



PTHA NEWS

We **ARE** Pennsylvania Racing

PENNSYLVANIA THOROUGHBRED HORSEMEN'S ASSOCIATION, INC.

Issue VII, 2007

MEET THE CANDIDATES NIGHT

On Monday evening, November 12, 2007, PTHA members met with board candidates on the slate for the upcoming election. Postcards were mailed to the membership to advise them of the newly established forum for hearing the candidates' positions first hand. Held at Celebrations in Bensalem, an attentive crowd enjoyed refreshments and talked informally with candidates: Larry Riviello and Don Reeder for President; Mike Ballezzi, Betsy Brown-Gambone, Lou Cacchio, Sal DeBunda, Bill Hartwell and Mary Kernan for Owner Director and Armand Correnti, Kate DeMasi, Ron Gloriosio, Frank Petrozzo and Ralph Riviezzo for Trainer Director.

The evening ended with candidates answering questions written on cards submitted by members. "This was an excellent opportunity to get answers to issues that are important to me personally," said PTHA member Ned Allard. "I now feel I can make a more informed decision when I cast my vote."

Ballots will be mailed to members November 14th and must be returned in the proper procedure in the enclosed envelopes no later than December 31st. The new Board will be announced in the first issue of 2008. [See candidates bios Pages 4-7](#)

Please remember to vote - this is your chance to be heard.

PA Derby Resumes at Philly Park

Saturday, September 3, 2007, saw the return of the PA Derby with many changes. The day was carded with an expanded eleven races, a earlier start time of 12:05 and the track's first ever \$1 million dollar race - the largest purse for a thoroughbred race in Pennsylvania.

This 28th running of the track's biggest race was won by Timber Reserve in an exciting finish. The Forest Camp colt is owned by a partnership of Circle E Stable, Caesar Kimmel and Philip Solondz. Timber Reserve is trained by John Kimmel and was ridden to victory by Javier Castellano.



Photos by Equi-Photo



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THE PRESIDENT'S MESSAGE

By Larry Riviello, President

In my last newsletter I mentioned how fast the summer passed. Guess what? Three years have passed since our last election for president and directors of the PTHA. Please exercise your right to vote, this is your guarantee for the future of horsemen and horsewomen and your organization. If you do not receive a ballot and you think you should have, come into the office and request one.

Congratulations to the following. On September 3rd, the One Million Dollar 28th running of the Pennsylvania Derby was won by Circle E Racing & Caesar Kimmel & Phillip J. Solondz' Timber Reserve. Trained by John C. Kimmel and ridden by Javier Castellano, the 1 1/8 test went in a very credible 1:47.3. On the same card was the \$200,000 Turf Monster Handicap, a 5 furlong turf test for three year old & upward. The winner, Edith R. Dixon's Smart Enough, was trained by John R. S. Fisher and was ridden by Joe Bravo. A new track record was set, :55.53 for the 5/8's. What a day of racing!

September 9th the European Male Amateur Race brought Amparo Menden's Kissin Damsel to the winner's circle; she was trained by Ramon Preciado and ridden by G. Wood.

September 15th the 7th running of the Larry Riviello President's Cup at \$200,000 was contested on a beautiful day. The second time cup winner, Interpatation thrilled everyone, especially his connections, owner Elliot Mavorah, trainer Robert Barbara and jockey Jose L. Espinoza.

I want to thank all my horsemen and horsewomen and management who bestowed on me the honor of the Larry Riviello President's Cup.

Thought of the Day

Be prepared to duck, you never know what the future will throw at you.

I've lost my pets, foals, mares and racehorses. I know all of you are in the same boat. thought his poem would be comforting to you.

September 22nd the 30th running of the \$750,000 Grade II Fitz Dixon Cotillion Handicap was won by the Reade Bakes trained Bear Now, owned by Bear Stables Ltd. and ridden by Jerry Baird.

The 24th running of the \$300,000 My Juliet Stakes ran on September 29th. Trainer Philip Aristone sent out Indian Mills Stock Farm's Speechifying to garner the lion's share of the pot, Russell A. Baze rode. The other stakes race that day was the 17th running of the \$250,000 Gallant Bob Handicap. Premium Wine took the win. Owned by Zayat Stables LLOC, trained by Anthony Dutrow and ridden by Harry Vega.

September 25th Mike Ballezzi and I went to the commission meeting held at Presque Isle Downs and Casino just outside Erie, Pennsylvania. In executive session Mike gave a presentation to the commission asking them not to approve additional slots until a permanent plan is received from Philadelphia Park management.

October 15th, Mike Ballezzi, Sal DeBunda and I met with Joe Wilson and Tony Ricci. After a two and a half hour meeting we agreed on the master plan subject to their board's approval.

After a year of planning, the PTHA board voted to spend a million dollars for a great health plan for our trainers. Money well spent, this health plan will be available as soon as we receive the prerequisite approvals from the racing commission and the gaming board. See the office to check your eligibility and to signing up.

