

# PTHA NEWS

We **ARE** Pennsylvania Racing

PENNSYLVANIA THOROUGHBRED HORSEMEN'S ASSOCIATION, INC.

Issue III, 2007

## PTHA EXECUTIVE DIRECTOR MIKE BALLEZZI DISCUSSES PHILLY PARK SLOT-FUNDED PURSE INCREASES



The following article, written by Editor Lucy Acton, is reprinted with permission from Mid-Atlantic Thoroughbred. Published by the Maryland Horse Breeders Association since 1993, the magazine promotes the racing and breeding industry in Delaware, Maryland, New Jersey, North Carolina, Pennsylvania, South Carolina, Virginia and West Virginia. The publication has a circulation of 10,000. Ms. Acton has worked at Mid-Atlantic Thoroughbred for more than 20 years.

Philadelphia Park, which opened for business in November 1974 and was known in its early years as Keystone, has been transformed — quite dramatically — into Philadelphia Park Casino and Racetrack.

On December 19, 2006, it officially became Pennsylvania's first Thoroughbred racino. Slots revenues are expected to boost Philadelphia Park to heights far beyond anything ever seen within the Mid-Atlantic region, or in fact the nation, with purses amounting to as much as \$500,000 a day for a year-round program focused primarily on allowance and claiming competition.

Mike Ballezzi, executive director of the Pennsylvania Thoroughbred Horsemen's Association (PTHA), which represents owners and trainers at Philadelphia Park, reflected on the enormous changes under way during an interview with Mid-Atlantic Thoroughbred editor Lucy Acton that took place on December 22 in his office on the Philadelphia Park backstretch.

Ballezzi, an attorney who holds an undergraduate degree from Rutgers University and a law degree from the Widener School of Law, has an extensive background in the Thoroughbred business. He trained horses in the Mid-Atlantic region for several years in the 1970s, and has been a licensed owner since 1973. It might be simplest for you to begin with a general overview, and then respond to questions as we go along.

When I became involved with the association (in the early 1990s), purses were being paid at approximately \$85,000 a day and the backside was in deplorable condition with the future very dim. Handle was on a downward spiral. Thoughts of alternative forms of gambling were then swirling around, but no one had a fix on it.

One of the first things I realized we had to do was to get involved in the legislative process. I realized very quickly that the only way we were going to be successful was to have legislation that would enhance racing. Over the 11 years (since Ballezzi became executive director of the horsemen's association), it was a struggle. One year we would have the Senate on our side: They would pass a gaming bill and the House would reject it and of course Governor Ridge at the time threatened to veto anything. The next year we had the House of Representatives on our team, passed the bill, and the Senate rejected it.

Fortunately with Governor Rendell it all came together in 2004. We were able to get the gaming bill, which, in my opinion, certainly saved racing in Pennsylvania. More than saved it, I think it created the environment for some of the best racing in this country. Within the next three to five years you're going to see tremendous improvements—not in higher purses but an improvement to the entire atmosphere of Philadelphia Park, from frontside to the backside.

Management is going to spend over \$12 million in rehabbing barns and dorms, building new barns, paving, drainage and beautification.

The entire atmosphere of racing is very positive, and we believe that the slots bill in fact did that. But we're not naive, we realize there's a cost for that. When you get in bed with the gaming folks, you have to compromise. As an example, if you look at our frontside right now, 90 percent of the building is dedicated to gaming—slot machines. But we can live with that. We have the fifth floor, which is being renovated into the horse racing floor. We have our paddock, and right off the paddock is another area where owners, trainers and patrons can wager, watch the races and replays on TV. Management has tried to accommodate us. They understand that racing is our primary business from the horsemen's perspective, and it's this mutual cooperation between management and horsemen that will make Philadelphia Park Casino and Racetrack a successful venture.

Effective January 1, our overnight purses increased from \$110,000 per day to \$175,000 a day—a substantial increase. Our first (condition) book runs from January 1 to January 24, and hopefully on the 24th we're looking for another increase. We do have an arrangement with frontside (track management) that over the last two years they've advanced us about \$7 million for our purses in anticipation of slot revenue. It basically kept us alive the last two years. Our current live racing agreement requires that we pay back 50 percent of the slot earnings to pay off that \$7 million; we anticipate we'll pay that off by the spring of 2007. When that happens, 100 percent of the slot revenue will be added to our purses and we anticipate \$200,000 to \$225,000 in overnights—you can see the immediate impact on our industry.

It's an exciting time. And it's the result of collaboration by a lot of folks who have a vested interest. I represent the Philadelphia Park horsemen. Of course we have the horsemen's association at Penn National and the Thoroughbred breeders association. Mark McDermott (executive secretary of the Pennsylvania Horse Breeders Association) and I have worked very closely with our respective boards formulating what we believe will be the outstanding breeders' program in the country.

