want to spend time on hard-to-learn (and time consuming) LEGO projects any longer.

In response, LEGO made their building blocks bigger, making their projects easier to complete. They diversified by buying LEGO theme parks and creating kids' clothing lines. They tried to leverage their brand by being everything to everyone.

The strategy failed miserably.

"We are losing money with negative cash flow, and a real risk of debt default could break up the company," LEGO's CEO told the Ashcroft Report in 2004.

Then, more than a decade ago (as told by [Martin Lindstrom in "Small Data"](#)), researchers decided to study the digital native, not with big data, but on a one on one basis. One interaction with a young LEGO customer ended up changing the company forever.

While at the home of an 11-year-old German boy, researchers asked him what his most proud possession was. He pointed to a pair of old Adidas sneakers. He said those shoes – which soles were worn in a very unique way – were his "gold medal" because they were evidence; evidence he was very good at something, in this case skateboarding. As the researchers dug further and further, they learned that in some pre-adult markets, social currency can be attained by being the master of a skill. This was a light bulb moment.

Almost immediately the company began shifting focus back to its core product. If mastering the skill of LEGO was worth something, they made smaller bricks to make projects more difficult. They designed with more detail; they promoted how hard the puzzles were to complete; they created prizes and tournaments for LEGO masters. Their marketing was focused solely on the product and spoke directly to these young, engaged users; not their parents, or anyone else, just them.

In one of the more remarkable turnarounds in business

history (certainly in the digital environment), sales in 2015 were over \$2B, and LEGO surpassed Mattel as the world's largest toy company.

Back to horses and tote boards, instead of bricks and skateboards: the LEGO experience provides us, I feel, with a strong lesson.

The Meadowlands is the greatest gambling racetrack in harness racing, and I don't think that's going out on a limb. No, it doesn't have the purses or the horses of a Yonkers, but for a pure gamble – and if you want to bet harness racing in serious fashion – you bet the Meadowlands. [As I noted in a two part series for the Thoroughbred Daily News recently](#), for tracks like the Big M whom have this draw, increasing handle and interest is about the wagering; more so than anything else.

"When someone is betting [Thoroughbred racing] on a weeknight they aren't tuning in for pomp and pageantry or for great horses. They are hard-core super-users, looking for action and bettable races. These tracks should give that market what it wants. Through their deliverable – a simulcast feed – I believe everything should be about the gamble."

I think the recent Big M announcement addresses this. Dave has an excellent grasp of handicapping and is a solid line-maker. Gabe has a strong understanding of gambling, and he walks the walk and talks the talk. If Gabe and Dave (along with Justin Horowitz and the TV team) can create a simulcast product that uses their strengths – and speaks directly to the stats and handicapping super user – I think it's a big step forward.

Most simulcast feeds are about sameness and speaking to everyone. At a gambling racetrack the feed should be about statistics, warm-ups, scoredowns, interviews with drivers and trainers about their stock in the upcoming races, and a focus on betting customers. The Meadowlands, in my view, has a chance to do that this summer, and they will stand out if they succeed at it.

For those who tune in for the majesty of our fine harness horses or the stakes racing, that's of course still going to be there. It's what a harness race *is* to fan, and to many participants who do not gamble. But that audience is going to watch anyway, and always will watch.

Marketer Seth Godin once wrote:

"One vestige of the TV-industrial complex is a need to think mass. If it doesn't appeal to everyone, the thinking goes, it's not worth it. No longer. Find the group that's most profitable. Figure out how to develop for, advertise to, or reward them. Cater to the customers you would choose if you could choose your customers."

LEGO learned that their customers weren't into theme parks or clothing; they wanted to build LEGO's. Harness racing's heavy users are not watching a simulcast show for the tangential stories, they're watching because they're gambling on the harness racing product.

I believe that adding Dave and Gabe to the team can make a difference at The Meadowlands. I fully realize this isn't a low takeout bet, or bigger fields with more betting variance. But I think it's a good first step that should not be discounted.

THE
Raceway



MOLSON



Pace
INVITATIONAL

FRIDAY MAY 26

POST TIME @ 7:05 PM

Featuring the **best pacing horses** in
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\$10,000 Guaranteed EARLY PICK-4

\$15,000 Guaranteed LATE PICK-4

(Low 15% takeout on all Guaranteed Pool wagers)

LAST RACE NIGHT OF THE SEASON!

FREE admission & parking | prizes: 100's to be won!

POWERFUL UNDERCARD:

OSS Gold Divisions for 3YO Colt Pacers
and the City Of London Finals

