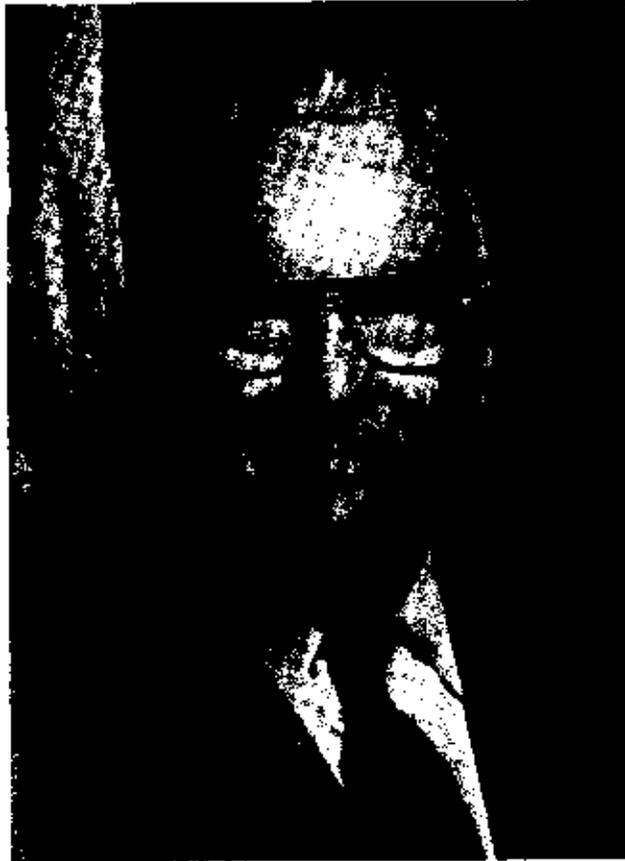




Texas Racing Commission

1990 Annual Report



THE HONORABLE WILLIAM P. CLEMENTS, JR.
GOVERNOR

TEXAS RACING COMMISSION
9420 Research Blvd.
Echelon Building #3, Suite 200
Austin, Texas 78759
512/794-8461

TEXAS RACING COMMISSION ANNUAL REPORT
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HUGH A. FITZSIMONS, JR.
Chairman

A. L. MANGHAM, JR.
Vice-Chairman

GLENN BLODGETT, D.V.M.
JAMES H. CLEMENT, SR.
HILARY B. DORAN, JR.
DEMARIOUS K. FREY, D.V.M.
Commissioners



TEXAS RACING COMMISSION
P. O. BOX 12080
AUSTIN, TEXAS 78711-2080
(512) 794-8461

BOB BULLOCK
ROBERT B. HOLT
Ex-Officio Members

DAVID J. FREEMAN
Executive Secretary

January 31, 1991

The Honorable Ann W. Richards
Governor of the State of Texas
State Capitol, Room 200
Austin, Texas 78711

Dear Governor Richards:

On behalf of the Texas Racing Commission, I am pleased to submit the Annual Report of the Texas Racing Commission in accordance with Section 3.10 of the Texas Racing Act (Article 179e, Vernon's Texas Civil Statutes.)

The report covers the Commission's activities for the twelve month period from January 1, 1990 to December 31, 1990 inclusive.

The Texas Racing Commission and the pari-mutuel racing industry in Texas has truly begun to realize the success that was envisioned for Texas when pari-mutuel racing was approved by the voters in 1987. The Commission looks forward to working with you and your staff to continue to expand and improve pari-mutuel racing in the coming years.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Hugh A. Fitzsimons, Jr.", written in black ink.

Hugh A. Fitzsimons, Jr.
Chairman

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January 31, 1991

The Honorable Ann W. Richards
Governor of the State of Texas
State Capitol, Room 200
Austin, Texas 78711

Dear Governor Richards:

It is with pride of accomplishment and a rededication to the future of the pari-mutuel racing industry in Texas that I respectfully submit the Annual Report of the Texas Racing Commission to you. It is a report filled with data that reflects a tremendous volume of activity on the part of the Texas Racing Commission and its staff. What the report fails to show is the total commitment on the part of the staff to do whatever it takes to ensure that the people of Texas may enjoy a native industry that is run with honesty, integrity and compassion.

Texans may look with pride on the achievement that in the span of only 170 days, five brand new racing facilities successfully opened their doors to the citizens of Texas. This accomplishment has never happened before in any state and likely never will again. Employment opportunities were created, local and state revenues were increased, tourism was enhanced, and Texas dollars, which used to flow from the State, remained in Texas.

Through it all, the Commission's staff created a statewide computer network to assist in occupational licensing, veterinary and laboratory procedures, pari-mutuel auditing, administrative hearings and penalties, and investigative procedures. The staff drafted and published extensive revisions to the Rules of Racing and trained and hired all personnel currently working for the Commission at racetracks throughout the State. The foregoing was accomplished with a view toward fiscal responsibility, which resulted in the return of nearly one million dollars of the Commission's appropriated funds for fiscal year 1990. In addition, the staff has been able to nearly eliminate the use of professional consultants, a source of controversy in the past, which results in additional savings in the future. In fact, the 1992-1993 appropriations request is less than prior biennium requests while the number of racetracks operating and revenue to the state increases.

While the Commission is proud of its accomplishments, it recognizes that there are many challenges ahead. No Class 1 racetrack has been constructed in the major market areas. Industry experts have indicated that the State's five percent retention of the pari-mutuel takeout has retarded the development of world-class facilities. The horse section of the Commission has endorsed a reduction in the State's retention on the belief that economic benefit would result from increased employment, tourism, and the activity of an active horse breeding and related agri-

industries. In addition, the Commission is hopeful that the legislature will address certain areas of the Texas Racing Act to allow the Commission to exercise greater regulatory authority. The Commission is also aware that it must prepare to respond to and work closely with any new forms of gambling that may become legal in Texas in the future.

Finally, the Commission and its staff wish to acknowledge the assistance that has been given by other state agencies. The Comptroller's office and the State Treasurer's office have worked closely with the Racing Commission to establish the means by which revenues are deposited to the State Treasury in an expeditious manner. In addition, the Department of Public Safety has been of invaluable assistance in ensuring the honesty, integrity, and adherence to laws by license applicants and licensees. The Commission and its staff stand ready to guide the racing industry of Texas on a strong and steady course into the future.

Very truly yours,



David J. Freeman
Executive Secretary

THE TEXAS RACING COMMISSION

The Texas Racing Commission was created in the Second Called Session of the 69th Legislature and approved by a statewide referendum in November 1987. The commission was created and mandated to:

- * Encourage agriculture, the horse breeding and training industries and the greyhound breeding and training industries;
- * Promote tourism and employment opportunities in Texas related to horse and greyhound racing; and
- * Provide for the strict regulation and control of pari-mutuel wagering in connection with that racing.

The Commission is granted extensive rulemaking authority throughout the Texas Racing Act and its principal responsibilities are:

- * Adopting rules and regulations for the conduct of pari-mutuel racing and wagering;
- * Administering and enforcing all laws and rules effecting horse racing, greyhound racing and pari-mutuel wagering;
- * Adjudicating disciplinary matters arising from the enforcement of those laws and rules dealing with horse racing and greyhound racing and pari-mutuel wagering;
- * Regulating and supervising each race meeting conducted in the State of Texas and the persons who participate in race meetings; and
- * Awarding licenses for pari-mutuel racetracks in Texas.

The commission maintains a membership with the Association of Racing Commissioners International (ARCI), which acts as a clearinghouse for all official rulings by stewards and racing commissions throughout the world. The ARCI maintains an information system, the National Association of State Racing Information System (NASRIS), which allows the Texas Racing Commission to monitor licensees and disciplinary proceedings and exchange important regulatory and industry information with other racing jurisdictions. Additionally, the ARCI provides a Drug Testing and Quality Assurance Program which assists the Texas Veterinary Medical Diagnostic Laboratory in the research and development of state-of-the-art drug testing programs to ensure the integrity of racing.

