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Horse Racing Earns Increased Scrutiny

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In casino gaming and pari-mutuel horse racing, substantial sums of cash money exchange hands. Since gambling is a cash business, whether at a horse track or a casino, it can be a magnet for people seeking to get their hands on cash legitimately, or illegitimately.

Despite similar challenges, we have long had strikingly different approaches to the regulation of horse racing versus casino gaming. It may be time to unify our approach.

The differences stem partially from history. Casino gaming in the United States was born in a den of iniquity. The modern industry was begun by mobsters in the desert in Las Vegas, Nev. When Nevada and then other governments began to legitimize and tax casino gaming, they came to it with great suspicion and began to regulate it rigorously.

Virtually everyone involved in casino gaming at any level, from the cocktail waiter to the major casinos owners, needs a license of some sort and is carefully scrutinized for his or her "suitability." Moreover, we have rigid gaming regulations that require recorded video surveillance of all gaming areas, resulting in thousands of cameras recording data in every casino.

These regulations often prevent employees in "count rooms" from even having pockets in their uniforms. Players do not need licenses, but we watch them closely for evidence of cheating and they may be banned from a casino in the famous "black book."

The main purpose of all of this regulation is to ensure that honest people are not tempted to crime by having access to so much cash and to ensure that opportunistic criminals cannot make the casino a tool for money laundering or other corruption. This regulatory scrutiny works; it is rare that significant corruption in casino gaming occurs for very long.

Horse racing has a different history. Horse racing has been legal in some states for 200 years, and it comes from a far different cultural milieu. Horse racing once had a socially valuable purpose in improving the breeding of the primary mode of western transportation. Long after horses ceased being a principal means of transportation, wealthy sportsmen and hobbyists remained interested.

Horse racing never had the taint that casino gaming had. As a result, we have never applied such careful regulatory standards to horse racing or the people involved.

These cultural expectations may no longer be accurate. It simply may no longer be true that all of the people currently involved in horse racing are horse lovers in pursuit of a wholesome passion.

Pressure on this notion began to build with “racinos,” as horse tracks with slot machines are widely known. Initially, racinos were developed to cross-subsidize the horse-racing industry by directing slot machine revenues toward racing purses. More recently, however, some racetracks have become stalking horses for disguised casinos. These days, the public seems more interested in slot machines than racing wagers, and some track owners are driven more by revenues than a wholesome passion for horses.

More pressure on our ideal of wholesome horse racing has increased recently with the revelations that many owners are risking their horses’ lives by pushing them to injury or drugging them to improve performance. The ideal is further tested by the revelation that Mexican drug cartels are allegedly using horse racing to launder money.

It would be a wholesale shift in philosophy to apply the same rigorous scrutiny to gambling ventures in the racing context that we already apply in the casino context. We should not do so without careful thought because it would be very expensive for the horse racing industry, and these increased costs would inevitably put some racetracks and owners out of business.

But recent revelations are deeply troubling, and we should be asking the same question of horse tracks that we ask of casinos. If we cannot trust that the action at tracks is legitimate, why should we allow it to be legal?