Approximately five years ago, we realized that as purses increase, it was important that the breeders receive a fair share of the horsemen's revenue to maintain breeder's awards and bonuses consistent with our purse increase. Consequently, we agreed that 16 percent of the horsemen's revenue would go to the Pennsylvania Breeding Fund. As a result, the breeders would maintain one of the highest owner bonuses in the country at 40 percent at Philadelphia Park. In addition there will be restricted races—initially maiden special weight, a-other-than and two-other-than allowances with the potential for other restricted races as the program matures. Any PA-bred finishing first, second or third in open company earns an owner bonus equal to 40 percent of the purse share. I'll give you

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# THE PRESIDENT'S MESSAGE

*By Larry Riviello, President*

**M**arch is on the way out. We're all looking forward to great weather and good racing. It is time for mares to be foaling and the breeding season is in full swing. What a great feeling when your foal arrives and the joy of having a newborn.

Tuesday, February 20th - Commission meeting held at Philadelphia Park. Executive Director Michael Ballezzi requested and was granted a meeting during Executive Session, in attendance were Michael Ballezzi, Joe Santana, Todd Mosteller, Larry Riviello and practicing veterinarian Steve McBride. Michael presented a fair and convincing presentation to the commission to extend the date from March 3, 2007 to a later date for positives resulting from medication stacking. Commissioner Rick Abbott's response was that the commission would take Michael's request under advisement; that could mean 1 or 2 weeks or more.

During the commission meeting, within the hour, Commissioner Rick Abbott announced publicly that the commission would accept Michael's request to move the March 3rd deadline to a later date.

Saturday, February 24th - PTHA General Membership Meeting was held in the Rec Hall at Philadelphia Park. Michael reported to the General Membership what took place at the commission meeting on February 20th.

Update on Slots - Harrah's Chester opened on January 22nd, their average per machine (they have 2,744) is \$271. Philadelphia Park open December 18th, their average per machine (we have 2,076) as of 2/25 is \$344. Mohegan Sun at Pocono Downs opened November 14th; their average per machine (1109) is \$395. Presque Isle with 2,000 machines, that opened February 24th hasn't been open long enough to determine an average.

Congratulations to trainer Lupe Preciado, owner Jack Mondel and jockey Alan Garcia. They teamed up to win the \$75,000 added Dearly Precious Stake at Aqueduct on February 17th with their 3 year old filly Special Dream. Adding to that good news, Lupe won three races on the February 17th card at Philadelphia Park.

Our television show, "Let's Go Racing" with Keith Jones and Dick Jerardi is broadcast on CN8 Friday at midnight and 11:00 a.m. Saturday. Bruce Casella does a great job producing "Let's Go Racing", take time to watch your show.

A reminder, the 2006 Pennsylvania Awards Banquet will be celebrated Wednesday, March 28th at Celebrations, 2201 Galloway Road in Bensalem. Tickets are \$25 and must be purchased at least 1 week in advance; no tickets will be sold at the door. The evening starts out with cocktails and hors d'oeuvres from 6 - 7 pm, then into the dining room for dinner starting at 7 pm. Come hungry we have a large menu from which to choose. It's a fun night with some changes and surprises. This year we have a ticket drop for delightful baskets and a silent auction for some great items. Break bread with your fellow horse people and enjoy the celebration of the best of 2006. Above all enjoy your fellow horsemen and horsewomen, this is the American way. You never know what tomorrow may bring.

## Thought of the Day

*Winning isn't everything, but the will to win is.*

## TROPHY LIST

DATE	OWNER	HORSE	TRAINER
2/17/2007	Our Sugar Bear Stable	Seeyalatalitigata	Donald White
2/24/2007	Victory Thoroughbreds	Obi Wan	Ramon Preciado
3/3/2007	Team Five Star St,S.H. Robbins LLC	Gallop to Glory	Dominic G. Galluscio

Looking even better  
for 2007 than he did  
for 2006

# Congressionalhonor

*Forestry-Quiet Dance, by Quiet American*

Only Graded stakes winner in the  
Mid-Atlantic by **FORESTRY**,  
sire of the world record  
\$16-million Thoroughbred

Only half brother to  
Horse of the Year  
**SAINT LIAM** at stud

*"Congressionalhonor offers East  
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—Jack Werk

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email: [pewterstable@juno.com](mailto:pewterstable@juno.com) / website: [www.pewterstable.com](http://www.pewterstable.com)



*Continued from cover*

an example: Our maiden special before slots was \$20,000. With slot revenue, starting January 1, it's \$28,000, with the 40 percent bonus on top of the \$28,000, the purse for PA-breds will have a value of \$39,200. Fortunately, Mark McDermott and the breeders' board understood that the horsemen and the breeders had to be partners and that by maintaining the 40 percent owner bonus and the addition of PA-bred restricted races, we created an outstanding opportunity for PA-breds to run successfully at Philadelphia Park.