TEXAS RACING COMMISSION MEMBERS



A. L. MANGHAM, JR., Vice-Chairman
Nacogdoches, Texas
- Term Expires: February 1, 1995



HUGH A. FITZSIMONS, JR., Chairman
San Antonio, Texas
Term Expires: February 1, 1993



GLENN P. BLODGETT, D.V.M.
Guthrie, Texas
Term Expires: February 1, 1995



DEMARIOUS K. FREY, D.V.M.
Corpus Christi, Texas
Term Expires: February 1, 1993



HILARY B. DORAN, JR.
Del Rio, Texas
Term Expires: February 1, 1991



JAMES H. CLEMENT, SR.
Kingsville, Texas
Term Expires: February 1, 1991



BOB BULLOCK
Comptroller of Public Accounts
Austin, Texas



ROBERT B. HOLT
Public Safety Commission
Midland, Texas

THE MEMBERS OF THE TEXAS RACING COMMISSION

- * The Texas Racing Commission consists of six members appointed by the governor subject to senate confirmation and two ex-officio members with voting privileges. The Chairman of the Public Safety Commission and the Comptroller of Public Accounts serve as ex-officio members.
- * Of the appointed members that sit on the commission, two must be veterinarians licensed to practice in this state; one who specializes in the treatment of small animals, and one who specializes in the treatment of large animals. The remaining four appointed members must be individuals who are not veterinarians; two who have special knowledge or experience related to greyhound racing, and two who have special knowledge or experience related to horse racing.
- * Appointed members hold office for staggered terms of six years with two member's terms expiring February 1 of each odd numbered year. A member holds office until that member's successor is appointed and qualifies. The ex-officio members serve on the commission for the time in which they hold their offices.
- * For the purpose of rulemaking, licensing and any action relating exclusively to horse racing or exclusively to greyhound racing, the commission acts as separate sections. Three of the appointed members vote on issues pertaining only to horse racing, three appointed members vote on issues pertaining only to greyhound racing, and the ex-officio members vote on both sections. On matters of general application to both greyhound and horse racing, the commission acts as a single body.
- * A majority of the commission constitutes a quorum. A majority of a section of the commission constitutes a quorum for purposes of conducting business related to matters under the exclusive jurisdiction of that section.
- * Each appointed member of the commission is entitled to a per diem of \$30 for each day spent in performing the duties of the office and is entitled to reimbursement for actual and necessary expenses incurred in performing those duties. The ex-officio members are entitled to reimbursement for expenses from their respective agencies for expenses incurred in the performance of their other official duties.
- * The members of the commission elect a chairperson who presides over the meetings of the commission.

TEXAS RACING COMMISSION OPERATIONS

The year 1990 saw the opening of two Class 2 pari-mutuel horse racetracks, one Class 3 pari-mutuel racetrack and two pari-mutuel greyhound racetracks. The commission accepted three applications to operate pari-mutuel racetracks but hearings on those applications have not yet been conducted. The licensing process is one of the most critical functions the commission oversees in the development of the pari-mutuel racing industry, as these decisions will lay the foundation for the future racing industry in Texas.

Another goal of the commission in the past year has been the adoption of rules and regulations for horse and greyhound racing, and the completion of a rulebook for pari-mutuel racing. The rulemaking process has been an extensive project for the commission, as these rules are a collection of the entire industry's diverse perceptions of a successful racetrack which were written with the intention of emphasizing the safety of all racing participants and accommodating the wagering public.

The Texas Racing Commission staff is currently headed by Executive Secretary David J. Freeman. In April, Mr. Freeman was selected by the commission to serve in this capacity after having served as the Director of Racing.

The commission staff is divided into the following five major divisions:

The Enforcement Division is responsible for enforcing the Texas Racing Act and the Texas Racing Commission rules and regulations, conducting compliance inspections, and evaluating safety and security plans at each track. This division is also responsible for investigating cases at the tracks and coordinating the processing and approval of contracts.

The Racing Division oversees the occupational licensing department and supervises the training and hiring of racetrack officials. This division is also responsible for conducting the Texas Bred and pari-mutuel audit programs.

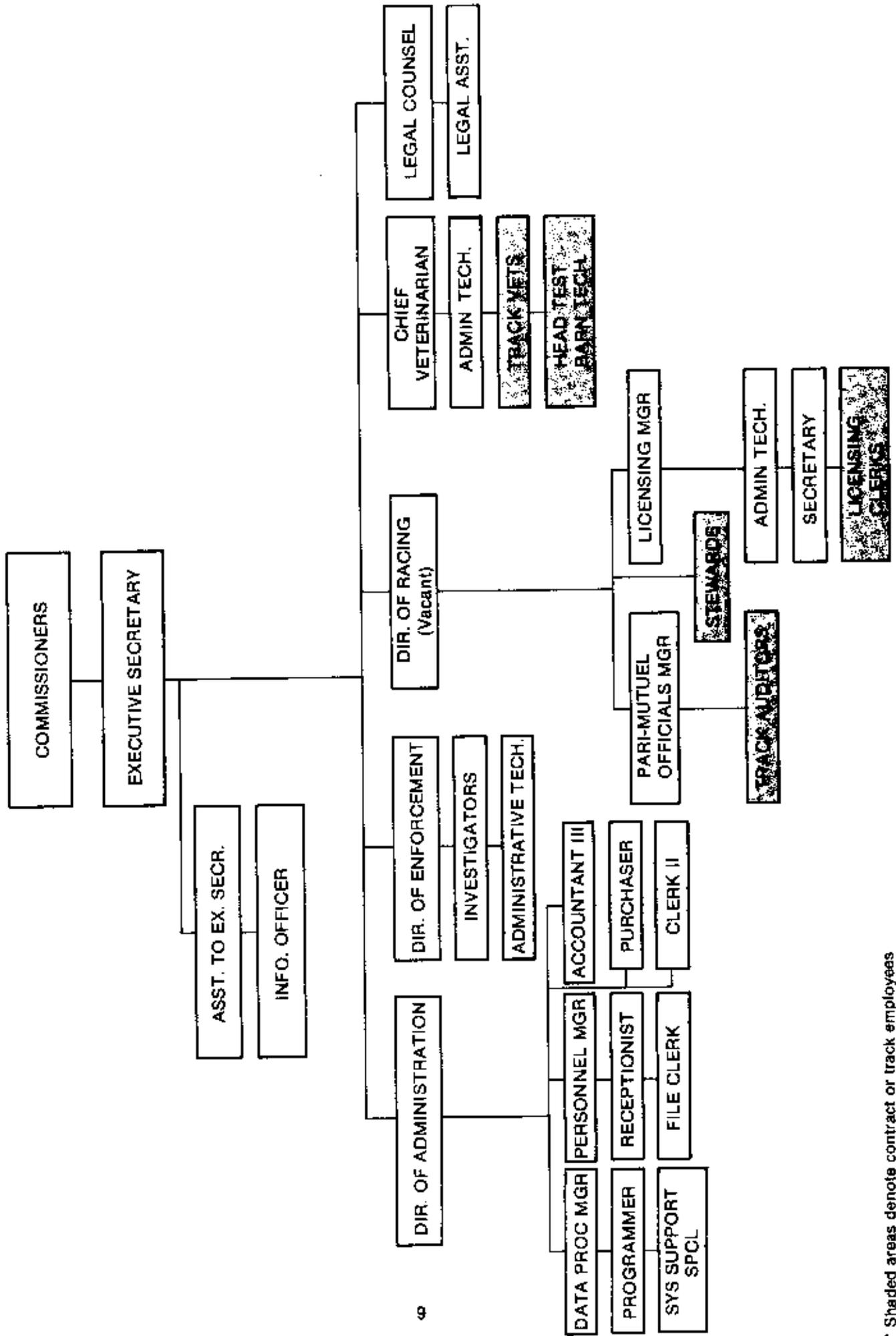
The Administrative Division manages the budget, accounting, and systems maintenance programs and makes all purchases necessary to run the agency. Another duty of this division is the evaluation of job applications and the hiring of all staff members for the Texas Racing Commission.

The Veterinary Division is responsible for overseeing the pre-race examination program as well as the medication and drug testing procedures at each track. This department also assists in the evaluation of racetrack facilities to ensure the safety of race animals.

The Legal Division is responsible for reviewing all rules and regulations of the Texas Racing Commission and serves as liaison to the Attorney General's office. Another main function of this division is to coordinate all public hearings, formal commission meetings, disciplinary hearings and legal proceedings regarding racetrack licenses and occupational licenses.

TEXAS RACING COMMISSION

ORGANIZATIONAL CHART



* Shaded areas denote contract or track employees

THE TEXAS RACING COMMISSION MEETINGS OF 1990

In 1990, the commission held 19 meetings. Minutes of each meeting are kept on file in the commission office and are available to the public upon request. Highlights of the meetings follow:

February 5, 1990: Proposed and adopted rules for publication in the TEXAS REGISTER. Discussed Deloitte & Touche contract and voted to reduce the Texas Racing Commission contract with Deloitte & Touche. Proceedings on occupational licensees were conducted. A status report on the preparations for racing was presented. Considered and voted on matters relating to Bandera Downs. Considered and voted on matters related to the Galveston County Greyhound Racetrack License.