Don't forget to vote.



Photos by Equi-Photo

My Forever Pet Submitted by Larry Riviello

There's something missing in my home,
I feel it day and night.
I know it will take time and strength
Before things feel quite right.

But just for now, I need to mourn,
My heart it needs to mend.
Though some may say, "It's just a pet!"
I know I've lost a friend.

You've brought such laughter to my home,
And richness to my days.
A constant friend through joy or loss,
With gentle loving ways.

Companion, pal, and confidante,
A friend I won't forget.
You'll live forever in my heart,
My sweet, forever pet...



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*Actual photograph of Green Boardroom
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In the Spotlight

Candidate bios and personal information
Please *read carefully*, be informed and *exercise your right to vote!*

Presidential Candidates



DONALD REEDER

Donald Reeder came on the track in 1962 with M. H. Van Berg, the leading trainer in the country at that time and to Philadelphia Park in 1979 under Dennis Heimer, leading trainer at Keystone Race Track. He is consistently one of the leading trainers in this area, has raised his family in southeastern Pennsylvania and plans to stay here the rest of his career. For the past twelve years Don has been a board member and 2nd vice president of the PTHA. His main focus is to do anything he can to help horse racing and breeding to thrive in Pennsylvania. He says that during the past 12 years we have progressed from the worst live racing agreement to what he considers the best live racing agreement at any track in the country.



LAWRENCE R. RIVIELLO

A Pennsylvania-bred residing in Springfield, Delaware County, Pa., I attended Temple University where I majored in Marketing and Business Administration. Those skills were put to use as an owner-operator of restaurants since 1949, and presently, the owner of Rite Buy Distributor in Springfield, Pennsylvania. I stable and race at Philadelphia Park in the stable name of LaBet, Inc. and have been actively involved in the breeding and ownership of thoroughbreds since 1960, yes, almost 47 years. I am aware of many future problems confronting our industry. Yes, I refer to it as an industry. It is no longer the Sport of Kings. Racing and breeding is a full-time business especially now with the slot revenue. Like many owners, I have a sizable investment in breeding and racing. To be viable, the racing industry must be promoted and advertised. In reference to that, my business and marketing background, as well as good common sense, will be utilized to the fullest. It's a fact; Pennsylvania has a multi-hundred million dollar horse industry. During my administration many things have been accomplished, such as "Sales Tax Repealed", Slot Revenue, Box Seats, no live racing - no simulcasting, live racing agreement, due process and arbitration guaranteed by contract, new renovated paddock walking ring and trophies for owners. We negotiated with management to completely rehabilitate our 36 barns, to renovate the dorms and build a standalone casino. The board voted to pass a health plan for our trainers at the cost of more than One Million Dollars annually; money well spent. We were instrumental in forming the Pennsylvania Racing and Breeding Coalition. The coalition is strongly united and moving forward. In my opinion the future will prove the importance of this coalition. I'm proud to be a part of it. A president is obligated to attend all meetings; such as those of the Pennsylvania Racing Commission, negotiations, general membership and board. In the past 24 years as president I attended over 350 meetings. In the future there will be many meetings and many challenges. I will work with my board to confront these challenges. We will be successful!!! In the past my phone has been called the "Horsemen's Hotline", who ever used my "Hotline" found it to be to their advantage. My Hotline (home 610-543-1764) will always be open and available to all my horsemen and horsewomen. "Thought of the Day" Please exercise your right to vote, this is your guarantee for the future of horsemen and horsewomen and your organization. By the way, I don't believe in paid presidents. It will be a privilege and an honor to serve you again as president of the PTHA.

Owner/Director Candidates



STEVEN APPEL, DDS I have owned race horses for almost 28 years. I am a practicing orthodontist with offices in NE Philly and Bucks County. For the past 9 years I have served as treasurer and owner/director for the PTHA. I have been fortunate to have been a part of shaping a new future for our horsemen in PA. My direct participation in such areas as helping to pass slot machine legislation; improvement of our racing facility; securing future improvements to our backstretch; establishing Philadelphia Park trainers as national leaders in the Claiming Crown; and planning our awards banquet to recognize the achievements of our Philadelphia Park horsemen, are just some of the programs I have helped to promote. With the passage of slot machine legislation our board has made the most sweeping change to the racing landscape that Philadelphia Park horsemen have ever experienced. I am proud to have been a part of this success. But our work is not over. We must fight to restore our grandstand to a more fan-friendly place. We must protect the gains we have made in purses. I hope you will again elect me, so that I can continue to pursue our goal of creating a better life for ALL of our horsemen, and helping to make PA racing #1.