How about the other horsemen's group in the state—the Pennsylvania division of the Horsemen's Benevolent and Protective Association (HBPA), which represents Penn National and Presque Isle Downs. Have you worked closely together on the slots issue?

Our relationship has always been very good. We understand we have common goals. We're all horsemen. We get up in the morning and take care of our livestock, try to put on the best show we can, and do the best we can.

Unfortunately, the purses paid at Philadelphia Park and Penn National have not been very good. It's remarkable, when you deal with the horsemen day in and day out, how dedicated they are. How tough a job they have—yet they put on the show, and the show goes on every day, rain or shine, despite the economic hardship they must live with as a result of inadequate purses. I work very closely with Todd Mostoller, executive director of the Penn National horsemen's group, who understands the issues clearly. In fact, just recently I was fortunate enough to be elected chairman of the Pennsylvania Horse Racing and Breeding Coalition, which has representatives from every major commercial racing entity in the state, which includes both Thoroughbred and Standardbred horsemen and breeders associations. We established the coalition realizing that we have common goals, common responsibilities, and certainly we have common needs.

The purpose of the coalition is to protect Pennsylvania racing and, in fact, get the maximum benefits out of the slots legislation. It's a coalition of breeders, owners and trainers who have formulated this coalition to protect Pennsylvania racing—to have been named the first chairman obviously is an honor, but it shows our collective cooperation. We have one common goal, and that's to enhance racing and breeding in Pennsylvania.

What are the coalition's priorities?

Our priority is to protect the gains we've made under the slot legislation. As you know, we have a substantial share of the slot revenue. We start out at 12 percent, and as stand-alone casinos are built, our percentage increases from 12 to 18 percent. Consequently, it is in the best interests of all Pennsylvania horsemen and breeders to protect the gains we have made with the implementation of the slot bill. We are adamant about our live racing program. Under the statute, Penn National and Philadelphia Park are guaranteed a specified number of racing days. We want to protect live racing, and in order to protect live racing, we have to be diligent when it comes to racing days being submitted to the racing commission, and make sure that racing isn't on the back burner. We're at the table; we were at the table throughout the entire negotiations for the slot machines. We had a full voice. We had great representation through all the negotiations. We continue to have lobbyists and P.R. people as well as having an excellent working relationship with the Pennsylvania Gaming Control Board through their liaison, Melinda Tucker. We have a seat at the table, and we don't intend to lose that seat. We'll be there, in the future, legislatively. We have a legislative approach; the statute protects live racing, and we intend to defend that protection vigorously.

Do you see the emphasis remaining on overnights at Philadelphia Park? Do you envision an elaborate stakes program in the future?

I think there's going to be a combination of both. Obviously, the overnights will be the mainstay of our program—that's the bread and butter. For example, we'll have the open allowance, which could very easily be \$70,000 or \$80,000. We'll have the four-other-thans and the three-other-thans, the maiden specials, a-other-thans, and we'll have a wide array of claiming races.

We will always protect those who have been with us through the tough years. We have approximately 4,000 owner and trainer members of our association with a core group consisting of approximately 150 trainers. It has always been our pledge to protect that core group of owners and trainers and protect their right to be stabled at Philadelphia Park.

If a longtime trainer has had 10 stalls at Philadelphia Park, we'll assign him 10 stalls. What he puts in those 10 stalls is up to him and his owners. If he's competitive and he stays in business and races with the additional competition, everything's fine. If not, he may go from 10 to eight stalls. Or, he may be successful and go from 10 to 20 stalls. It will depend on the trainer's personal record. But it's been our pledge, and frontside has been cooperative with us. Sal Sinatra, our racing secretary, understands that in the lean years these folks were here, and kept the racing program going. Now in the good years, we're going to protect our group of folks. Management understands and has cooperated with us just as we've cooperated with them in getting the slots scenario up and running—sharing our space in the grandstand, understanding the way they have to do business.

Now, it would be naive to think that other trainers aren't going to come in from other states. When the purses are \$300,000 or \$400,000 a day, you're going to see stall applications increasing dramatically. There will be room for new outfits, but we will maintain the philosophy of protecting our core horsemen.

Is there a lot of concern among horsemen about the increased competition?

Sure. There's always concern. Part of my job is to make them understand the facts. Several times a year, I have general membership meetings—closed to everyone but the owners and trainers. I try to answer their questions, but more importantly give them information and facts. You know there's no better rumor mill in the world than the backside of a race track. And you'd be surprised what comes through my office door every day. I must talk to 100 or so trainers a day, and they all have a different perspective.