February 22, 1990: Meeting of the Horse Racing Section. Proposed and adopted rules for publication in the TEXAS REGISTER. Considered and voted on matters relating to Del Rio Downs. Considered and voted on the application periods for pari-mutuel horse racetrack licenses. Proceedings on occupational licensees were conducted. An Executive Session was held to consult with a representative from the Attorney General's office to seek advice with respect to pending or contemplated litigation. Instructed the Attorney General to pursue the legal defense against Rexco Partners '88, Ltd., requesting the court to remand the proceedings to receive new evidence.

March 5, 1990: Proposed and adopted rules for publication in the TEXAS REGISTER. Recommended Dr. Glenn Blodgett for the Association of Racing Commissioners International Joan Pew Award. A report on the Deloitte & Touche contract was presented. Considered and voted on recommendations regarding on-site auditors at racetracks. An Executive Session was held to consult with a representative from the Attorney General's office to seek advice with respect to pending litigation. Status report on preparations for racing was presented. Lone Star Greyhound Park made a presentation regarding the satisfaction of conditions on their license. Approved an exemption request by Gillespie County Fair and Festivals Association. Considered and voted to approve agreed orders regarding opening dates and 1990 race dates for Lubbock Downs and Manor Downs. Report on audit of G. Rollie White Downs was presented. Proceedings on occupational licensees were conducted.

March 20, 1990: Considered matters relating to G. Rollie White Downs. Considered and voted on matters relating to La Bahia Downs. Proceedings on occupational licensees were conducted.

April 9, 1990: Proposed and adopted rules for publication in the TEXAS REGISTER. Approved the Texas Racing Commission fiscal year 1990-1991 budget. Discussed budget matters for fiscal year 1992-1993. A report on the Deloitte & Touche contract was presented. An Executive Session was held to consider the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public employee. Voted to offer the position of Executive Secretary to David J. Freeman. Executive Session to consult with a representative from the Attorney General's office to seek advice with respect to pending litigation. Status report on the preparations for racing in Texas was presented. Considered and voted to endorse an agreed order regarding the veterinary clinic for Gillespie County Fair and Festivals Association. Considered and voted on the designation of application periods for a Class 1 pari-mutuel racetrack license in Harris County and Class 2 pari-mutuel racetrack licenses statewide. Voted to elect Hugh A. Fitzsimons, Jr., as Chairman and A. L. Mangham, Jr., as Vice-Chairman of the Texas Racing Commission. The horse section held an administrative hearing to grant revised race dates requested by G. Rollie White Downs.

May 16, 1990: An Executive Session was held to consult with a representative from the Attorney General's office to seek advice with respect to pending litigation. Considered and voted on matters relating to the Galveston County racetrack license.

May 17, 1990: Proposed and adopted rules for publication in the TEXAS REGISTER. Discussed matters relating to the fiscal year 1991 budget. An Executive Session was held to consult with a representative from the Attorney General's office to seek advice with respect to pending litigation. Considered and voted to approve motions for exemption by Gillespie County Fair and Festivals Association. Presentation regarding Bandera Downs was heard. Considered and voted to change application period for Class 1 racetrack license applications in Dallas and Bexar County. Report was made on official works policy. Proceedings on occupational licensees were conducted.

June 1, 1990: Formal Meeting of the Greyhound Section. Proposed and adopted rules for publication in the TEXAS REGISTER. Considered and voted on matters relating to the greyhound racetrack license in Galveston County. Considered and voted on matters relating to Valley Racing Association. Considered and voted on matters relating to Corpus Christi Greyhound Racing Associates.

June 4, 1990: Formal Meeting of the Horse Section. An Executive Session was held to consult with a representative from the Attorney General's office to seek advice with respect to pending litigation. The horse section held an administrative hearing regarding the renewal applications for horse racetracks. License applications for renewal were granted for Longhorn Downs, Bandera Downs and Gillespie County Fair and Festivals Association. Del Rio Downs withdrew its Class 2 renewal application and its Class 3 license application. Motions for continuance were granted to Trinity Meadows Raceway, La Bahia Downs, and Manor Downs.

July 2, 1990: Proposed and adopted rules for publication in the TEXAS REGISTER. Considered and voted to approve the agreed order of Bandera Downs. Discussed and approved the 1992-1993 Texas Racing Commission appropriations request. An Executive Session was held to consult with a representative from the Attorney General's office to seek advice with respect to pending litigation. Considered and voted on matters relating to the Galveston County greyhound racetrack license. Renewed the greyhound racetrack license to Valley Racing Association. Ratified the staff's action in postponing the application periods for Class 1 racetrack license applications.

July 23, 1990: Greyhound Section meeting. Considered and voted on matters relating to the Galveston County greyhound racetrack license. Considered and voted on matters relating to Valley Racing Association. Considered and voted on kennel contracts for Valley Greyhound Park and Corpus Christi Greyhound Race Track. Renewed the license application of Corpus Christi Greyhound Racing Associates. Inspected Corpus Christi Greyhound Race Track.

August 1, 1990: Greyhound Section meeting. Proposed rules for publication in the TEXAS REGISTER. Delegated authority to the Executive Secretary to approve compensation for certain officials for greyhound racing.

September 12, 1990: Proposed and adopted rules for publication in the TEXAS REGISTER. An Executive Session was held to consult with a representative from the Attorney General's office to seek advice with respect to pending litigation. Considered and voted on a complaint filed by the Department of Public Safety regarding the Association of Texas Greyhound Track Operators. Considered and voted on matters relating to Manor Downs. Considered and voted on matters relating to Bandera Downs.

September 12, 1990 (Cont'd): Considered and voted on pending motions and appeals relating to the Galveston County racetrack license. Voted to establish a new application period for Class 1 applicants in Dallas, Tarrant and Bexar Counties. Proceedings on occupational licensees were conducted. Considered and voted on per-sample charge for drug testing of greyhounds by Texas Veterinary Medical Diagnostic Laboratory. Considered and voted on matters relating to Valley Racing Association. Considered and voted on matters relating to Corpus Christi Greyhound Racing Associates.

October 1, 1990: Proposed and adopted rules for publication in the TEXAS REGISTER. An Executive Session was held to consult with a representative from the Attorney General's office to seek advice with respect to pending litigation. Considered and voted on matters relating to Manor Downs and Lubbock Downs. Considered and voted on matters relating to the hearings and evaluation of applications for the Class 1 racetrack license in Harris County. Considered and voted on matters relating to Corpus Christi Greyhound Racing Associates. Considered and voted on matters relating to Bandera Downs.

November 5, 1990: Proposed and adopted rules for publication in the TEXAS REGISTER. An Executive Session was held to consult with a representative from the Attorney General's office to seek advice with respect to pending litigation. Considered and voted on matters relating to Manor Downs. Considered and voted on matters relating to Trinity Meadows Raceway. Considered and voted on matters relating to the administrative hearings on the applications for a Class 1 racetrack in Harris County. Considered and voted on matters relating to Valley Racing Association. Considered and voted on procedural matters regarding the hearing examiners Proposal for Decision for the Galveston County greyhound racetrack license. Considered and voted on matters relating to Corpus Christi Greyhound Racing Associates. An Executive Session was held to consider management/concession agreements for Corpus Christi Greyhound Racing Associates.

November 29, 1990: Proposed and adopted rules for publication in the TEXAS REGISTER. Considered and voted on exercising the option for the third year of the consultant contract with Deloitte & Touche. An Executive Session was held to consider management/concession agreements for Corpus Christi Greyhound Racing Associates. Voted to approve Corpus Christi Greyhound Associates' amended management/concession agreement.

November 29, 1990 (Cont'd): Considered and voted on matters relating to applications for reconfiguration of 1991 race dates by Gillespie County Fair and Festivals Association and Bandera Downs. Considered and voted on matters relating to the 1991 renewal license of Lubbock Downs. Considered and voted on matters relating to the 1991 renewal license of La Bahia Downs. Considered and voted on matters relating to Trinity Meadows Raceway. Considered and voted on appeals of stewards' ruling on occupational licensees.

December 18, 1990: The greyhound section of the commission met to conduct an administrative hearing on the applications for a pari-mutuel greyhound racetrack license in Galveston County. The commission voted to award the license to Gulf Greyhound Partners, Ltd.

