Overview

Greyhound racing in Rhode Island began in 1977, when Joe Linsey and his nephew Al Ross bought Lincoln Downs, a thoroughbred track, transformed it into a greyhound track and renamed it Lincoln Greyhound Park. By the 1990s ownership had passed to the British firm Wembley PLC, which held it until 2005, when executives of the firm were convicted of conspiring to bribe a member of the Rhode Island General Assembly.

Following the corruption scandal Wembley sold the track to BLB Investors, a holding company composed of Kerzner International Ltd, the Waterford Group LLC and the Starwood Capital Group. BLB invested heavily in renovating and enlarging the facility and renamed it Twin River.

Track owners are required by law to offer 125 days of live greyhound racing a year, as a condition of offering other forms of gambling. However, racing revenues have plummeted over the past two decades, and BLB has been forced to conduct live racing at a financial loss.

Since 1991 the track has offered simulcast wagering on televised races from horse and dog tracks nationwide. However, its chief source of profits is 4,751 video lottery terminals, which were expected to yield approximately $250 million in 2009. Slightly over 60 percent of that income would be retained by the state, making Twin River the third largest contributor to the Rhode Island state budget.

In June 2009, following a year of financial difficulties, BLB Investors declared bankruptcy. The state is committed to keeping the facility open for gambling and protecting VLT revenues. Although the General Assembly has not yet repealed the live racing requirement, greyhound racing has ceased.

A Timeline: History of Dog Racing in Rhode Island

- **1990-1991**
  
  In a statewide referendum, voters defeat a proposal to allow off-track betting in Rhode Island. The following year, lawmakers argue that pari-mutuel betting is already legal in the state, and defy the referendum by approving simulcasting of out-of-state races at Lincoln Park.¹

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- **Summer 1992**
  A deadly virus strikes racing greyhound kennels at tracks nationwide. The number of sick dogs is in the thousands, and at least 35 die. More than 300 dogs are hit in Rhode Island, though no deaths are reported. All tracks are quarantined.²

- **July 1992**
  The amount gambled on live dog races at Lincoln Park has fallen 12 percent in the past year. Again bypassing the voters, and despite strong opposition from the city of Newport and anti-gambling groups who demand another voter referendum, the General Assembly votes to allow the Rhode Island State Lottery to operate video lottery terminals (VLTs) at Lincoln Park and Newport Jai Alai. Twelve hundred machines are installed at Lincoln in September. The state budget allocates 10 percent of VLT income to kennel owners to subsidize purses.³

- **Fall 1994**
  The battle heats up over a voter referendum, scheduled for November, on whether to allow gambling casinos in the state. The Narragansett tribe proposes to build a casino in one of four possible communities. Lincoln Park proposes to expand its gambling facility to add 2,500 coin slot machines and a “limited” number of table games. A $12 million plan includes replacing the present clubhouse with a 175,000 square-foot new building and removing 850 VLTs. But in answer to concerns by Lincoln residents, general manager Dan Bucci says the town will hardly notice the difference: “We want to be a casino with a small ‘c,’” he says. On November 8, voters reject casino gambling. They also vote to insert a referendum requirement in the state Constitution; this means “in theory” -- according to the Providence Journal -- “that the General Assembly can’t expand gambling without voter approval.”⁴

- **July 1995**
  Governor Lincoln Almond and General Assembly leaders reach an overdue agreement on the FY 1996 budget that reduces the track owners’ share of VLT income from 33 percent to 31 percent, and the kennel owners' share from 10 percent to 6 percent.⁵

- **January 1996**
  Separate bills are introduced in the House and Senate to legalize coin-drop slot machines at Lincoln Park and Newport Jai Alai. Proponents and opponents hold up the two bogeys that are always invoked when expanded gambling is considered in Rhode Island: Proponents say that competition from Connecticut’s Foxwoods casino will drive Lincoln Park out of business unless gambling is expanded; opponents say if Lincoln is allowed to expand, the Narragansetts will use that precedent to get permission to build a casino. These two arguments have been and will be used time and time again over the years. The proposal is defeated.⁶

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². Greyhound Network News, Fall/Winter, 1992
March 1997