We're unique in that we don't have a transient trainer population. We race all year round. The overwhelming majority of trainers and owners live in the area. They have homes here, they raise their families here, their children go to school here. Of course, they'll ship out and run at Monmouth, or in Maryland. But this is their race track. It's my job to make sure that I protect those families and their opportunity to make a living here, and that's what we intend to do. Philadelphia Park horsemen have always been very competitive wherever we race. I have no doubt that as our level of competition improves, so will our horsemen improve their racing stock and continue to win and improve greatly the quality of life for their families.

As to the second part of your question, the stakes program: At Philadelphia Park, 7 percent of our revenue goes to stakes races. The responsibility on my part is to make sure that we spend 7 percent and that the racing secretary, in conjunction with our condition book committee develops a series of stakes races consistent with the best interests of our racing program. For the foreseeable future we're probably going to use that 7 percent for listed stakes—stakes of \$100,000 or more. Probably stakes in the area of \$200,000. The Pennsylvania Derby—hopefully we get that to \$1 million, maybe even \$2 million and have it become a marquee Grade 1 race.

We can also think about writing overnight stakes. But if we're looking at high-priced allowance races, they usually take the place of overnight stakes. Certainly the listed stakes will be part of our program, and we have somewhere in the area of 10 to 15 of them. Additionally, the breeders are considering several \$100,000 restricted PA-bred stakes. These are long-term plans, and as we generate more revenue, this opportunity becomes available to us. And I can assure you, and I've assured horsemen, that it will be a well-rounded program. There will be something for everyone. Obviously, we want to increase the marketability of the program, but more importantly the prestige of our program. We believe we have a responsibility to the industry that as we generate this revenue from slots, we must provide the best racing possible. We intend to look at it closely, and maintain the best racing program in the country. And I think we can do that. The money is available. Now it's our obligation to make sure we fit a program to the money, and to our horsemen.

It's not an easy job. But that's the fun of the job. That's why I get up in the morning and I can't wait to come to the office. We're out there in front. We're constantly charting new ground. A lot of this has never been done before. You can throw money at something, but sometimes that's not enough. I think it takes an intelligent approach. We're fortunate at Philadelphia Park that the management team—Hal Handel (chief executive officer), Joe Wilson (general manager) and Sal Sinatra—and the PTHA have a good working relationship. Our intention is to make Philadelphia Park the best racing we can. That's our agenda. As long as we stay in line, and that's one of my responsibilities, to try to keep everybody in line, I think we're going to get it done. You're going to see remarkable progress in the next several years.

What about the traditional horsemen's concern about being "in management's pocket"? (Under the control of track management, which may then make decisions that are not necessarily in the best financial interest of horsemen.) Has the PTHA's close working relationship with the track generated those fears about that?

Fortunately not. They're in our pocket, because we're a partner. That 12 to 18 percent (of slots revenue) is the horsemen's money. Traditionally (at Philadelphia Park), purses are controlled by management. They have the account, and they pay out purses as they're earned. That will continue with the pari-mutuel side. But on the slots side, our money is paid directly to us. It's paid directly into a purse account that the horsemen control. By virtue of our existing live racing agreement and the legal requirements established by the slot bill, management and the PTHA must cooperate in establishing our overnight and stakes program.

So Philadelphia Park's purse share is not legislated?

The percentage of the slots revenue is legislated. But the percentage of the mutuel handle is by contract. That's approximately a third right now. We receive a third of revenues on the pari-mutuel side for purses. Management will continue to pay that. We then will contribute our 12 to 18 percent, depending on where we are, less the breeders' share—and 4 percent to a health and pension plan.

Philadelphia Park horsemen will have one of the best health and pension plans in the country. What we intend to do is to have a health-care plan for our trainers, their spouses and children, plus their employees and also a pension benefit.

Many of our trainers are without health care and without pensions. They work 30 years, 40 years, and at the end of the day, unless they can get up in the morning and work, they have nothing. That's totally unacceptable in my opinion. Slot legislation will provide an opportunity for all horsemen to have health care and a pension. Eventually, when we have the maximum slot revenue, we'll be able to afford a very good pension and health-care plan for our horsemen.

What kind of health care do you have on the backstretch now?

We have nurses who come once a week, and a doctor one or two days a week. They perform basic services and recommend long-term care or immediate care, depending on what they find. It's paid for by the PTHA. That's something we've been proud to fund. And also we have a benefit trust fund that provides payment for doctors' visits and hospitalization, prescriptions, dental care, optical—an all-around health plan. But again, it's not enough. And with the slots revenue, we'll have full medical coverage and a full pension plan for our horsemen.

Is there a downside?

In my opinion, there is no downside, because the little inconveniences that we have to go through, or some of the compromises we have to make, are minor.