SCHEDULE OF FUNDS RECEIVED AND EXPENDED

From September 1, 1989 through August 31, 1990

	<u>Total</u>	<u>General Revenue Fund (001)</u>	<u>Special Revenue Fund (597)</u>
REVENUES:			
Legislative Appropriations	\$ 3,031,228	\$ 3,031,228	\$
OASI Appropriations	74,480	74,480	0
Total Legislative Appropriations	3,105,708	3,105,708	0
 Licensing Revenue:			
Racetrack Applications - Horses:			
Class I Tracks	103,055		103,055
Class II Tracks	20,000		20,000
Class III Tracks	4,700		4,700
Total Racetrack Applications - Horses	127,755	0	127,755
Racetrack Applications - Greyhounds	0	0	0
 Racetrack Licenses - Horses:			
Class II Tracks	70,000		70,000
Racetrack Licenses - Horses	70,000	0	70,000
Racetrack Licenses - Greyhound	460,000		460,000
Occupational Licenses	190,039		190,039
Breakage - Horses	129,977		129,977
Track Official's Fees	32,415		32,415
Total Licensing Revenue	1,010,186	0	1,010,186
 Other Sales			
	28,422	28,030	392
Total Other Revenue	28,422	28,030	392
TOTAL REVENUE	\$ 4,144,316	\$ 3,133,738	\$ 1,010,578

SCHEDULE OF FUNDS RECEIVED AND EXPENDED

From September 1, 1989 through August 31, 1990

	<u>Total</u>	<u>General Revenue Fund (001)</u>	<u>Special Revenue Fund (597)</u>
EXPENDITURES:			
Salaries and Wages	\$ 601,624	\$ 594,937	\$ 6,687
Payroll Related Costs	75,438	74,802	636
Professional Fees and Services	1,423,579	1,031,364	392,215
Travel	124,714	124,714	0
Materials and Supplies	35,079	34,632	447
Communications and Utilities	54,778	49,706	5,072
Repairs and Maintenance	24,919	24,919	0
Rentals and Leases	92,561	92,561	0
Printing and Reproduction	19,173	19,161	12
Other Expenditures	83,723	73,867	9,856
Capital Outlay	50,950	50,276	674
Breakage from Horses	129,977	0	129,977
TOTAL EXPENDITURES	\$ 2,716,515	\$ 2,170,939	\$ 545,576
 EXCESS REVENUES OVER EXPENDITURES	\$ 1,427,801	\$ 962,799	\$ 465,002

LICENSING PROGRAM

The Texas Racing Commission's foremost obligation centers around the licensing program. Many hours in the past year have been spent on racetrack and occupational licensing procedures, for they are the basis from which the entire racing industry is formed.

Below is a list of the pari-mutuel racetrack license applications the commission received in 1990:

- * Bluebonnet Turf Club filed an application to construct and operate a \$5.4 million Class 2 pari-mutuel facility in Brazos County. In December, Bluebonnet Downs withdrew their application for a racetrack license.
- * Sam Houston Race Park (SHRP) filed an application to construct and operate a Class 1 pari-mutuel facility in Harris County. Because a Travis County district judge remanded a previous application for this license, the commission voted to reopen the Harris County Class 1 application period from January 2-18, 1991, for any and all interested applicants.
- * Retama Park Association filed an application to construct and operate a \$51.5 million Class 1 pari-mutuel facility in Bexar County. This application was submitted on November 30, 1990, and therefore, an administrative hearing to consider the application will not be held until early 1991.

The commission conducted hearings before a hearing examiner on the original applications for a Galveston County greyhound racetrack license, pursuant to a declaration by a Travis County district judge that the commission's 1989 order was non-final and did not award a license. Two of the five original applicants merged leaving the following applicants vying for the Galveston County racetrack license upon which new hearings were conducted in September:

- * Lone Star Greyhound Park, Inc.
- * Galveston Bay Greyhound Racing Association, Ltd.
- * Bay Greyhound Racing Associates Limited Partnership
- * Gulf Greyhound Partners, Ltd.

On December 18, 1990, the commission voted to award the Galveston County greyhound racetrack license to Gulf Greyhound Partners, Ltd.

In other commission action during 1990, the following racetracks were awarded license renewals for 1991.

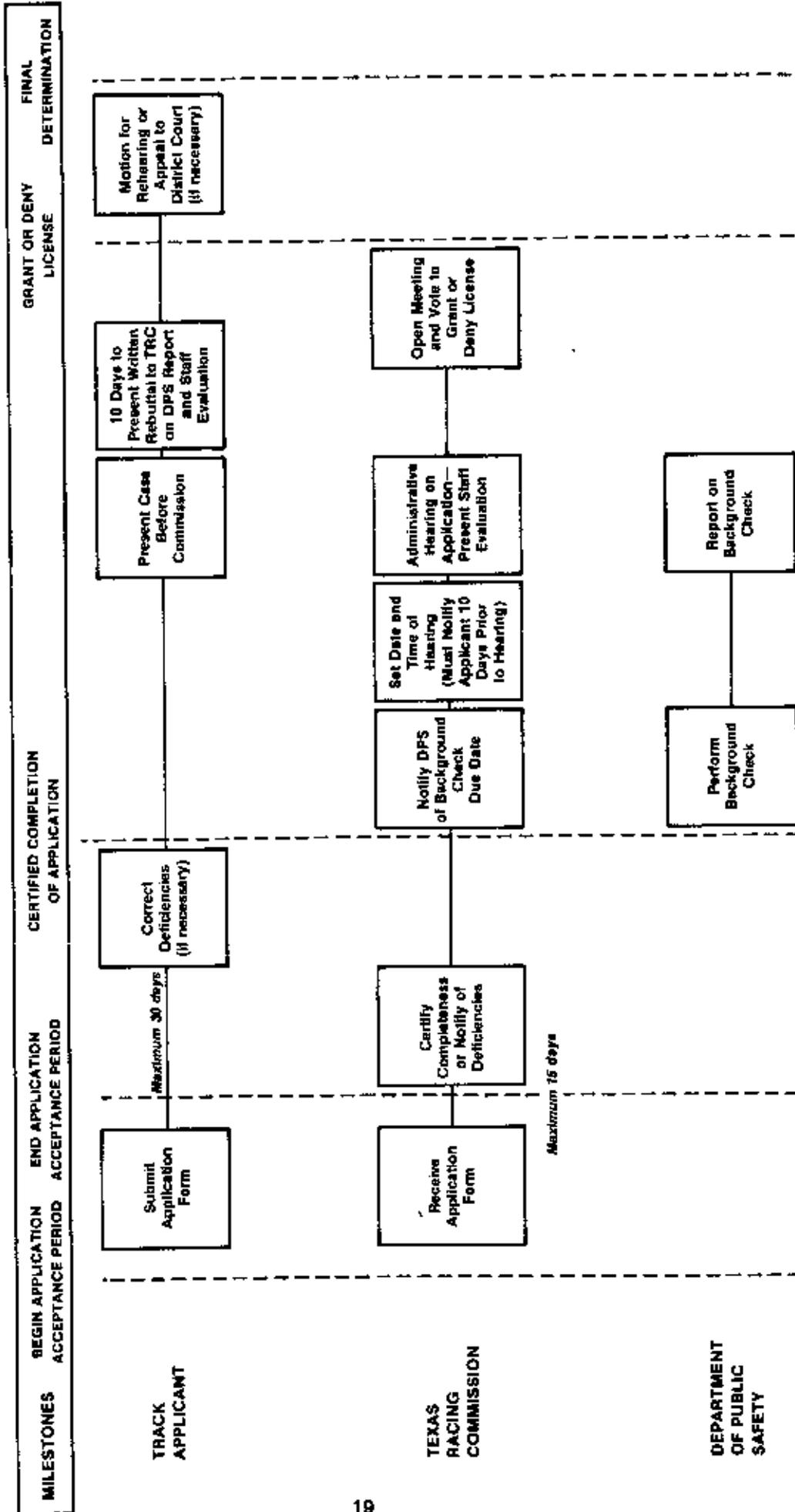
- * **Bandera Downs:** The commission granted the applicant a Class 2 renewal license for 1991 along with 116 race dates beginning March 1 through October 27, 1991.
- * **Manor Downs:** The commission granted the applicant a Class 2 renewal license for 1991 along with 115 race dates beginning February 15 through May 19 and August 29 through December 15, 1991.
- * **Longhorn Downs:** The commission granted the applicant a Class 2 renewal license for 1991, and the track has stated its intention to begin racing in 1992.
- * **Trinity Meadows Raceway:** The commission granted the applicant a Class 2 renewal license for 1991 along with 147 approved race dates.
- * **Gillespie County Fair and Festivals Association:** The commission granted the applicant a Class 3 renewal license for 1991 along with 14 race dates beginning May 25-27, July 4-7, 20, 21 and August 10, 11, 23-25, 1991.
- * **Valley Greyhound Park:** The commission granted the applicant a renewal license for 1991 along with 401 performances. VGP will race year-round with most Tuesdays being "dark days".
- * **Corpus Christi Greyhound Race Track:** The commission granted the applicant a renewal license for 1991 along with 450 performances. CCGRT will race year-round.

