

## CSOA: 2009

### The Year in Review

Thomas B. Cooke, President, CSOA

I want to start tonight's meeting by extending a warm welcome to everyone for attending the CSOA Annual Board Meeting and in supporting CSOA and tonight's Banquet. The 2010 election results should be available to us shortly. Also, thank you to everyone who ran for a CSOA Board position and those members who voted.

The number of CSOA members participating in this year's election is low as is the attendance at tonight's banquet. This is all understandable given the lack of "live" racing at Rosecroft.

The CSOA Board is very much aware of the on-going struggle and difficulties that Maryland horsemen and women face.

I will ask that my remarks be made a part of tonight's record and available to the CSOA membership via the Internet.

Please allow me to take a few minutes and share with you some thoughts regarding the last 12-14 months. Without a doubt the Number 1 issue facing CSOA has been the on-going saga (struggle) regarding the possible sale of Rosecroft Raceway and the related Bankruptcy proceedings.

If you had asked me 12 months ago what the Number 1 issue facing CSOA was, I would have said that it was our on-going dispute with Ocean Downs. The dispute with Ocean Downs is settled!

In the end we entered into a three year contract with Mr. Rickman (expires December 31, 2011) BUT the process of getting to that agreement was long and caused CSOA to assert its contractual right to shut down the signals at Ocean Downs. This was not a decision that we took lightly and it was taken only after consultation and support from the CSOA Board.

Please understand that my comments tonight are not intended to re-open the Ocean Downs matter but rather to report to you the year in review.

A two year contract with Ocean Downs was due to terminate on December 31, 2009. At the very last minute and without any reasonable opportunity to negotiate, Mr. Rickman informed CSOA that he was closing the backstretch at Ocean Downs at an early date.

In the end, after weeks of inaction and gamesmanship on the part of both sides, the CSOA Board (unanimously) accepted an offer from Ocean Downs that provided racing security for three years, waived stall rent for 5 months, guaranteed purses (\$800,000 over 40 days + \$100,000 for special races) that with any luck will be supplemented with slots revenue and a delayed closing of the backstretch (December 31, 2009).

I want to again thank Mr. Rickman for agreeing to appear before the CSOA Board on March 18, 2009.

I also want to recognize the importance of a 2009 legal opinion from Worcester County, Maryland that makes it very clear that “live” racing is required at Ocean Downs IF there is to be a slots operation. This is a position that we need to monitor closely. Any proposed zoning changes to the Ocean Downs property could affect our livelihoods.

Well, by March 2009, the issues with Ocean Downs were behind us BUT the financial condition of Rosecroft Raceway would take center stage. The 5.8 million dollar obligation with the TB industry (the so-called cross breed agreement) was simply killing Rosecroft and the future of the Standardbred industry in Maryland.

The TB industry, through its representatives showed no interest in any form of negotiating and an offer to pay 2 million annually was rejected without any meaningful counter offer. It was only a matter of time before Rosecroft/CEI would be in default on its bank loan to PNC. The bank covenants were eating at the business’s bottom line.

As everyone is aware, the TB industry, in an appearance before the Maryland Racing Commission on April 28, 2009, begged the Commission to pull the plug on Rosecroft’s ability to receive TB signals from in or out of Maryland.

I, and everyone in the room, witnessed Mr. Chuckas and Mr. Forman acting like little children rushing to the front of the room and begging the Commission to “shut them done now.”

One Commissioner was quoted as saying that it was important to sacrifice one industry (the Standardbred Industry) for the sake of another industry (the TB Industry). Another Commissioner wanted to know why the Commission couldn’t kill all signals (TB and Standardbred) at Rosecroft that very day.

Unfortunately and contrary to established law, let me repeat that, unfortunately and contrary to established law, the MRC voted to terminate Rosecroft’s ability to receive TB signals effective in 48 hours.