Economics suggested that they build a temporary casino in the grandstand. The long-term plan is to build a stand-alone casino. But for the immediate future, it's my understanding they'll probably be able to put out 3,000 machines in the grandstand.

They have about 2,000 to 2,100 machines right now, which have allowed us to receive slot revenue without waiting a year or two to build a casino.

The Penn National horsemen went a different direction with their management to build a stand-alone casino, and I think that has its merits as well. But we decided to go ahead and begin our program immediately, and as we speak, I think I can hear the jingle of slot machines. If you stretch, you can hear it. We're up and running, and that's the important thing.

As many people are aware, the PTHA has had off-again, on-again alliances with umbrella organizations of horsemen's groups. Could you address that issue?

When I first was hired as executive director, we were part of the THA (Thoroughbred Horsemen's Association). For whatever reasons, we had our differences and we left the THA and became part of the HBPA (Horsemen's Benevolent and Protective Association). We stayed with the HBPA for about five years, until about a year ago.

There are very important national issues—such as medication—and we monitor them very closely. But our association—our board of directors and our president, Larry Riviello—realized that there was a need to take care of our home front first. That's why the Pennsylvania Horse Racing and Breeding Coalition was created.

When we decided to withdraw (from the national HBPA) and save about \$60,000 a year, we believed it was more important to take that revenue and put it into a Pennsylvania coalition. This allowed us the opportunity to address local issues, and concentrate our efforts on regional and statewide issues without losing sight of broader national issues.

We still have communication with the national HBPA on medication, simulcast and other national concerns. When the PTHA was a member of the national, I was chairman of its simulcast committee as well as a member of its medication committee.

Those things were and still are very important to me and the PTHA. The critical part of our responsibility going forward, however, is to maintain the progress we've made. We will continue locally with the Pennsylvania coalition. This is no reflection on the national HBPA or its president, Joe Santanna, who is a Penn-sylvanian, president of Penn National HBPA and a personal friend. Joe is a bright, articulate leader whom I have known for many years, and I applaud his accomplishments with the national HBPA. He understands our industry and is an active participant in the Pennsylvania Coalition. We just took a different direction at this time. We left the door open to eventually become part of the national (HBPA) again, but we want to make sure Pennsylvania racing is on solid footing and get the job done locally as our main point of concentration. I want you to take away from this meeting the real optimism we have for our industry in Pennsylvania. It hasn't always been that way; it's been a struggle, in many respects. I've negotiated five contracts over the last 11 years (between horsemen and track management regarding purses and other issues).

When money is tight, both sides have problems. But now we have our fair share, due in large part to the superior efforts of several individuals with whom I have had the privilege to work. Larry Riviello, our president, has been with us 23 years, and he's participated in so many changes that have benefited all horsemen in Pennsylvania.

Another individual is our first vice-president, Sal DeBunda. I believe that his hard work, insight and expertise on the legislative side have created a slots bill that is second to none and which will provide the economic basis for a bright future for our horsemen and their families. What we have today has a great deal to do with Sal DeBunda's leadership. The PTHA board of directors, we have a very progressive young board of directors—owners and trainers—who have allowed us the platform to go ahead and do what was necessary to get the job done. They've given me a tremendous opportunity to go out and do the things that are necessary. It's been a combined effort.

And I must mention Steve Wojdak & Associates, our lobbyist, without whom we wouldn't have had an entry to the legislative process in Harrisburg.

We've compromised on many issues, and on other issues we've taken a hard line. Anything that would have watered down racing was a deal-breaker. Two hundred days of racing, maintaining our autonomy as a horsemen's organization, controlling our own purse account, and the

mandate that management is obligated to build and construct backside improvements are very important to us. I must say, that though the slot bill requires improvements to the backside of approximately \$6 or \$7 million, management at Philadelphia Park will spend approximately \$12 million on backstretch improvements, due largely to the cooperation between management and the PTHA that I have been talking about. Hal Handel, Joe Wilson and Sal Sinatra are the key players in the improvement to the backside of Philadelphia Park. Every indication is that this spirit of cooperation will continue and if it does, Philadelphia Park racing will be as good as, if not better than, any other racing facility in the Mid-Atlantic region, if not the country.

Could you describe the horsemen's current contract with track management?

We are currently operating under a seven-year contract that runs through 2011. In addition to our percentage of all pari-mutuel revenues for purses, the contract provided that in anticipation of slot legislation, management would provide interest-free advances to purses up to \$12 million. The actual advance amounted to \$7 million, which helped to keep our racing program alive.

We put aside our differences, agreed to go forward and get the job done. It was important that we concentrate not on fighting each other but fighting the system and trying to get the slots implemented. That was job one. We got it done, and it's a win-win for everyone.