Two bills favorable to Lincoln Park are introduced in the General Assembly. One would allow the track to reduce urine testing by 50 percent. State Health Director Patricia Nolan writes in opposition: “Considering that a high number of greyhounds racing in Rhode Island have tested positive for illegal substances...reducing the number of greyhounds tested from two dogs per race to one appears ill-advised.” The second bill would reduce the state’s share of the racing handle by one percent for five years, with the track retaining that money for capital improvements. In fact, from 1989-1996 the state’s share of the live-racing handle fell from $9 million to $4 million. Lincoln Park’s general manager admits that only video lottery terminals and simulcasting are keeping the track alive. Without them, he says, “we’d be out of business.” According to the Providence Journal, “neither bill is on a fast track to passage.”

January 1999

A lethal epidemic of kennel cough and associated streptococcal toxic shock strikes greyhound racing kennels in the South, Midwest and West, but thanks to quarantines it does not spread to New England. Lincoln Park is closed for several weeks.

2000

Between 1991 and 2000 the live racing handle at Lincoln fell from $136,327,669 to $31,563,716, a decline of 77 percent.

January 2002

In his State of the State Address, Governor Almond calls on lawmakers to repeal the $13.5 million kennel owners’ subsidy, expected to rise to $14.9 million next year. Almond proposes using that money to help close the state's exploding budget gaps. “There is absolutely no reason why we continue to subsidize the dog owners at Lincoln Park,” he says. “Let’s put an end to that practice now.” Senator Rhoda E. Perry introduces a bill to outlaw greyhound racing and use the money saved from the subsidy for education, health and social services and spay-neuter programs. On January 26 demonstrators from GREY2K USA, Defenders of Animals and Volunteer Services for Animals rally before the State House in support of the bill. Similar legislation is introduced in the House. Senator William San Bento, Jr. files yet another bill to authorize the introduction of coin slot machines, promising a resulting “windfall” to the state. Coin slots are not passed; live racing and the subsidy continue.

Spring 2002

A federal grand jury is convened to investigate charges that Wembley USA ordered two Lincoln Park executives to make an illegal multimillion-dollar payment to the law firm McKinnon & Harwood. The investigation follows a civil lawsuit against Wembley by Francis J. Sherman, former president of Wembley USA, and David G. Brents, former chief financial officer, who claimed they were fired for refusing carry out the order. The lawsuit was settled and the parties refuse to discuss the case publicly, but the grand jury is looking into the possibility of criminal wrongdoing.

• **June 2002**
  After a protracted battle between the Governor and the General Assembly, during which the Governor vetoes the FY 2003 budget and the GA overrides his veto, the budget as finally passed gradually reduces the kennel owners' subsidy from 6 percent to 4 percent over four years. According to *Providence Journal* writer M. Charles Bakst, “If video play keeps growing, especially if more slots are added, the actual money the dog owners get could mushroom.”¹²

• **January 2003**
  Governor Donald Carcieri and legislative leaders reach an agreement to allow 1,300 more VLTs at Lincoln Park in return for a larger share of the winnings for the state. The Lottery Commission forthwith issues its approval. The decision undermines the work of a Special House Commission to Study Gaming, which is still incomplete. Chief Sachem Matthew Thomas of the Narragansett tribe, who have been trying over two decades to get permission to build a casino, calls the agreement “outrageous.” As a result of the state increasing its share of VLT winnings, Wembley freezes a $50 million expansion project planned for Lincoln Park and demands a long-term revenue-sharing guarantee.¹³

• **April 2003**
  A kennel cough epidemic strikes greyhound tracks in Florida and New England. Two dogs die in Florida and one in Connecticut. Every one of the 1,000 dogs at Lincoln is sick. The track is closed for four weeks.¹⁴

• **June 2003**
  The General Assembly passes a budget that reduces the percentage of revenue from VLTs that Lincoln Park and kennel owners receive. The track’s share is reduced from 30.5 percent to 27 percent, while the share paid to kennel owners is reduced to 3.4 percent, effective at the beginning of FY 2004. This is a further reduction from the amount passed in June 2002. However, because Lincoln has permission to install more than 1,000 additional VLTs, the actual dollar amount paid to the track and to kennel owners will increase in step with gambling income. The Governor predicts that kennel owners’ subsidy will amount to more than $75 million over the next five years. At the same time, the budget raises taxes and fees for ordinary citizens. “Essentially,” says Carcieri, “they’re raising our taxes so they can feed the dogs.”¹⁵