The commission denied the following applications for renewal for 1991:

- * **La Bahia Downs**
- * **G. Rollie White Downs**

Lubbock Downs and Del Rio Downs withdrew their applications for renewal of their Class 2 licenses which expired on December 31, 1990.

PARI - MUTUEL RACETRACK APPLICATION PROCESSING TIMELINE



OCCUPATIONAL LICENSING

After the commission has granted an applicant a license to operate a pari-mutuel racetrack, the occupational licensing process begins. A person employed by a racetrack in any capacity must be licensed by the commission as stipulated in the Texas Racing Commission rules. Members of the commission staff travel to individual racetracks approximately one month prior to the opening date to set up the computerized licensing system and train employees to run the system at the racetrack. This system which is connected to the National Association of State Racing Information System, is an essential element in maintaining a sound and respectable racing industry. Below is an itemization of occupational licenses and registrations the commission processed at their various operating racetracks in 1990:

	NUMBER OF LICENSES	LICENSE FEES	TOTAL FEES
A & M Lab Staff	12	0	0
Admissions Person	110	20	2,200
Announcer	7	20	140
Apprentice Jockey	10	50	500
Association Judge	4	50	200
Association Office	47	20	940
Association Officer	48	50	2,400
Association Officer	135	20	2,700
Assistant Trainer/Owner	1	50	50
Assistant Trainer/Owner	28	20	560
Assistant Starter	58	50	2,900
Assistant Trainer	35	30	1,050
Authorized Agent	4	20	80
Box Person	4	20	80
Chair-writer	2	0	0
Commissioner	2	20	40
Cool-out	1	20	20
Entry Clerk	2	20	40
Exercise Rider	51	20	1,020
Farmer	31	40	1,240
Food Service	2	20	40
Groom	184	20	3,680
Jackey	77	50	3,850
Jackey Agent	3	50	150
Kennel	45	20	900
Kennel Helper	88	20	1,760
Kennel Owner/Trainer	8	50	400
Kennel Owner	1	50	50
Kennel Owner/Owner	27	20	540
Kennel Owner/Owner	89	20	1,780
Lead-out	12	0	0
Licensing Clerk	187	20	3,740
Maintenance	64	20	1,280
Medical Staff	278	20	5,560
Multiple Owner	734	20	14,680
Mutual Clerk	18	20	360
Mutual Other	67	50	3,350
Official	12	20	240
Outrider	2,058	50	102,900
Owner	188	50	9,400
Owner-Trainer	70	20	1,400
Parking Attendant	128	20	2,560
Pony Person	211	10	2,110
Replacement Badges	138	20	2,760
Security Guard	40	50	2,000
Stable	2	20	40
Stable Foreman	2	0	0
State Identif.	3	0	0
State Judge	1	0	0
State Steward	9	0	0
State Veterinarian	1	50	50
Status Change	1	40	40
Tattooer	36	20	720
Tax Technician	22	20	440
Tax Technician	248	50	12,400
Trainer	15	0	0
Texas DPS	10	0	0
Texas Comptroller	2	0	0
TXRC Consultant	17	0	0
TXRC Staff	3	20	60
Vendor	24	50	1,200
Vendor	823	20	16,460
Vendor Employee	6	20	120
Veterinarian Assistant	30	50	1,500
Veterinarian			
TOTAL LICENSED	6,424		\$212,378

RULINGS:

In 1990, a total of 265 violations of the Texas Racing Commission's rules and regulations occurred at the racetracks resulting in rulings by the stewards and racing judges.

GILLESPIE COUNTY FAIR AND FESTIVALS ASSOCIATION

Gillespie County Fair and Festivals Association (GCFFA) opened for its inaugural race on May 26, 1990. GCFFA, run by a racetrack management and personnel staff of volunteers, raced 12 days in 1990. During the meet ending August 26, GCFFA exceeded all projections when over 47,000 fans attended the races to wager over \$2.7 million. GCFFA's average daily attendance was 3,958 with an average daily wagering of \$225,887 and per capita wagering of \$57.00.

On August 25, 1990, the Mally Keller Memorial Stakes Race was established to encourage thoroughbred racing in Texas. Mally Keller was born and raised in Gillespie County and in 1948 began serving as a racing official at the Gillespie County Fair and Festivals Association non pari-mutuel race meets. He served as the official starter for fourteen years and as presiding judge for the Texas Racing Circuit during the next twenty-one years.

The Mally Keller Memorial Stakes Race, with a record purse of more than \$10,000, was a one-mile race for Accredited Texas-bred three-year-olds and older. The race was sponsored by the family and friends of Mally Keller in recognition of his life-long devotion to thoroughbred racing in Texas.

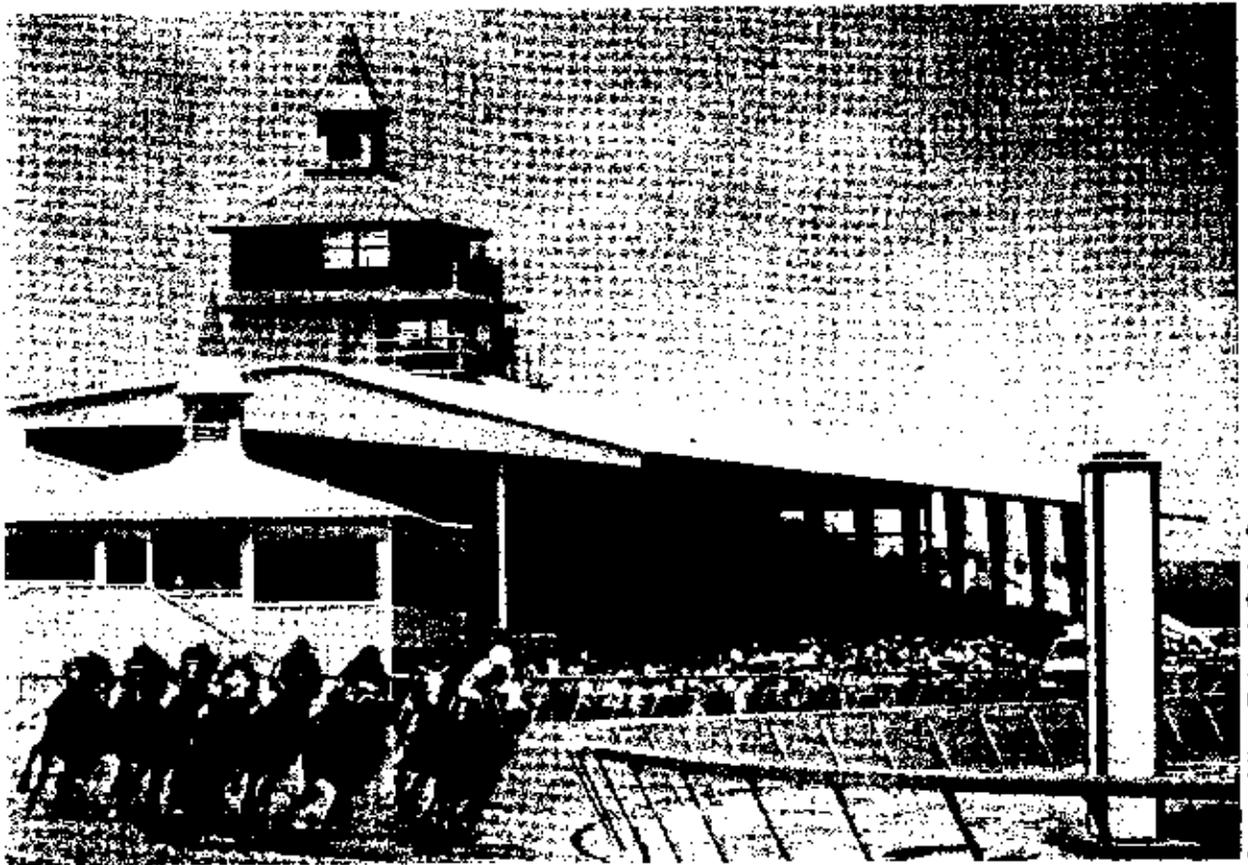
"The race was a way of continuing his work to encourage the thoroughbred racing in Texas," stated Commissioner Demarious K. Frey, DVM, who helped sponsor the event.