Given the facts we are confronted with today in our industry, it would be foolish to think that we could turn the clock back 40 or 50 years. That's not going to happen. Nonetheless, racing still has all the beauty and trappings of what it always was, and it can be that again. It simply must be funded a little differently, that's all. In the past we were funded by the two-dollar bettor. Can't do that anymore. So we fund it by alternative gaming—that's fine. We can still keep the integrity, the beauty and the grandeur of what the sport has always been. And have a revenue source that's more lucrative and secure. That's what we've done. But it doesn't mean in any way that we have to compromise the value of racing in Pennsylvania—or nationally. We still have that responsibility. Those of us in leadership have the responsibility to protect that which has been handed to us. We can do that. We will simply fund it differently. ■



Please meet Gavin William Murphy, born 2/10/07 at a whopping 9 lbs 3 oz and 21 inches long. Mother Kerry and father Sean are doing well. First time Grandmother Leslie Saunders (trainer & HPA store) and grandfather Bob Tufts (NJ & FL horse hauler) are in awe of this handsome bundle. Grandma gets to babysit often and that just suits her fine.

**Sad News:** Frank Pollara's loving wife Lauren Bresnahan passed away 3/8/07 after a long illness. Donations in her memory may be made to St. Anne's Scholarship Fund, c/o St. Catharine's Church, West Lake & 3rd Ave., Spring Lake, NJ 07762 to benefit her beloved daughters Brynn and Bridget. Our heartfelt condolences to the Pollara/Bresnahan families.

*If you have news to report please contact the PTHA office and we may get it in a future edition.*

## HARD SPUN UPDATE:

Our PA bred Derby horse for 2007 arrived at Turfway Park on Sunday, March 11. After his first gallop around the track, trainer Larry Jones says, "He really is happy with the move. He galloped great at Turfway and seems to prefer the synthetic surface to the deep dirt at Oaklawn. He'll be going in the Lane's End at Turfway on March 24 and we're hoping to see the true Hard Spun coming back."

## Missed Pennsylvania's Mare Residency Deadline?

Each day you're reading about the multi-million dollar, slot-fueled Pennsylvania Breeding Fund program. You didn't get your mare into Pennsylvania by November 1, 2006 and you think you've missed this golden opportunity.

**DO NOT DESPAIR!** There's another way to get involved in this exciting program.

Send your mare to Pennsylvania to foal, breed her to a registered Pennsylvania stallion during the required 90-day post-foaling residency period, and your foal is eligible for PA- Bred registration.

By the time your PA foal is ready for racing, combined purses at the state's three racetracks are expected to reach \$130 million annually. Additionally, the Pennsylvania Breeding Fund program is estimated to have another \$25 million available for breeder and stallion awards, and restricted purses for Pennsylvania Breds.

Rewards for breeding in Pennsylvania have never been better. Come join us.



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A close-up, artistic photograph of a horse's head, focusing on its eye and the side of its face. The horse has a rich brown coat and a dark, expressive eye. The lighting is soft, highlighting the texture of the horse's skin and the curve of its head. The background is dark and out of focus.

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# NUDGE

*Pleasant Tap—Melo Melody, by Mr. Leader*

Pleasant Tap is a  
proven outcross with  
**Northern Dancer** and  
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**Breeders' Cup**

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K. RENGERT PHOTO

# CHAPLAIN'S CORNER

By Chaplain Jack Cordell



## WHY ALL THIS SUFFERING?

Tragedies happen daily, leaving people numb in their wake. Eight teenagers died March 1, 2007, when a tornado ripped through their high school in Enterprise, Alabama. The lives of six people ended near Atlanta, Georgia early the next morning when their bus careened off a bridge. The dead included four members of a college baseball team as well as the bus driver and his wife. Hundreds died in Iraq last month, including many Americans. Imagine, one soldier fighting in Iraq learned that his son was killed by the Alabama tornado. The trail of tears created by these events alone beg the ageless question, "Why does God allow suffering?"

Mind you, this Chaplain will not solve this question in 300 words or less! Nonetheless, the question hangs out there throughout life, especially when we experience a tragic loss of a loved one, or when we must endure the throes of ceaseless pain or a debilitating illness.

When bad things strike, people respond in one of two ways. Some turn from God, others turn to God. The former find it difficult to believe in a God who allows (causes?) untold suffering. The latter turn to God for strength, even answers, in the midst of life's baffling events.

Someone said, "God is not obligated to give us an answer, but he promises to give us grace." In short, we can ask Job's question about suffering and loss and with him find faith and strength. In the end (Job 42:2), Job concluded that God "can do all things." When life staggers us the God who "can do all things," can steady us and give us the strength to endure as well as the faith to keep going. The answer we yearn for might not be readily available, but God always is. ■



## ANNUAL EASTER EGG HUNT



Saturday, March 24 from 1:00 - 3:00 p.m. is sure to please lots of youngsters on the backstretch. Children of trainers and stable employees from infancy through 12 years of age are invited to come and enjoy the fun at the Rec Hall. There will be prizes, games, crafts, and yummy food for all!

