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State draws heat for lax regulation of parimutuels

Florida's regulation of dog racing is so lax that a Sarasota greyhound track was allowed to start its racing season last week in defiance of a state rule that bans the use of unsanitary and dangerous wooden crates.



The fact that the Florida Division of Parimutuel Wagering spent two years adopting a rule that banned the crates, and then allowed the track to get away with thumbing its nose at the ban, is just one of

several examples of the state's weak regulatory structure, said **Michael Diamond** of Spectrum Gaming, a consulting company hired by Florida lawmakers to complete a report on gambling in Florida.

"In all our years of covering regulatory agencies, I can't quite fathom a regulatory agency allowing this to occur," he told the House Select Committee on Gaming Wednesday.

The report by the New Jersey-based gaming company was commissioned by the legislature at a cost of \$400,000 as a precursor to a debate next session on whether to strengthen the state's regulatory structure and gambling in Florida.

The Division of Parimutuel Wagering said it is in the midst of an investigation into the Sarasota Kennel Club and could not comment. Diamond said it is only one in a string of recent examples in which the governor's agency has ignored rules, failed to regulate, or allow the industry to change the rules without following the proper procedures.

According to the Spectrum report:

- The [Pompano Park](#) harness track overstated its purses by 30 percent in its report to the state last year, and regulators told the Herald/Times Wednesday it has no authority to do anything about it.
- Horse and dog tracks consistently understate their revenues from simulcasts, resulting in millions in unaccounted for and unregulated wagering. Gulfstream Racetrack in Hallandale Beach, for example, reported \$102 million in simulcast and intertrack wagering in 2012 but failed to report another \$605 million, the report said. Regulators said that since these wagers are not taxable, it doesn't regulate them.
- The failure to regulate costs taxpayers money. Although the division is supposed to be self-sufficient, making up in fines and fees what it spends in oversight, lawyers and investigations, Spectrum found that the net cost to taxpayers to regulate dogs is \$4 million.

Diamond said he spent six months looking at the agency and concluded the regulation is "inadequate" in part because of the way the state laws are structured and in part because of the agency's reluctance to enforce the laws.

But if the lax oversight by the governor's agency was news to legislators, it didn't seem to matter. The reaction from the committee to Diamond's report was silence.

When pressed after the meeting by a reporter, Committee Chairman Rep. Robert Schenck, R-Spring Hill, said the examples are evidence "why we're taking a look at it comprehensively and why we're talking about regulatory structure."

What will he do about the department ignoring the [dog crates](#) rule now? Schenck hesitated, then said: "I'm going to talk to the agency."

Meanwhile, animal rights advocates are not happy.

"The track should not be given a special favor," said Carey Theil of Grey2k, the advocacy group opposed to dog racing that persuaded the Division of Pari-mutuel Wagering to adopt the rule. "If these rules are not enforced in this case, it's going to send a message that these rules mean nothing."

The Sarasota Kennel Club is the only dog track in the state that continues to use the wooden crates, Theil said. Every other track in Florida uses metal crates.

"Wood is a haven for ticks. It absorbs urine and it's a perfect environment for bacteria to grow," he said.

But Gary Rutledge, a lobbyist for the Sarasota Kennel Club, petitioned the department on the day that track was set to open its racing season, and asked for a waiver from the rule until July of next year.

He said that even though the rules were in development for a long time, "Sarasota was not aware that change was being made or they would have raised and objected to it."

He called Diamond's suggestion that the agency is allowing the industry to ignore the rule "ludicrous." The track is willing to replace the crates, has attempted to purchase metal ones, but the enormous expense is too much to endure now, he said, especially since legislators may allow the dog track to end live racing and continue to operate as a poker room.

"We've been trying to work with all the affected parties to bring this to a satisfactory conclusion as expeditiously as possible," he said.

The division could impose a fine or suspend or revoke its license or permits, Rutledge said. It has instead called for comments to be submitted over the next two weeks.