MICHAEL P. BALLEZZI, ESQUIRE

Education - Juris Doctor - 1976 - Widener Law School; Bachelor of Arts - 1973 - Rutgers University. **Educational Awards and Honors** - Dean's List 1970, '71, '72, '73 - Rutgers University; Cum Laude Graduate - Athenaeum Honor Society - Political Science Honor Society - American History Honor Society - Rutgers University. **Professional Experience** - Executive Director of the Pennsylvania Thoroughbred Horsemen's Association 1996 to present; Attorney At Law 1976 to present, District Justice 1983-1998. **Professional Practice and Memberships** - United States Supreme Court, United States Federal District Court, Pennsylvania Supreme Court, Pennsylvania Trial Lawyers Association, Delaware County Bar Association.

Thoroughbred Experience - Owner - 1973 to present in PA, NY, NJ, DE, WV and MD; Owner - Balmora Farm; Trainer - 1973 to 1977 in PA, NY, NJ, DE and MD. **Policy Objectives** - As a member of the PTHA Board of Directors I have concentrated my efforts on those issues which are essential to the survival of all horsemen at Philadelphia Park.

Those issues include:

1. A strong voice in Harrisburg which resulted in the passage of historical gaming legislation which allocates the highest percentage to horsemen in the nation assuring a significant improvement in purses, pension and health care benefits to our horsemen and their families.
2. A fair plan of gaming revenue distribution and stall allocations which will protect our local horsemen who have in the past and currently continue to support our racing program.
3. A valid increasing pari-mutuel percentage purse structure consistent with the rising revenues earned by Management.
4. A clean, safe and properly maintained backside and racing surface utilizing the funding generated by the slot legislation to renovate all existing barns, and the rehab of all existing dorm rooms with heat and a/c, new wiring and secured windows and doors.
5. A fair and compassionate program of benevolence for all horsemen through the implementation of the Keystone Health Plan East which includes Hospitalization, Doctor's visits, Emergency room, Prescription Plan, Vision and Dental care and Life Insurance.
6. A personal commitment that I will continue to be the strongest voice in the racing industry for the right of each and every horseman and horsewoman to conduct his or her business on a fair and level playing field and ensure that each of you will receive the maximum benefit and protection in purse distribution, live racing days, stall allocations, pension benefits, health care, backside improvements and individual rights and privileges that the racing industry can offer.



BETH ANN BROWN-GAMBONE

Education: - BS Economics, Pennsylvania State University - BS Finance, Pennsylvania State University - Minor in Computer Science and Accounting. **Professional:** - Owner of Our Farm, Inc., horse farm in Pennsylvania (racehorses, lay-ups, swimming, show horses, breeding, standing stallions, riding lessons and show program). - Past Director of the Pennsylvania Horse Breeders Association - Including Leading Award Recipient for the years 1997, 1998 & 2002 - Active Director of the Pennsylvania Thoroughbred Horsemen's Association - Chairman of the Health and Pension Committee

Main Goal

• To continue to be proactive towards legislative changes concerning our industry. Continue as chairman of the Health and Pension committee, working to expand and improve the proposed Health Plan we have presented to the commissions. Now that the slot legislation has been passed we must not become complacent. We've been given a wonderful opportunity and need to make the most of it. The horsemen at Philadelphia Park that have stuck it out through the lean times need to be protected so they get the opportunity to feed on the fruits of our labors. It is going to require hard work on the part of the board to protect our horsemen at Philadelphia Park and I am making that my main goal. One way that I feel very strongly about protecting our horsemen is through the security of the health and pension plan. As the current chairman of the health and pension plan I would greatly appreciate the opportunity to complete this task to benefit the current population of horsemen. My professional experience includes being the owner of the diverse Our Farm, Inc. We breed and/or train award-winning racehorses such as Winman, I know a secret, and Dear Jane. Our Farm also breeds World Champion Quarter Horses, along with holding one of the largest year-round horse show schedules of USEF. Personally, I am a very flexible person who enjoys listening to all sides of an issue. I am always open to new points of view and can be reached to discuss any of the horsemen's concerns. I can see the PTHA becoming a force in the industry, at the forefront for those horsemen that have worked so hard to get us here. I would be honored to continue to be a part this visionary organization.



LOU CACCIO

I was born and raised in Philadelphia and have been a resident of Bensalem, PA since 1978. I've been married for 29 years to my wife, Vicki, and we have one son, Lou Jr. Upon graduating from Temple University in 1976, with a degree in business administration, I entered the food brokerage business in an entry level position. For the next 13 years, I progressed through several levels of management and became president of a large food brokerage company in 1989 and held that position for the next 16 years until retirement. Throughout my 29 year business career, I was responsible for managing several hundred people, as well as

(Continued on page 6)

representing numerous large clients with multi-million dollar budgets. I have been an owner of thoroughbreds for the past ten years, forming Victory Thoroughbreds, LLC in 2004, which has become one of the leading owners at Philadelphia Park. Victory Thoroughbreds, LLC is a Bensalem, PA based company formed to own and race thoroughbreds. I believe very strongly my present position as president/owner of Victory Thoroughbreds, LLC and my previous extensive business experience will enable me to be a very effective owner director, as well as possessing the time and dedication to devote to the PTHA. We have obviously entered a very important time period for the thoroughbred horse business in PA and there will be on-going significant decisions to be made in the next few years that will serve to shape our industry for the future. My position on all issues is very basic. It is to do extensive research, gather the facts, discuss all options, negotiate if necessary, make the best decisions in order to benefit all members of the PTHA, and above all, conduct all business with integrity and in a professional manner.