"My goal was to generate the highest purse paid to thoroughbreds in Texas and to stimulate other race fans and breeders to enhance purses which will attract superior thoroughbreds."



BANDERA DOWNS

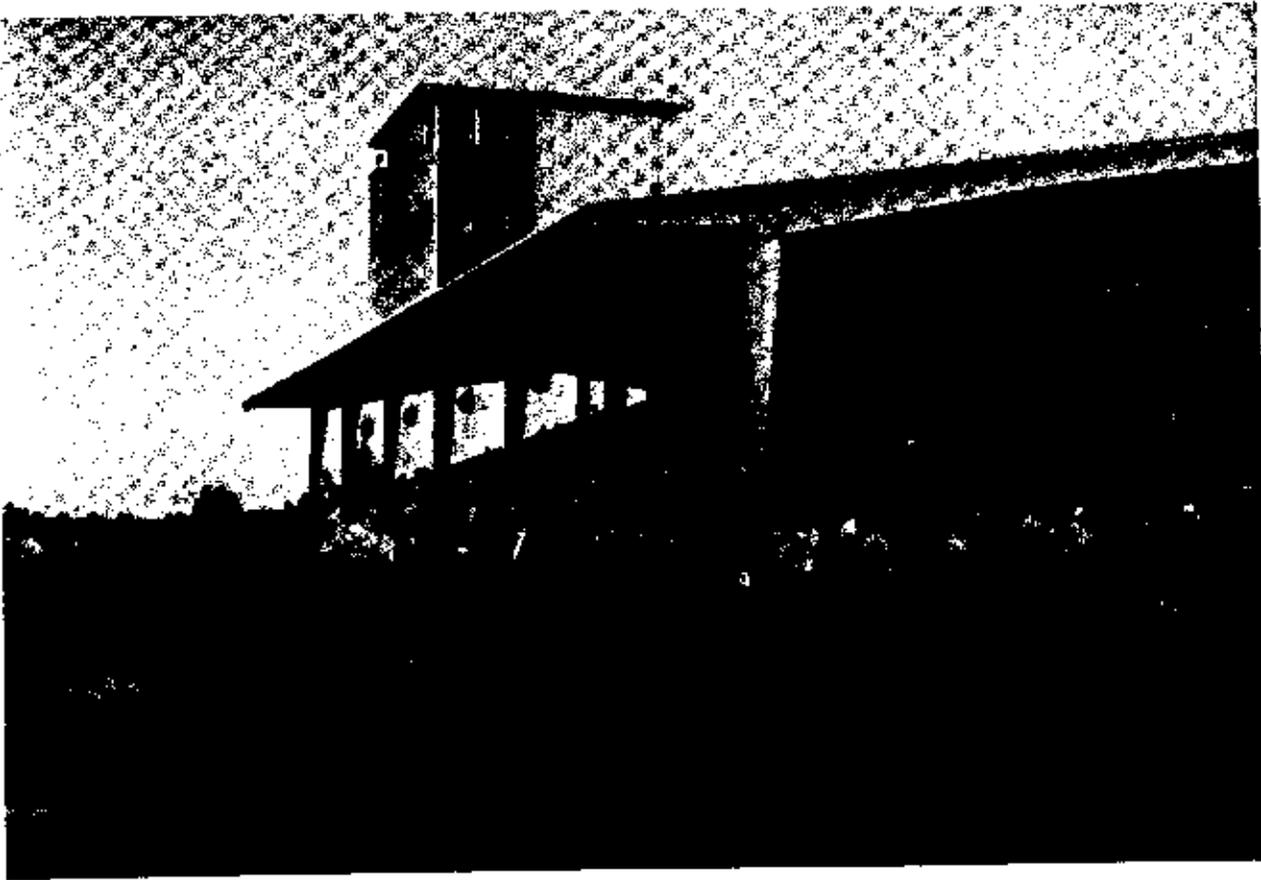
Bandera Downs opened for its inaugural race on July 8, 1990. There were an estimated 350 jobs created by the opening of Bandera Downs which raced 67 days in 1990. During the meet ending on December 9, nearly 230,000 fans attended the races to wager almost \$23 million. Bandera Downs' average daily attendance was 3,420 with an average daily handle of \$342,412 and per capita wagering of \$100.



Courtesy of Vassar Photography/Bandera Downs

MANOR DOWNS

Manor Downs opened for its inaugural race on October 11, 1990. There were an estimated 150 jobs created by the opening of Manor Downs which raced 34 days in 1990. During the meet ending on December 16, over 64,000 fans attended the races to wager nearly \$6 million. Manor Downs' average daily attendance was 1,885 with an average daily handle of \$174,059 and per capita wagering of \$92.



Courtesy of: Pete Haber/Texas Thoroughbred Breeders Assn.

VALLEY GREYHOUND PARK

Valley Greyhound Park (VGP) located in Harlingen, Texas, opened for its inaugural race on November 14, 1990. There were an estimated 600 jobs created by the opening of VGP which conducted 55 performances in 1990. During the 1990 meet ending on December 31, over 100,000 fans attended the races to wager nearly \$6 million. VGP's average daily attendance was 1,825 with an average daily handle of \$107,542 and per capita wagering of \$59.



Courtesy of: Kris Gabriele



Courtesy of: Kris Gabriele

CORPUS CHRISTI GREYHOUND RACE TRACK

Corpus Christi Greyhound Race Track (CCGRT) located in Corpus Christi, Texas, opened for its inaugural race on November 15, 1990. There were an estimated 500 jobs created by the opening of CCGRT which conducted 57 performances in 1990. During the 1990 meet ending December 31, over 119,000 fans attended the races to wager over \$7.5 million. CCGRT's average daily attendance was 2,099 with an average daily handle of \$131,830 and per capita wagering of \$63.



**HORSE TRACK INFORMATION THROUGH DECEMBER 31, 1990
(UNAUDITED)**

TRACK	NET HANDLE AVG. HANDLE	ATTENDANCE AVG. ATTEND.	AVERAGE PER CAPITA	STATE SHARE	1% PURSES PRE-SHARE	PURSES PAID BY TRACK	PURSES PAID OVER/UNDER	TEXAS BRED STAKES	ENTR. FEES PER ADWAGER	TOTAL MON. IN PURSES
CLASS 2: BANDERA DOWNS 67 DAYS	\$22,941,593 \$342,412	229,138 3,420	\$100.12	\$1,147,080	\$1,147,080	\$1,158,540	\$11,460 OVER	\$18,000	\$291,135	\$1,485,875
MANOR DOWNS 34 DAYS	\$5,918,016 \$174,059	84,112 1,886	\$82.31	\$295,901	\$295,901	\$408,700	\$112,799 OVER	\$4,500	\$398,108	\$811,306
CLASS 3: GILLESPIE COUNTY 12 DAYS	\$2,710,847 \$226,887	47,481 3,958	\$57.08	\$138,532	\$135,532	\$162,907	\$27,375 OVER	\$2,943	\$144,503	\$307,353
TOTALS	\$31,570,255	340,731	(N/A)	\$1,578,513	\$1,578,513	\$1,730,147	\$151,634 OVER	\$23,443	\$830,744	\$2,584,334

*Stakes races for accredited Texas bred horses funded from tracks' share of breakage.

** Total monies from entry fees, sustaining payments, and outside added money.

**GREYHOUND TRACK INFORMATION THROUGH DECEMBER 31, 1990
(UNAUDITED)**

GREYHOUND TRACK	NET HANDLE AVG. HANDLE	ATTENDANCE AVG. ATTEND.	PER CAPITA	STATE SHARE	1% PURSES
CORPUS CHRISTI GREYHOUND RACE TRACK 57 Performances	\$7,514,299 \$131,830	119,632 2,099	\$62.81	\$450,858	\$263,001
VALLEY GREYHOUND PARK 55 Performances	\$5,914,833 \$107,542	100,351 1,825	\$58.94	\$354,890	\$207,019
TOTALS	\$13,429,132	219,983	(N/A)	\$805,748	\$470,020

LABORATORY TESTING

The Texas Racing Commission's drug testing program is a critical function of the agency. This program, which is conducted by Texas Veterinary Medical Diagnostic Laboratory, is vital to the integrity of the racing industry in Texas.