• **July 2003**
  The Governor vetoes the $2.8 billion state budget for FY 2004, maintaining it is “deeply flawed” and caters to special interests. He particularly deplores the General Assembly’s decision to continue the subsidy to greyhound kennels. On July 10, Republicans bring two retired racing greyhounds wearing nametags “Tax” and “Spend” onto the House floor. On July 15 The General Assembly overrides the Governor’s veto.¹⁶

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• **September 2003**
  On September 9, the grand jury returns a 22-count indictment against Daniel Bucci, CEO of Lincoln Greyhound Park, and Nigel Potter, CEO of Wembley PLC, charging that they and unnamed co-conspirators conspired to pay the law firm McKinnon & Harwood – of which former Speaker of the House and present Pawtucket Rep. John Harwood is a principal – a bribe of $4,500,000 over six years to improperly influence the following legislative decisions:

  - Authorize more than 1,000 additional VLTs at Lincoln GP
  - Obtain authorization for coin-operated slot machines at Lincoln GP
  - Block authorization for a Narragansett gambling casino

  The indictment also says that Bucci proposed that in the future Lincoln Park hire certain Rhode Island public officials in return for favors. Much of the evidence for the indictment is contained in FAXes exchanged between the two men and others between August 21, 2000 and September 25, 2001. Two of the stated goals of the alleged conspirators -- i.e., the installation of 1,300 slot machines and the blocking of the Narragansett casino -- were achieved. John Harwood denies ever having used his influence as Speaker to benefit Lincoln Park. Bucci and Potter deny the charges and are on leave from their jobs.17

  In late September Wembley PLC officers meet with Governor Carcieri and offer to open Lincoln Park’s books on a daily basis to an independent supervisor appointed by the Governor, who would report not only to him but perhaps also to the Department of Business Regulation and the Lottery Commission. The Governor says that he and his staff will consider how best to oversee the park’s finances in the future.18

• **October 2003**
  On October 7, following two meetings with Claes Hultman, chairman of Wembley PLC, Governor Carcieri says that he will not negotiate with Wembley and would like to see Lincoln Park sold to a new owner. Wembley has said that the reduction in VLT revenues (from 30 percent to 27 percent) passed in the FY 2004 budget would make it impossible to proceed with a $50 million expansion to house the additional VLTs that were approved. The Governor’s office says that the present revenues are already lagging behind expectations. Since Wembley refuses to build the expansion, revenues will fall still further. According to the Governor’s chief of staff, “It seems like right now it isn’t going to happen with Wembley.”19

• **January 2004**
  A Budget Office report released by Governor Carcieri concludes that eliminating the $10 million state subsidy to the greyhound dog owners at Lincoln Greyhound Park would prevent millions of dollars in state funds from going to out-of-state dog owners. In 2003, 87 percent of greyhound owners lived outside the state.

  Furthermore, eliminating the subsidy would neither end greyhound racing and jobs related to it, nor lead to a decline in state revenue from video lottery terminals. The report determined that it would be unlikely

that the revenues generated by the state from the VLTs would be affected by ending live dog racing.

The report also notes that Rhode Island’s greyhound racing industry began to slide in the 1980s and continued to fall after the addition of simulcast wagering in 1991. The decline actually accelerated after the introduction of VLTs in 1993. In that year alone, gambling on live greyhound races fell by 24 percent, while between 1993 and 2002 it plummeted by another 62 percent to $29.9 million. The steep decline in live racing revenues in Rhode Island follows an industry-wide pattern, in which 37 tracks across the country experienced a drop of over 50 percent in gross wagering from 1991 to 2000.

- **January 2005**
  BLB Investors LLC purchase Lincoln Park from Wembley PLC following the corruption scandal. Lincoln Park is renamed Twin River and undergoes a massive refurbishing and expansion, replete with bars, restaurants, a comedy club, and an auditorium. The makeover cost the new owners $220 million, and the expanded facility extends the length of three football fields. Slot machines are increased in number from 3,200 to 4,750.