SALVATORE M. DEBUNDA, ESQUIRE

Many of the members of the PTHA already know me. I am just completing my fourth three-year term as a Director, 1st Vice President and Chairman of the Finance Committee of the PTHA. I live in Blue Bell and I am one of the shareholders of the law firm of Pelino & Lentz, P.C. and Chairman of its Corporate Department. I have owned and raced horses since 1988. During those 19 years, I have been involved in many aspects of the equine business - racing, breeding and pinhooking as well as racing partnerships. During the last twelve years as a Director and Officer of the PTHA, I have invested a lot of time and energy in many important matters and projects affecting your lives - negotiation of a new live racing agreement, establishment of the Horsemen's Purchasing Association to provide feed and shavings at reduced prices, establishment of horsemen's rights to equal treatment under the law, establishment of a facility improvement program for the backstretch as well as the new paddock, improvement in medical services to the PTHA members and many other programs which have benefitted many of the PTHA members. I was also the drafter and chief lobbyist for most the horsemen's language contained in the Pennsylvania Slots Bill, a Bill that has dramatically improved both purses and the facilities under which the members of the PTHA board and race their horses. I would be proud to serve the members of the PTHA for another three-year term.

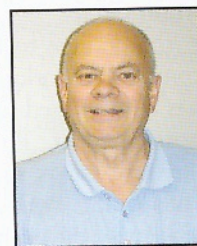
MARY A. KERNAN

My past service on the PTHA Board has shown that I am committed to strengthening the efforts of horsemen for safe and prosperous racing. Being part of fund raisers for the backstretch workers and the Granny Youmans Scholarship Fund was meaningful for our horsemen to rally together for a worthwhile cause. Keeping our unity while we raise awareness of changes we will be facing is very important to me. Horsemen showing support for one another can only improve our strength as a group. As a horse owner all my life, it makes you responsible for the welfare of your animals as well as the environment you make to be part of the sport. I will continue to help and support our efforts for raising the standards of racing for owners. There are many issues facing the horsemen as we realize the strengths of our slot program. I have been working with fellow board members to extract our best interest for the horsemen. I hope to serve as an owner/director for another term for you. Thank you.

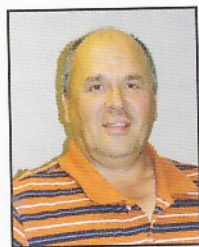


WILLIAM HARTWELL

My name is Bill Hartwell. I reside in Buckingham, PA with my wife Frances. I have been in racing for 35 years, along with my wife. I breed all the horses that we race. I have been a board member previously and feel I can be an asset to our board. I will vote on all matters with the well being of all our members in mind.



Trainer/Director Candidates



ARMAND CORRENTI

I attended college at Steven's Tech. I have been an owner and trainer since 1978. During this time we have had a few different groups running our HBPA/PTHA. The only complaint I have had with all of them is the lack of communication. There have been several attempts, things such as monthly barn rep meetings and monthly HBPA/PTHA meetings, but after a short period of time they disappear. My commitment will be to revisit these meetings and attempt to keep everyone informed as to what is happening around Philly Park.

KATHLEEN DEMASI

I have been a trainer at Philadelphia Park since 1985. It has been my pleasure to serve as a trainer director for the last three years as we ushered in the new casino. We have seen purses increase substantially as predicted, but also witnessed growing pains for both horsemen and patrons. There is still much to do to ensure our further growth over the next several years. Our organization is working hard to make all the necessary backstretch improvements that it needs. I appreciate all your support and look forward to serving you in the future.





RONALD S. GLORIOSO

My career in thoroughbred horse racing began in September of 1968 at Atlantic City Race Course. Since 1974, I have been stabled at Keystone/Phila Park (barn 14). With over 39 years of experience and more than 32 years with Phila Park, I have been exposed to a myriad of people and situations. Based on my understanding of the sport and ability to listen to the needs of others, I believe I am a strong candidate for the board. Over the years, I have had many personal accomplishments, but none greater than winning the Garden State Stakes with Fling in 1992. For the past 39 years, I have enjoyed taking part in the sport and watching it evolve. As a trainer and owner, I feel I have a good handle on the needs of the members of the PTHA. If I am elected, I will do my best to represent the needs of the horsemen. I believe the best is yet to come in thoroughbred racing. Yours in Sport, Ronald S. Glorioso

RALPH R. RIVIEZZO

Ralph R. Riviezzo has been connected with horses his whole life. In his teens he served his apprenticeship as a horseshoer under farrier George Fulton, worked for George D. Widener's Erdenheim Farm and trainer Ralph Delaney, Jr. At 21 he joined the Philadelphia Mounted Police and at the same time was galloping horses at Liberty Bell Race Track for Crimson King Farm. He then decided to leave the Mounted Police and go full time into training horses at the race track. As a Director, Ralph would like to continue to unite and strengthen the horsemen, improve economics and restore dignity to the industry that has been declining for the past decade.