Parents, be sure to register your children at the Chaplain's office. We guarantee a great time for everyone! We thank the PTHA Board of Directors, President Larry Riviello, and Executive Director Mike Ballezzi, for their financial support that makes this event possible.



## WE'VE GOT THE ANSWERS!



**Q** - I own a broodmare and am breeding her this year. Should I set up an LLC or just keep track of expenses and report it on my Schedule C?

**A** - It is always best to create a separate entity, especially in the horse business. It is one of the factors the IRS uses in determining if you are actually trying to operate a business. Separate entity, and a separate check book. Creating an LLC also limits the liability one may incur from a legal standpoint. To keep it simple, create a Single Member LLC. Therefore, all the information gets reported on the Schedule C anyhow, and a separate Partnership return is not needed.

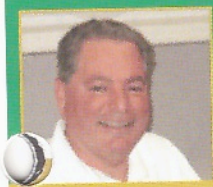
**Q** - I have expenses that occurred in 2006 but I didn't pay them till 2007, like the Jockey Club registration. I also sold a horse in 2006 but didn't get paid till 2007. Do I put them on my 2006 tax return or save it for 2007? Confused in PA!

**A** - Under the cash method of accounting, a taxpayer reports all taxable income in the year it is received and generally reports deductible expenses in the tax year the expense is paid. Income includes cash which is actually or constructively received.

Income is constructively received, and must be reported on your tax return under the cash method when it is credited to your account or is unconditionally set apart for you so that you can withdraw it at any time. For example, a check in hand, even though not cashed or deposited, is constructively received income at the time the check is received.

Constructive receipt of income does not occur in the year of sale if horses are sold under a valid contract that calls for payment during the following year. However, if the taxpayer had the right to collect from the buyer or sales company at any time after delivery, and all that was lacking was the demand for payment, the taxpayer would have to include the selling price from the sale in the current year.

Answers courtesy Joe Pontrella, CPA, The Green Group



## Congratulations You're A Homeowner

### Brian Sanfratello, CMFC, CLTC, LUTCF.

an Agent, with The Prudential Insurance Company of America, located at 1100 York Road, Warminster, PA, 18974 / telephone number 215-672-4022

The first thought that goes through your head when you buy a house is probably not life insurance. You might be wondering how you're going to make your mortgage payments or afford furniture. So maybe you think it's not the best time to discuss life insurance. Well, it may surprise you, but there may not be a better time.

You're still young, and that makes your policy as affordable as it's ever going to be. Locking into premiums for life insurance while you're young is a good idea. In addition, your house may be appreciating in value, which makes it even more important to protect in case something happens to you.

**How can life insurance help secure the family home?** When you purchase a life insurance policy you want to be sure to carry enough to cover the mortgage. If the insured person dies, you want your family to receive enough money to be able to stay in the house without hardship. Either term or permanent life insurance can be an effective way to help provide the appropriate amount of coverage for your family's needs.

**Which type of life insurance best suits your needs as a new homeowner?** The main differences between term life and permanent life insurance policies are the length of time coverage for which they are purchased, the cost of the coverage and whether or not they provide a cash value.

**What type of life insurance might a new homeowner consider?** Affordable term insurance is one possibility. This means you can still meet the costs of the mortgage, property tax and other homeowner expenses without having to sacrifice the protection that life insurance provides. You can purchase a term policy with a face amount equal to the value of your mortgage, so that if something happens to you, your family can have the option to rely on the insurance to pay off the mortgage.

**When is permanent life insurance a good idea?** As a new homeowner, you may be able to cover your house and lock into an affordable premium for life with permanent life insurance. Your permanent life insurance premium will not increase as you become older, nor will it increase if your health deteriorates. As long as you pay your premiums and there are no loans or withdrawals against the policy's cash value, you're covered for life.

You can borrow against the cash value of your permanent policy. You can borrow against its cash value, generally federal income tax free. Borrowing from the policy reduces the amount of its cash value and death benefit, but you can repay the borrowed amount by adjusting your premium when you're financially able to do it. It is true, however, that any unpaid loans or withdrawals will reduce the death benefit, and may have tax consequences. You should consult your tax advisor for advice regarding your particular situation.

**How Much Insurance Do You Need?** Figuring out how much life insurance you need is more complicated than just providing for payment of funeral expenses and debts after you're gone. Many times, a spouse, child or other relative depends on your income for all or a portion of their support. Most insurance agents recommend a minimum of six or seven times your annual income as a target for the amount of life insurance you should own. However, only you can determine your family's future financial needs. ■

\*Like most insurance policies, our Prudential policies contain exclusions, limitations, reductions in benefits and terms for keeping them in force. A licensed financial professional Prudential agent can provide you with costs and complete details.