The purpose of drug testing is to protect the integrity of horse and greyhound racing, to ensure the health of the animals and to safeguard the interests of the betting public and the participants in racing through the prohibition and control of all prohibited drugs, chemicals and other substances. It is essential to maintain the high standards of the Texas Racing Commission's drug testing program, and therefore, the commission participates in the Association of Racing Commissioners International's Drug Testing and Quality Assurance Program. This program aids the Texas Veterinary Medical Diagnostic Laboratory in running state-of-the-art drug analyses on the racing animals.

Through the collection and analysis of blood/urine samples from race animals at the track, it is the commission's objective to insure that foreign substances are not being administered to racing animals pursuant to Section 319.2 and 319.3 of the Texas Racing Commission rules and regulations. These rules prohibit the administration of any foreign substance that may affect the outcome of a race or interfere with the testing procedures. For the testing of greyhounds, Texas is using a relatively new extraction procedure to remove foreign substances from the urine of greyhounds. Once removed, these substances can be screened for thousands of compounds. Greyhound fans and horse racing fans deserve an honest race and it is for this purpose that the Texas Racing Commission participates in these innovative procedures.

The following is a summary of tests conducted by the Texas Veterinary Medical Diagnostic Laboratory in 1990 for the Texas Racing Commission:

Total number of blood samples for horses:	3,459
Total number of urine samples for horses:	3,024
Total number of urine samples for greyhounds:	1,212
Total number of positives:	30

Of the thirty positive tests returned, below is a break down of the nature of those positives:

HORSES:

Phenylbutazone:	6
PEG	6
Pemoline	1
Ephedrine	1
Etorphine	3
Dexamethazone	1
TOTAL	18

GREYHOUNDS:

Procaine	2
Caffeine	1
Phenylbutazone	9
TOTAL	12

ENFORCEMENT DIVISION ACTIVITY

The responsibilities of the Enforcement Division during 1990 included several areas of regulatory control. A total of 139 compliance inspections were conducted during 1990 of the various racetracks in Texas. During the construction phase of five licensed racetracks, investigators checked to insure construction was done in accordance with the design plans presented to the Commission during the licensing stage. Additionally, the general safety and welfare of animals and patrons were considered and evaluated during each track's construction.

The Enforcement Division was also responsible for the background investigations of each contract entered into by a licensed racetrack. A total of 46 contracts affecting the operations of the racetracks were investigated. The identities, credit references, and business references of the various business owners and corporate officers were examined. Along with general business information, the individuals involved were checked for criminal histories, whether state taxes were owed and their employment, training and professional licenses certification were verified.

The primary area of regulatory control dealt with the enforcement of the Texas Racing Act and the rules governing pari-mutuel racing in Texas. The following cases were opened and investigated during 1990:

Investigations involving animal drugging	24
Investigations involving human drug abuse	2
Race related investigations (Possession of contraband, fraudulent entries, etc.)	6
Investigations related to criminal activity (Thefts, frauds, cruelty to animals, narcotics)	7
Investigations of racing persons not directly affecting a particular race (Financial responsibility, undisclosed owners, racing officials)	9
Investigations related to occupational licensing (Failure to disclose, convicted felons, etc.)	76
Investigations referred from Stewards and Racing Judges (Alcohol use violations, exclusion/ejection cases)	5

Investigations related to safety and security (Serious accidents, animal deaths)	7
Miscellaneous Investigations	4
Total case investigations conducted in 1990:	140

Enforcement investigators also generated a total of 511 intelligence data reports related to the pari-mutuel industry.

LEGAL PROCEEDINGS

During 1990, the Texas Racing Commission was involved in litigation arising out of the exercise of its regulatory duties.

On February 19, 1990, Rexco Partners '88, Ltd., d/b/a Houston Turf Club filed suit in district court in Travis County for judicial review of the Horse Racing Section's denial of its Class 1 racetrack license application for Harris County. On September 12, 1990, without reaching the merits of the appeal, Judge Paul Davis of the 53rd District Court remanded Rexco's application to the Commission for consideration in competition with the pending application of Sam Houston Race Park, Inc.

On February 23, 1990, Rexco Partners '88, Ltd., d/b/a Houston Turf Club filed suit in federal district court for the Southern District of Texas against over 30 defendants, including the Governor, the Attorney General, the Comptroller of Public Accounts, the members of the Horse Racing Section, and then-Chairman Hilary B. Doran, Jr. On September 10, 1990, Judge David Hittner dismissed the lawsuit without prejudice. Rexco's Motion for Rehearing was subsequently denied.

On January 19, 1990, the four applicants that were denied the greyhound racetrack license for Galveston County in November, 1989, filed suit in district court in Travis County for judicial review of the Greyhound Racing Section's Order. On April 9, 1990, Judge Peter Lowry of the 261st Judicial District Court granted Appellant's Motions to Declare Order Non-final, dismissed the appeals, and declared that the proceeding regarding the award of that license remained pending before the Commission. On May 23, 1990, Lone Star Greyhound Park, Inc., filed an appeal of Judge Lowry's ruling filing a Motion for Extension of Time for Late Filing of Cost Bond with the 3rd Court of Appeals. In July 1990, the Court of Appeals denied Lone Star's motion and on November 7, 1990, the Texas Supreme Court denied Lone Star's Application for Writ of Error.

TEXAS HORSE AND GREYHOUND BREEDING PROGRAMS

A principal objective of the Texas Racing Act is to encourage agriculture and the horse and greyhound breeding industries in this state. To achieve this objective, the Texas Racing Act provides various incentives for Texas horse and greyhound breeders, owners of Texas-bred horses, and for kennels owned by Texas residents.

An accredited Texas-bred horse must meet the accreditation requirements of the state breed registry of its particular breed. In order to receive a purse supplement, a horse must first be registered with the proper registry. The officially designated state horse breed registries for accredited Texas-bred horses are the Texas Thoroughbred Breeders' Association, the Texas Quarter Horse Association, and the Texas Arabian Breeders' Association, and the Texas Appaloosa Horse Club.

Section 9.03 of the Texas Racing Act requires every association conducting a horse race meeting to run at least two races limited to accredited Texas-bred horses on each race day.

To encourage the breeding of horses in this state, any accredited Texas-bred horse finishing first, second, or third in any race except a stakes race shall receive a purse supplement. Funding for the Texas-bred Incentive Program is derived from 80-percent of the breakage from each pari-mutuel race held in this state. Total breakage equates to approximately six-tenths of one-percent of the total handle, or roughly \$6,000 of every \$1 million wagered. These monies are to be distributed on a 40/40/20 percent split respectively between owners of accredited Texas-breds that finish first, second, or third in qualifying races; breeders of accredited Texas-breds that finish first, second, or third in qualifying races; and owners of accredited Texas stallions at the time of conception whose accredited Texas-bred foals finish first, second, or third in qualifying races. The Texas Bred Incentive Programs and distribution of awards will be administered by the Texas Racing Commission.

The commission staff has worked extensively with each breed organization to ensure that the monies due to the individuals involved in breeding accredited Texas-bred horses are disseminated quickly and efficiently. Much of this program is coordinated through computer systems.