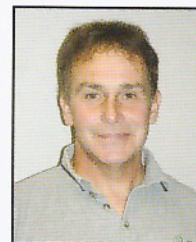
GUADALUPE PRECIADO



In 1972, I started my career in horse racing. I have worked as a hot walker, groom, foreman, assistant trainer, and my current position as a trainer since 1989. I have served on the board since 2001. In the past six years the most important accomplishment has been the installation of slots at Pennsylvania race tracks. This will have a positive impact on the future of racing in Pennsylvania with great purse increases and total renovations on the backside. I am proud to have been an active participant on the board that was able to get this done. I am running for the board to help all horsemen in various areas. This is a new frontier for all horsemen and owners. I will listen to the horsemen and be your voice. I will continue to represent you to improve racing. Most importantly I look forward to a thriving racing and breeding industry in the State of PA.

STEVE E. ROWAN

I'm a former board member of the PTHA. I've been a trainer, owner and breeder for over 25 years. I've been here at Philadelphia Park since 1988. I have been leading trainer and also know what it is like to struggle. So I believe I know the needs of most horsemen and horsewomen. I have always fought for the safety of the horses and horsemen who work on the backside. My whole life has been devoted to horses, I started as a hot walker, groom, was a jockey for 13 years, I was also a jockey agent for hall of fame jockey Pat Day. From my grandfather, to father, to many uncles all devoted their lives to horse racing. My grandfather was a contract trainer for the famed Greentree Stables until he was seriously injured at Hialeah race track in Florida. My father was leading trainer at many tracks on the east coast. As a board member I will continue to fight for the needs of all horsemen and horsewomen.



FRANK PETROZZO



A life-long horseman, Frank Petrozzo got his trainer's license in 1984. He first went to the racetrack in 1978 where he learned from trainers Bill Sacco and Bucky Jolin. Frank was a long-time assistant to leading trainer Mary Fallon before starting his own small stable at Philadelphia Park, which he continues to run today. Frank has owned and operated Spring Fever Farm for 33 years getting his start with foxhunters in a barn adjacent to the United States Equestrian Team headquarters in Gladstone, New Jersey. For the past thirteen years he has managed Spring Fever Farm as a successful lay-up and training facility in Whitehouse Station, New Jersey. Frank is the father of two children, Christopher, a second-year law student and Kathleen, a senior at Drew

University. Over the next three years, it will be important for trainers and owners to have a voice in decision about improvements throughout the racetrack, distribution of new benefits and security for long-time horsemen.

JOHN C. SERVIS

My name is John Servis. I have been training horses since 1984. I am running for the board to help with the concerns and the problems of our local horsemen. With the rapid growth here at Philadelphia Park there are obviously many concerns. Being a resident of Bensalem I feel an added interest in the success at Philly Park. I feel I can make an impact if I am elected.



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Fastness (Ire)

BC nom.

Rousillon—City Fortress, Troy
Multiple G1 millionaire half to champion **DESERT BOY**. Sire of Canadian champion **LE CINQUIEME ESSAI** ('07 G2 SW). AE/starter \$38,076. \$3,500 LF (\$2,000 reg. PA foal)



Freefourinternet

BC nom.

Tabasco Cat—Dixie Chimes, Dixieland Band
Made to order **POLYTRACK SIRE!** Multiple G2 winner of \$1,106,136, winning or placing in 12 stakes on dirt and turf. First foals yearlings in 2008. \$4,000 LF (\$3,500 reg. PA foal)



My Favorite Grub

Grub—La Favorita (Col), by Kabori
SW of \$317,243. Sire of four 2007 starters, four winners incl. Blue Mountain Juvenile S winner **ESPINDOLA**. \$1,500 LF (special consideration for reg. PA foal)



Pies Prospect

BC nom.

Crafty Prospector—Hot Pillow, Bates Motel
Multiple graded stakes winner of \$712,859. Family of Touch Gold and With Approval. First foals arrive in 2008. \$2,500 LF (\$2,000 reg. PA foal)



Request For Parole

BC nom.

Judge TC—Madisons Quest, Deputy Minister
G1 winner of \$1,372,224. The perfect balance of precocity and durability, sprint speed and route stamina, dirt and turf ability. \$3,500 LF (\$2,500 reg. PA foal)



Rubiyat

BC nom.