- **2004-2005**
  Beginning in Florida in 2004, an acute respiratory infection strikes racing greyhounds across the country, forcing sporadic track closures. In 2005 six dogs die at Lincoln Park, which is shut down from mid-April to early June. Veterinarians are baffled by the illness, which seems far more lethal than the kennel cough that often plagues greyhound tracks.

  As early as January 2004, Dr. Cynda Crawford, a research veterinarian at the University of Florida, says she suspects the illness is a form of equine influenza that has jumped species. Tissue tests from dead dogs eventually prove her right. The Centers for Disease Control estimates that from early 2004 through spring 2005 some 10,000 racing greyhounds have been infected and roughly 100 have died. The crowded conditions in which greyhounds are confined and transported contribute to the spread of the disease.

- **November 2007 – January 2008**
  In a nonbinding referendum, Lincoln voters reject the idea of Twin River staying open 24/7.

  Despite the referendum vote, Twin River representatives meet with Lottery director Gerald Aubin to make their case for staying open 24/7 instead of closing at 2:00 am. The owners claim that staying open could generate an additional $16.5 million in state revenue. Bills have been introduced in the Senate and the House to permit 24-hour gambling.

  In the first sign of financial troubles, Twin River misses a payment on the loan taken to renovate the facility. An extension is granted until August 29, and is later continued to January 31, 2009.
• **June 2008**
  Twin River owners offer the state a one-time payment of $650 million in exchange for a revenue reduction from 61 to 25 percent. The offer is refused. A request to remain open 24 hours on weekends and holidays, however, is approved.  

• **September 2008**
  On September 2, Twin River’s owners default on interest payments on loans they acquired to purchase and refurbish Lincoln Park.

  On September 19, responding to the failure to meet the loan payment, Standard & Poors lowers its rating of Twin River. Three days later Moody’s Investors Service follows suit, citing “the high probability that the company may be forced to seek bankruptcy in the near term.”

  At the end of an unrelated news conference, Governor Carcieri says that he would oppose any state bailout for the company if it reduced the state’s potential $254 million share of slot-machine revenue. Settling the track’s financial problems is a matter between BLB and their lenders, he comments, adding that he doesn’t care whether live greyhound racing continues. If the owners asked to drop dog racing, he says, “and everybody else agreed to it, I’d support that.” Although state law requires live racing to continue if other forms of gambling are conducted, there is a precedent for lifting the requirement. In 2003 the General Assembly decided to allow Newport Grand to continue operating as a gambling facility without offering Jai Alai.

  Live greyhound racing costs BLB more than $10 million a year, but generated only $980,000 in state revenue in 2007.

• **November 2008**
  In a statewide ballot initiative led by an alliance of GREY2K USA, the Massachusetts Society to Prevent Cruelty to Animals and The Humane Society of the United States, Massachusetts voters elect to end greyhound racing by January 2010. Although Twin River has not yet proposed terminating dog racing at its racino, Governor Carcieri repeats that he would not oppose such a move, since live racing produces no benefit to the state. A representative for Twin River does not comment on the Massachusetts vote.

• **January 2009**
  The last extension granted for Twin River to meet its obligations expires in one week. House Speaker William J. Murphy says that even if Twin River defaults, the state has safeguards in place to protect its 60 percent share of slot-machine revenues. He adds that all options are being considered, including a state buyout of the facility. On the same day, Governor Carcieri meets with New York financial advisors to discuss Twin River’s financial status and strategies available to keep the facility operating. Twin River owners continue to meet with lawmakers to try to resolve the situation.

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27. *Supra note 25.*
29. *Supra note 26.*
General Treasurer Frank Caprio proposes that the state sell bonds to buy out Twin River. “What I’m proposing,” he says, “is that the state look at the possibility of acquiring the actual physical real estate, and look to the [creditors] and obviously the current owners to work out a deal where then we would take our percentage of take from the machines up from 60% to somewhere over 80%.” (Currently Twin River owners are allowed to keep 26 percent of VLT profits, while another 14 percent goes to the owners of the machines and technology support firms.) Asked about Caprio’s proposal, a spokesperson for Governor Carcieri replies, “the state will protect the interests of the taxpayers but beyond that, I’m not going to comment.”