Everyone was aware (especially the Commission) that the Kentucky Derby (Rosecroft's most important day of the year) was only 4 days away. To its credit and with unanimous support from its Board, CEI was able to obtain a TRO from a PG County Circuit Court Judge.

When it became obvious that the TB Horsemen were ignoring the Order of the County Court by directly making contact with TB race tracks throughout American (including Churchill Downs) and begging them to cut their signal to Rosecroft, CEI was forced to go to Federal Court on May 2, 2009, Kentucky Derby Day, and obtain a second TRO. By the time the Federal judge signed the TRO, Derby Day was well underway .... 75% of the card never got to Rosecroft and a large and I mean a very large crowd of patrons left the track. The loss of revenue for that day and subsequent days is in the millions of dollars.

The record is clear, many TB tracks refused to send their signals to Rosecroft, including I want to note Delaware Park, while others showed great courage and good business sense in continuing to send their signals to Rosecroft.

Let me recognize Penn National and Louisiana Downs as two of a handful of "friends of Rosecroft. " Their signals never stopped.

As a result of the on-going dispute, Rosecroft was denied the opportunity to show the Preakness, Belmont Stakes, or any of the major races from California, New York or New Jersey.

CEI suffered a significant loss of revenue from Kentucky Derby Day to the Breeders Cup in the Fall.

The CEI Board in consultation with the CSOA Board actively solicited buyers for Rosecroft. In the end, only one suitor showed serious interested and that was and is today Mark Vogel. But, the negotiations with Vogel took time and time was not going to be on the side of Rosecroft Raceway or our horsemen and women.

Seeing no other options before it, the CEI Board voted to explore the Bankruptcy option and eventually a Chapter 11 petition was filed. The goal was to place the business under Bankruptcy Court protection while pursuing a serious buyer.

Everything takes time.

And the Chapter 11 proceeding is finally in the trial stage. The trial has started and is in process. CEI is asking the court to allow it to emerge from Bankruptcy as an on-going business, with a New owner and with future racing. Objections have been filed against allowing CEI to survive. The objections have yet to be heard – they will be shortly (February 10). CEI has completed its initial presentation of evidence. A Motion to Dismiss the petition has been denied. This of course is good news.

The CSOA Board has been kept current on all developments and its support for the future of Maryland Standardbred Racing has never been stronger or more determined.

I believe in my mind and in my heart that both the CEI and CSOA Boards have acted in the best possible way given the cards that we were dealt.

It is my sincere hope that when the next CSOA President addresses this audience a year from now, he/she will be able to tell you that 2010 was a year of significant progress and excitement when:

1. CEI emerged from Bankruptcy as an on-going concern. (February, 2010)
2. A new owner is in place. (February-March 2010)
3. Our days of dealing with PNC are behind us. (January 31, 2010)
4. The Maryland legislature gave its approval to a Standardbred Racing Commission.
5. The powers that be approved alternative forms of gaming at Rosecroft Raceway. Cards and Instant Racing Machines would be a step in the right direction.

And most importantly,

6. Live racing returns to this historic track (1949), this PG County landmark and that over time (we know it will take time) our loyal fan base will return to Rosecroft and the damages inflicted to this business, to this industry and these horsemen will be satisfied in the Anti Trust lawsuit filed against numerous race tracks and individuals as well as the separate litigation against Mr. Chuckas personally for breaking his departure agreement with CEI.

I am certain that you are aware that in recent days the media has reported that there is increasing legislative support for slots in PG County. Rosecroft has been mentioned as a possible site. Were that to ever happen, there is a substantial payment (\$7 million) that Mr. Vogel would make to the purse account.

To the CSOA Board members, to Sharon and Gina, to the CEI Board, to the management of Rosecroft Raceway, to the hard working and loyal employees of Rosecroft, I say thank you for your support, your courage and your determination. Together we will proclaim: We are Back, Bigger and Better than Ever.

Thank you and God bless you,

22 January 2010