Rubiano—Blushing Madame, Blushing Groom
Classy New York graded stakes performer. Sire of SP **Rubi Echo**. Total progeny earnings nearly \$850,000 with only 23 starters. \$1,500 LF (\$1,000 reg. PA foal)



Smart Guy

BC nom.

Smarten—Royal Tali, Talc
Pennsylvania Derby winner of \$462,740. Sire of MSW **SECRETINTELLIGENCE** (\$272,980). Outcross to Mr. Prospector, Northern Dancer and Bold Ruler. \$2,000 LF (\$1,500 reg. PA foal)



Sort It Out

BC nom.

Out of Place—Vex, Kris S.
NY open stakes winner of \$312,318, from the immediate family of the great Forty Niner. First foals arrive in 2008. Property of Stonerside Stable & Fox Tale Stud \$2,000 LF (\$1,500 reg. PA foal)

FOX TALE STUD

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HORSE BOARDING BUSINESS OVERCOMES HOBBY LOSS RULES DESPITE REPEATED LOSSES

Thanks to Mr. Kenneth E. Ahl, Esquire - a partner with the Philadelphia law firm of Pelino & Lentz for contributing this article.

(Continued from Issue VI)

For one, the Court did not limit its examination to the years that were audited. It looked back at all the years of the business and found that the taxpayers had conducted their activity in a business-like manner for all the years. This suggests that it would be advisable to maintain your business records for a much longer time than just the past several years. Records that go to prove a business-like way of conducting an activity should be saved from the inception of the activity. In deciding whether the taxpayers' horse boarding business was engaged in for profit, the Court focused on whether the taxpayer had an actual and honest objective of making a profit from the activity. In doing so, it had to consider all relevant circumstances giving greater weight to objective factors rather than to the taxpayers' expression of their intent. The Income Tax Regulations to Code Section 183 list relevant factors that the IRS considers important in deciding this question:

(1) the manner in which the taxpayers carry on the activity; (2) the expertise of the taxpayers or their advisors; (3) the time and effort expended by the taxpayers in carrying on the activity; (4) the expectation that the assets used in the activity may appreciate in value; (5) the success of the taxpayers in carrying on similar or dissimilar activities; (6) the taxpayers' history of income or loss with respect to the activity; (7) the amount of occasional profits; (8) the financial status of the taxpayers; and (9) whether elements of pleasure or recreation are involved.

In considering these factors in light of the detailed record, the Court found particularly compelling the business-like way in which the taxpayers conducted their activity. Throughout the operation of the business, the taxpayers maintained detailed monthly boarding records which listed the income associated with each horse. Extensive accounting information was maintained for horse boarding income and expenses, using a software program tailored to small farm operators. The Court also found it significant that the taxpayers explored options for increasing boarding fees and for cutting expenses. In unusually candid testimony, Mr. Rozzano admitted that he concluded in 1999 (one of the years under audit) that it was not possible to earn a profit in his horse boarding business. Shortly thereafter, the taxpayers resolved to work towards selling the property. The Court noted that the taxpayers had done what any prudent business person would do: attempt to reduce expenses until the business could be sold. The taxpayers reviewed the contracts for stall rentals to see if rent could be raised. They made active attempts to reduce hay and feed costs. And they continued to rent stalls, maintained their ongoing operations, and even moved back to the property on a full-time basis in 2000. They reported net out-of-pocket expenses in the years 1999 and 2000 of

\$76,687 and \$73,722, respectively. These net out-of-pocket expenditures were 34% and 46% of the petitioners' wages in 1999 and 2000. The Court viewed these losses as significant and ones that the petitioners could not easily absorb. The Court stated, "we believe it unlikely, given the distance the petitioners regularly traveled to and from...[the property]...", the liability risk inherent to their activity, and the nature and extend of the physical labor which they performed while at "[the property]" that the petitioners would maintain a hobby costing thousands of dollars and entailing much physical labor."

Taxpayers often seek to defend a loss in an activity by combining the activity with another that shows an expectation of profit. The Rozzanos argued that they had a profit motive because they expected the underlying assets of the farm to appreciate in value. However, the Court did not view the horse boarding activity as related to the appreciation in the value of the real estate. The Court held that the horse boarding activity was separate from the activity of holding the property for appreciation. Therefore, even though the taxpayers could show almost a one million dollar appreciation in the value of the real estate from May of 1989 to the sale in 2003, the Court did not view that appreciation as being connected with the horse boarding activity. This seems at odds with the taxpayers' use of a land for cutting hay and for pasturing the horses, but is a direct application of the Code Section 183 regulations. The regulations state that the appreciation of land is treated as a separate activity unless the business activity, horse boarding, helped to offset the net costs of holding the land. Since the boarding activity did not lower the costs of holding the land, the two activities could not be combined for the purpose of applying the Code Section 183 rules. In the end, this did not matter because the Court still held that, based on all the facts and circumstances, the taxpayers were entitled to take the losses on the horse boarding activity.