Life insurance issued by either The Prudential Insurance Company of America, 751 Broad Street, Newark, NJ 07102-3777 or Pruco Life Insurance Company or Pruco Life Insurance Company of New Jersey for New York and New Jersey. Both Pruco Life companies are located at 213 Washington Street, Newark, NJ 07102-2992 and both are Prudential companies. Each company is responsible for its own financial conditions and contractual obligations.

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## Did you know that PTHA members could save hundreds of dollars a year on auto insurance?



Did you know that Pennsylvania Thoroughbred Horsemen's Association members can get a special group discount on auto insurance through Liberty Mutual's Group Savings Plus® program?\* In addition, Group Savings Plus offers many other discounts on both auto and home insurance. In fact, you could save hundreds of dollars a year on auto insurance alone. And you could save even more by insuring your home as well.

To learn more about all the valuable savings and benefits available through Group Savings Plus, contact me today.



Contact **Brian Sanfratello**, Prudential Agent at **215-672-4022**.

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# TIME IS RUNNING OUT! PURCHASE YOUR SEAT AT THE MARCH 28 HORSEMEN'S DINNER

Come celebrate the outstanding achievements of 2006

*You are cordially invited to the Pennsylvania Horsemen's Banquet on March 28, 2007.*

This year's event promises to be a fun filled experience for all. Features of the evening include a cocktail hour from 6 to 7 pm, a silent auction that will appeal to trainers, owners and horse enthusiasts, a delightful dinner and surprises. Proceeds will benefit the Philadelphia Park Race Track Chaplaincy and the Granny Scholarship Fund. Mark your calendar, come out and support with your attendance the season's most exciting event. We can all be winners at the 2006 awards banquet.

**Location:** Celebrations, 2201 Galloway Road, Bensalem, PA 19020

**Cocktails:** 6 - 7 pm - your favorite drinks with hot & cold hors d'oeuvres.

**Dinner/Awards:** 7 - 10 pm

Menu items include a Vodka and Pomodoro pasta station, Chicken Francaise, Chicken with Sun Dried Tomatoes and Artichoke Hearts station, Filet of Salmon with Dill, Flounder stuffed with Crab Meat station, a Filet Mignon carving station and Tiramisu for dessert.

All this for only \$25 per person. Deadline for purchase - March 23. Due to table placement, no tickets will be available at the door. Contact the PTHA office for tickets 215-638-2012.



## HERE'S A SNEAK PEEK OF SOME OF THE EXCITING AUCTION AND GIFT BASKET ITEMS

- Barbaro Signed poster Framed (Matz, Prado, Jacksons)
- Smarty Jones poster Matted (signed by Stewart Elliott & John Servis)
- Custom Made Jockey Boots
- Vanning trip to Kentucky
- Full set xrays and scoping
- Silver Charm print - Signed by artist
- Black and White art "Catch Me if You Can" Mary Masters
- Lu Lu Golf Package (foursome) 500.00 value
- Commonwealth National Golf Club Package (foursome) 500.00 value
- North Hills Country Club Golf Package (foursome and lesson for one) 400.00 value
- Items from the Beresford Gallery
- Stallion seasons

These are just a few of the many exciting items - full rules for bidding will be explained at the dinner. Bid early - Bid often!!

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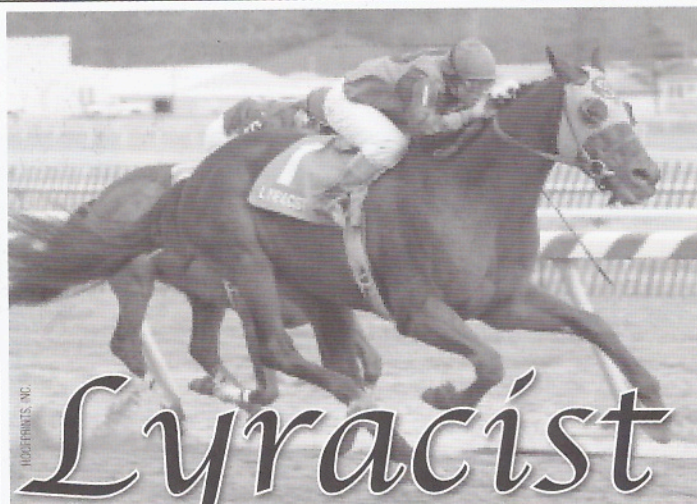
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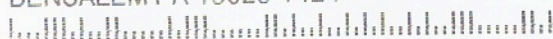
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