BREEDERS' FUND FROM BREAKAGE
Calendar Year 1990

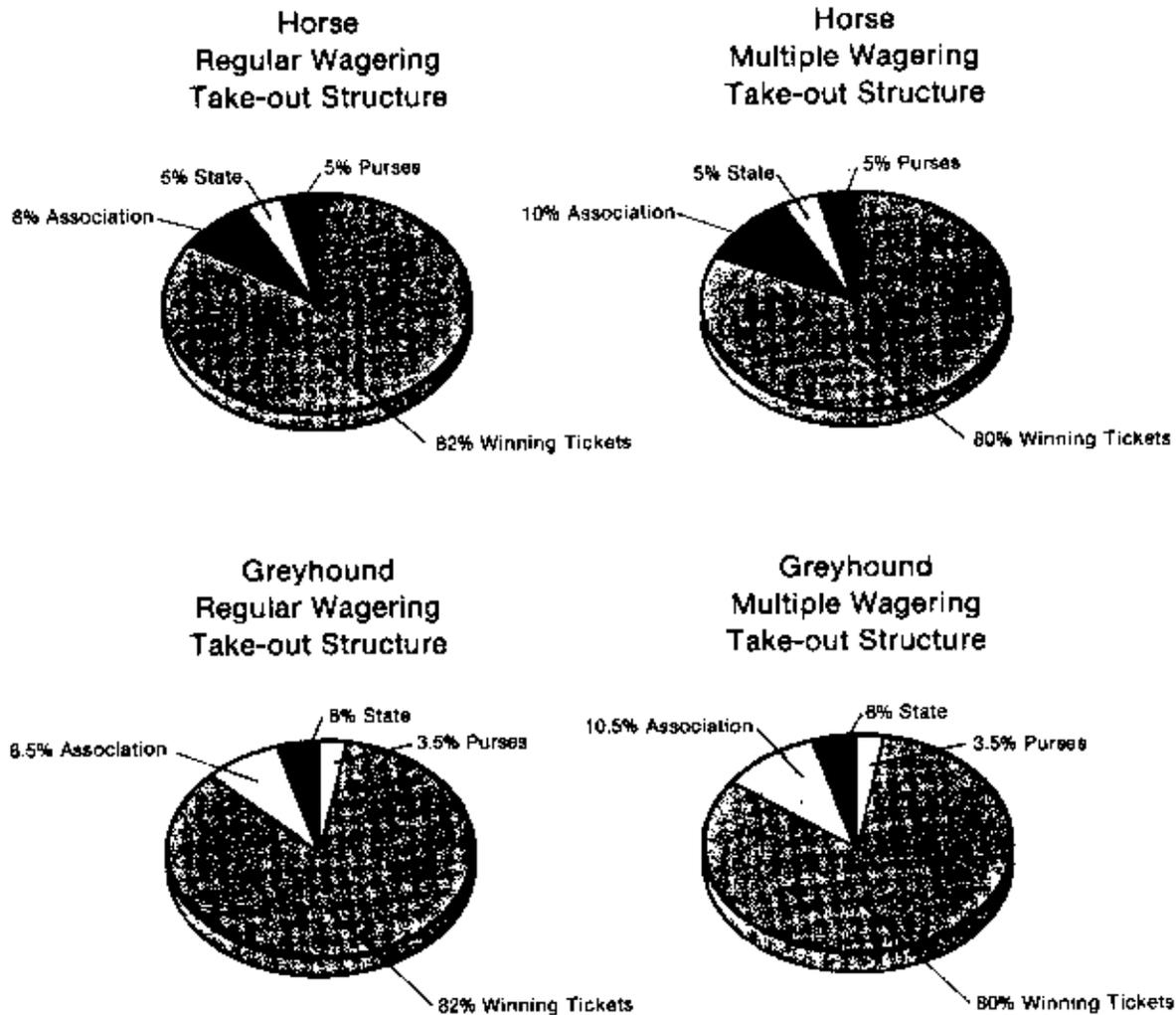
Breakage Received:	
Gillespie Fair & Festival	\$ 26,483
Bandera Downs	174,233
Manor Downs	49,524
Corpus Christi	37,659
Valley Greyhound	24,821
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	\$ 312,720
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Breakage Distribution:	
Texas Quarter Horse Assn.	\$ 187,433
Texas Thoroughbred Breeders Assn.	62,807
Texas Greyhound Assn.	31,240
Retained by TX Racing Comm.	31,240
	<hr/>
	\$ 312,720
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An accredited Texas-bred greyhound is a Texas-bred greyhound that meets the requirements of the Texas Greyhound Association. In order to receive a purse supplement, a greyhound must be registered with the National Greyhound Association and the Texas Greyhound Association.

To encourage the breeding of greyhounds in this state, an accredited Texas-bred greyhound finishing first in any race shall receive a purse supplement. Funding for the Texas Racing Incentive Program is derived from 50-percent of the breakage of each pari-mutuel greyhound race meeting held in Texas. This breakage is distributed between stakes races, administration and accredited Texas bred races. Additional breeding incentives are provided in Section 309.352 of the Texas Racing Commission Rules, which requires that at least 50-percent of the kennels under contract with a greyhound racetrack be wholly owned by Texas residents.

TEXAS WAGERING DOLLAR



"Pari-mutuel" literally means a "mutual wager" - it allows a person to bet against other bettors. The racetrack acts as the agent for betting. The tracks totalisator equipment computes the bettor's winnings and deducts a percentage fixed by law from each "handle" (the gross receipts of a pari-mutuel pool). Under the Texas Racing Act, of the total amount wagered on a race, 80-percent of multiple wagering and 82-percent of regular wagering is returned to the winning bettors in the form of payoffs. A regular wager is a wager placed for a race animal to win, place or show. Multiple wagering includes all other type of wagers.

The "take-out" (funds deducted from a pari-mutuel pool that are not returned to the betting public) is divided among the state, the track, and the horsemen or greyhound owners and contract kennels in the form of purses. The track is responsible for paying a minimum of 3-1/2-percent of the total deposited in each pool for the greyhound purse. Of the purse allocated to a greyhound, 35-percent is paid to the owner and the remaining 65-percent is paid to the contract kennel.

TEXAS DEPARTMENT OF PUBLIC SAFETY

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COMMISSION
ROBERT B. HOLT
CHAIRMAN
CALVIN R. GUEST
ALBERT B. ALKEK
COMMISSIONERS

November 29, 1990

Hugh Fitzsimons, Chairman
Texas Racing Commission
9420 Research Blvd., Suite 200
Eschelon Center, Bldg. III
Austin, Texas 78759

RE ARTICLE 179e, ARTICLE 3, SECTION 3.10
OF VERNON'S TEXAS CIVIL STATUTES

Dear Chairman Fitzsimons:

Article 179e, Article 3, Section 3.10 of Vernon's Texas Civil Statutes require that the Texas Racing Commission (TRC) obtain a comprehensive report from the Texas Department of Public Safety (DPS) that would indicate any organized crime activity in Texas, as well as information on any and all illegal gambling. As required by this statute, we submit the following:

Due to current pending investigations in the areas of concern being conducted by this agency and other law enforcement agencies, we are limited as to what we can report at this time. However, there are areas of mutual concern that we can address and not interfere in these ongoing matters.

TRADITIONAL ORGANIZED CRIME (MAFIA)

Traditional organized crime continues to be a concern of law enforcement agencies in Texas. While associates and acquaintances continue to operate legitimate businesses in Texas, it has been ascertained that the number of documented Mafia family members in the state has increased since our last report.

NON-TRADITIONAL ORGANIZED CRIME

One of the major concerns of the law enforcement community continues to be the rapid growth and expansion of non-traditional organized crime gangs. These groups usually align themselves along the lines of race and/or national origin, making them very difficult to infiltrate by law enforcement.

These groups are heavily involved in any criminal enterprise that is the most lucrative monetarily. Such violations are illegal gambling, extortion, loan sharking, narcotics smuggling and dealing, firearms violations, pornography and prostitution. These

groups are also the most violent with no fear of law enforcement or prosecution.

ILLEGAL BOOKMAKING

Illegal bookmakers continue to operate in Texas, with between 600 to 1,000 bookmakers operating at any given time. Many of the bookies have direct ties to other states in order to receive the current betting line and lay-off their illegal wagers.

These bookmakers continue to take illegal wagers on any and all sporting events held anywhere in the world. Bookies accept wagers on horse races, mostly being run at out of state tracks. However, intelligence information tends to indicate that some bookies are offering action on some of the higher purse races being conducted at Texas pari-mutuel tracks.

Professional bookmakers and gamblers have been observed at the pari-mutuel tracks operating in Texas. Enforcement action by the DPS, in conjunction with the TRC enforcement staff, has led to the ejection and exclusion of known, convicted bookmakers and gamblers.

In 1990, the DPS and local law enforcement agencies have executed search and arrest warrants on many illegal bookmaking operations. These range from small, local operations by college students to large scale multi-million dollar enterprises.

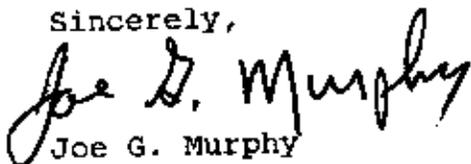
CASINO GAMBLING

Professional gamblers continue to operate and participate in illegal high stakes poker and other casino type games in Texas. In 1990, the DPS and local law enforcement agencies conducted numerous raids within the state, seizing illegal gambling equipment, large amounts of money and arresting several persons.

Even though persons may now legally gamble aboard casino ships while in international waters, it appears that many gamblers prefer not to expend time travelling to international waters, but would rather wager in illegal operations.

This report is to apprise the TRC of the extent of the current problems in these areas of concern in Texas.

Sincerely,



Joe G. Murphy
Commander
Criminal Intelligence Service
Texas Department of Public Safety