Finally, there is one sad note with regard to the application of the IRS regulations. The regulations provide that one of the factors for determining whether a loss can be taken is "whether elements of pleasure or recreation are involved." In this case, the taxpayers testified that they did not ride either of their horses for pleasure after 1990. It is unfortunate to think that to help justify a business loss the taxpayer may have to deny himself any pleasure in operating the business. Through their five hour commute, sixteen hours of work on every weekend, grinding away at business records, and huge out-of-pocket losses realized each year, the taxpayers were able to convince the Court that their horse boarding business was no fun, but at least deserved a business tax deduction.

CHAPLAIN'S CORNER

By Chaplain Jack Cordell



SOMETHING GOD CANNOT DO

By Chaplain Jack Cordell

In horse racing, one thing is true - there is no sure bet. Some might beg to differ with me. But a trainer known for his many wins once said, "Chaplain, you just never know for sure how the horse will do" in a race. Only God knows, and despite the odds he keeps the coming race results to himself. In fact, he still refuses to give this Chaplain the surefire information! We cannot know the future. God does.

But the Bible tells us something God cannot do, and it's fantastic news. "If we are faithless, he [God] will remain faithful, for he cannot disown himself" (2 Timothy 2:13). In short, we just cannot rid ourselves of God even when we are faith-less. He always pursues us, even if we could care less. Anselm, an early church leader, said, "I fled from God and God came with me." The Psalmist declared that there is no place in the universe for us to go to escape from God (Psalm 139). Even the atheist must live with the unease that there might, after all, be a God. If God exists, he pursues the atheist, because "he cannot disown himself." That is, God cannot deny/renounce who he is - holy, loving, unchanging, just - to list only a few of his traits.

If you are living life minus faith, you're ignoring someone who has been looking for you. For sure, life without faith leaves a vacuum in its most vital place - your soul. Life plus faith offers peace, because God always keeps his promises. For example, "Come near to God and he will come near to you," "My peace I leave with you," and "Never will I leave you, never will I forsake you." It's God nature. To disown his nature is something God cannot do. Believe it and be glad.

RTCA EXECUTIVE DIRECTOR VISITS PHILADELPHIA PARK

On Sunday, October 7, Dr. Enrique Torres, Executive Director of the Race Track Chaplaincy of America, visited Philadelphia Park and spoke at the morning worship service held in the Recreation Hall on the backstretch of the track. During his visit, Dr. Torres also spent some time with Mr. Mike Ballezzi, Executive Director of PTHA. In the photo with Dr. Torres is Ethel Guy, seminary student intern who has begun field education training with Chaplain Cordell at the track. As part of the requirements for her seminary degree, Ethel will be serving at the track for 10-12 hours weekly during this school year. Ethel is a second career seminarian, having been an engineer with the Sunoco Corporation for many years. The Chaplain was delighted to welcome Dr. Torres to Philadelphia Park, and is happy to have Ms. Guy doing her internship on the backstretch alongside him. ■



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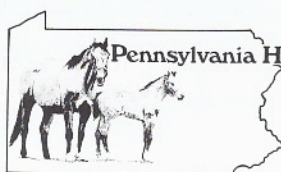
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SPECIAL TAX TIPS FOR HORSE AND FARM OWNERS

By Leonard C. Green, CPA, MBA and Joseph Pontrella

To be successful in a business, you must have expertise, commitment, passion and you must enjoy the activity. You must maximize all your tax deductions in connection with the activity. Horse farms and owners are entitled to unique tax treatment under the Internal Revenue Code. It is important to be aware of these special provisions and of other general provisions that can reduce your taxes. Here are some, which you may not be aware of which may result in substantial tax savings to you.

1. Choosing the proper legal entity.

If taxes did not matter, you could use any legal entity. As we all know, however, taxes do matter. More importantly, the entity that a business assumes has a great impact on its treatment under federal and state laws. Thus, it is crucial to understand the manner in which the entity is treated for tax purposes. Keep in mind, if you formed an entity this year it may not be too late to change its type by year-end. (Hint) If you are not using a Limited Liability Company (LLC), talk to your tax advisor.

2. Chose the proper accounting method.

Generally, you can choose either the cash method or accrual method. The major advantages of the cash method of accounting are simplicity, flexibility and timing of deductions. This is the more preferable method of horse owners, breeders and consignors.

3. Deferring tax on sales.

Defer tax by utilizing the installment sales method or taking advantage of like-kind exchanges as described in the Internal Revenue Code. These are options still available for horse owners, and should be considered when you wish to defer the recognition of income until a future year.