- **February 2009**

A Superior Court judge grants Twin River’s owners an extra month to pay Dimeo Construction and other contractors who worked on the renovation of the facility. In exchange for an interim payment of $250,000 on February 13, Twin River has until February 28 to discharge the full debt of $5.7 million. If Twin River’s lenders initiate any action before then to collect their own debt of $565 million, the order is void and contractors are free to take other action. State officials are still considering the option of a state buyout, and discussions are ongoing between financial representatives of the state and the owners.

Lawyers representing Twin River and Local 334, an affiliate of the Service Employees International Union, face off in federal court over a grievance filed in March 2008 to force Twin River to pay time-and-a-half to employees who work on Sunday, as ordered by an arbitrator in January 2009. Twin River has filed a suit to block the order. Arguments are based on two seemingly contradictory sections of state law. One section relieves owners of any hotel, restaurant, resort or “recreational facility” from paying Sunday employees time-and-a-half. Another section requires a corporation licensed to conduct horse- or dog-racing to pay Sunday employees time-and-a-half. A pretrial conference has been scheduled for March 19 in U.S. District Court.

- **March 2009**

Two weeks after a meeting with Governor Carcieri, House Speak William J. Murphy says he believes “we are coming to the crossroads” over how to handle Twin River’s financial crisis. Although he believes Twin River is no closer to bankruptcy than it was last fall, he says that the state must be prepared to take action in that eventuality. Unwilling to discuss all possible measures under consideration, he reiterates his previous statement that the state’s interest in VLT revenues must be preserved.

- **May 2009**

Admitting that the racino is near bankruptcy, Twin River’s owners propose to cease live greyhound racing on May 31 in order to save costs. The State Department of Business Regulation replies that state law requires that, even though Twin River loses money on greyhound racing, the track must host at least 125 days of racing per year in order to offer VLT gambling. Greyhounds will continue to race at least until August 8.

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34. GREY2K USA.
• June 2009
Twin River owners file for Chapter 11 bankruptcy. They have reached an agreement that would relieve their debt and turn over the racino to a new operator. As part of the agreement, Twin River will be permitted to say open 24/7. The state will be required to pay up to $11 million in annual support to the facility and to share in marketing costs.

Governor Carcieri has stated that he will support legislation to overturn the law that requires mandatory dog racing as part of the gambling facility. House Speaker William J. Murphy, however, is opposed to changing the law.35

• July 2009
Opponents of greyhound racing, including GREY2K USA, Rhode Island Defenders of Animals, the Humane Society of Northwest Rhode Island, the West Warwick Angels and members of the General Assembly, along with a number of greyhounds and canine friends, rally at the State House to urge the state to ban greyhound racing. Protesters hold signs saying “Greyhounds are Love,” “End the Cruelty: Stop Greyhound Racing in RI,” and “Stop Dog Racing Now.” Two greyhounds wear coats that say “Race Cars, Not Dogs.”

In defiance of the Governor and Twin River’s owners, the General Assembly not only declines to overturn the law requiring 125 racing days a year, it passes a new law extending the required number of days to 200. Governor Carcieri vetoes the bill, stating in his message to the Senate President that greyhound racing is a money-loser for Twin River, and that increasing the number of live racing days could be interpreted as “an end run around the pending bankruptcy proceedings.”36

• August 2009
Live racing ends at Twin River on August 8. The governor’s veto remains in effect, meaning that the required number of live racing days has not been increased, but the original requirement of 125 days remains in effect. Negotiations between BLB and the Rhode Island Greyhound Owners Association continue. The group insists that BLB honor a previously signed contract that costs the track over $10 million a year. At the request of the Greyhound Owners Association, bankruptcy court judge Arthur Votoato orders BLB to turn over financial records to the Association.

On August 26, WPRI reports that BLB and the Greyhound Owners Association have agreed on deposition dates in their conflict over ending greyhound racing. If the present contract is voided by the court and live racing cannot be ended, Twin River spokesperson Patti Doyle says that BLB might try to negotiate a contract with a less expensive group of dog owners.37

• October 2009
Twin River announces a deal with greyhound kennel owners to terminate their current contract, in return for two payments totaling $5 million.38