4. Depreciation

A horse/farm owner may be eligible to expense up to \$112,000 of the cost of newly acquired horse, equipment and other qualifying assets. By doing so, you then receive tax benefits immediately, rather than postponing them to future years. It is also important to assign the correct useful life to an asset, particularly horses and barns, and housing for farm managers so that you also receive an accelerated deduction.

5. Insurance proceeds.

Insurance proceeds due to a death or injury of a horse may not be subject to taxation.

6. Purchasing a farm.

If you purchased a farm in 2007, you must make certain that you assign the proper value of cost to the land especially if improvements and other structures existed at the time of purchase. By assigning correct values to improvements such as fences, roads, landscaping and existing structures, you can take advantage of deductions through depreciation.

7. Employees versus independent contractors.

Make certain your work force is classified properly. You can potentially save yourself tax penalties, and/or workers' compensation insurance by classifying them correctly.

8. Hire children and other family members.

Reasonable compensation paid to children is deductible to your operations and taxable to the children possibly at a lower tax bracket. It may be a good way to reduce your overall tax liability.

9. Tax Credits.

Research all tax credits that may be available for farmers. Tax credits reduce your tax liability dollar for dollar, while deductions only reduce your tax liability by the percentage of your rate of tax.

10. Not showing a profit.

If your operations continue to lose money, your accountant may have indicated to you that your operations are a hobby, rather than a business, and that you cannot take any tax deductions. The IRS has listed nine factors,

which are considered in determining whether a profit motive exists. You should make certain that your business plan adheres to these tests.

11. Notices from Internal Revenue.

Do not panic. Do not go to the meeting unprepared. You must get advice from a Firm who specializes in these matters.

12. Have you maximized your retirement plans?

There are a number of plans available which allow you to establish the plan and fund it nine months after year end, while still receiving a deduction in the current year. There are several plans that allow funding both personally and through a business that can greatly decrease your taxable income.

If you are not certain how your operations can benefit from any of the above mentioned tax tips, please give us a call for a free consultation.

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DATE	OWNER	HORSE	TRAINER
9/1/2007	Franpejo Stable	I'm the Answer	Alan Bedard
9/8/2007	Brigantine Stable	Majesty John	Kimberly B. Swentkowski
9/15/2007	TShadybrook Farm, Inc. & W. Lussky	Clara Bow	Susan L. Crowell
9/22/2007	Francis Ortale, Sr.	Catchherifucan	Eli Betancourt
9/29/2007	Maltese Cross Stables & Robert Murray	Magical American	Jayne Vaders
10/6/2007	Wire to Wire Stable, Inc.	Atta Boy Andy	Richard Vega
10/13/2007	David & Margaret Wimer	Leap for Gold	Stephen R. Mick
10/20/2007	Chickridge LLC	The Real McRoy	Jayne Vaders
10/27/2007	JMJ Racing Stables LLC & Kelly J. Breen	May Eighteenth	Kelly J. Breen
11/3/2007	Jeff Singer	Jakes Heart	John C. Servis

BACKSIDE *View*

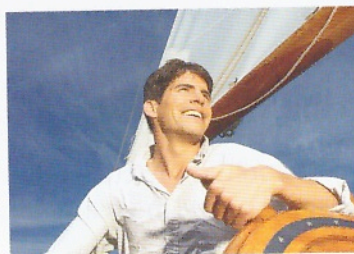
It's a heavy heart that reports the loss of **Adolfo Bullrich** and Walter "Walt the ponyboy" **Hughes**. Both were exceptionally well-liked by everyone on our backstretch and are sadly missed. Perhaps not as well known, were **George Fredrickson** and **Michael "Cigar Mike" Lohfeld**. George was here racing his turf mare Stacey's Favorite and made his home in Ocala, FL. Mike was a fixture here for several years but had been away from the track lately.



On a good news note, meet **Monica Delikat** (left) and **Jan Ripley** (right). Both are now working for Horsemen's Purchasing Association. Jan is well known on the track, having been here since the beginning and married to L.G. "Skeeter" Ripley. Monica is having her first dose of racetrack and doing very well at it, learning the lingo & loving the races. They are welcome additions to our family.

Long time trainer **Ralph Delaney** has been back visiting our backstretch, he's now staying with his daughter **Donna Delaney** here in Bensalem. Boy, the only one happier than us is Ralph, he's as thrilled to be here as everyone back here is thrilled to see him. He's been living in Delaware with his other daughter, **Denise Albertrani**.

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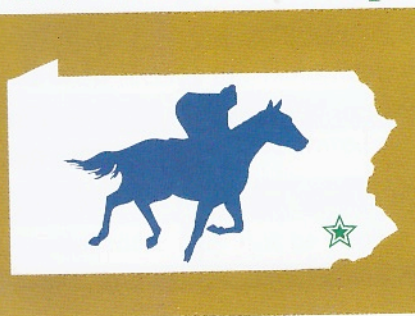
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