



tel. 585-343-1423
 fax. 585-343-6873
 www.westernotb.com



tel. 585-343-3750
 fax. 585-343-7773
 www.bataviadownsgaming.com

8315 Park Road
 Batavia, NY 14020

*Creating Revenues
 for Racing, State
 and Local
 Governments*

Current Member of:

*Harness Tracks
 of America*

*United States
 Trotting Association*

*American
 Horse Council*

*New York Thoroughbred
 Breeders' Inc.*

*Local Chambers
 of Commerce*

WESTERN REGIONAL OFF-TRACK
 BETTING CORPORATION

February 4, 2011

Senator John Bonacic, Chairman
 Senate Committee of Racing, Wagering & Gaming
 188 State Street
 LOB 509
 Albany, NY 12247

Dear Senator Bonacic
 Members of the Committee:

I am not planning on attending Monday's meeting as I have other business scheduled. However, I will take the opportunity to provide my comments on the "topics" outlined in your January 31, 2011 invitation.

- Their ideal model for managing wagers made off-track.

We have one. The problem is not that it doesn't work or that it is terribly inefficient; the problem is that the legislature and the rest of the industry won't let it work.

Fact—the NYOTBC created the world's best distribution network from nothing with no help and no funding from the rest of the industry or the State.

Fact—overtime so much of the revenue generated by the OTB's distribution network has been drained off to fund and support the other portions of the industry; tracks, purses, breeder's funds, and state government that the OTBs can no longer sustain the payment of their own operating budgets much less provide revenue to local municipalities.

Fact—the OTB's unlike NYRA are not asking state government for "another" handout, they are simply requesting that they be allowed to keep a reasonable portion of what "they" generate.

Fact—the tracks no longer need those horrendous "welfare payments". They are cashing in on tens of millions of dollars in Video Gaming revenue.

- The desirability of limiting out-of-state Advanced Deposit wagering entities from accepting bets from New York residents on New York State races.

Limiting—h __ I—throw them out !!

Other states have done this, why in the world doesn't New York? In New York, we not only left the door to the vault open, we invited the

robbers in and then refused to call the police once we found out they were there!

- Whether New York gaming market is over-saturated.

No, horse racing in the United States is still an \$11 billion a year market. Is it the same as it used to be—NO. Will it be the same again—NO. It will "never" again be an "on-track" based market. "You can not rely on business strategies that are rooted in the past to lead you to success in today's network economy" (author unknown). What can we (OTB) do to compensate for the changing market—simple—get lean and mean. Western, for one, plans to reduce its bricks and mortar locations. If a branch is unprofitable based on certain criteria it will be closed. At the same time we will continue the expansion of EZ Bet facilities, expand the use of self-service terminals, reduce labor and benefit costs and join an existing New York based internet program.

- Whether dark day payments and maintenance of effort payments should be eliminated.

Yes—definitely !

- A potential formation of a new LLC to operate all wagering in New York State.....

By all, I assume you mean all off-track wagering; not all as in all NYS wagering.

No—we have a fully built fully functional distribution network now, why dismantle that just to start over—that's throwing the baby out with the bathwater. Let the OTBs keep a reasonable share of what they currently generate, stop the welfare payments and let's get on with modernizing the "platform".

You're not suggesting that New York have one track or even one track operator—You're not suggesting that New York have one Breeder's fund—Why? Are they not doing the same thing? Are they not duplicative?

- Ways to attract racing fan development both on-track and elsewhere.

I can tell you this—you cannot make people attend live racing. They are either interested or they are not. At Batavia Downs, we have tried just about everything you can imagine—our attendance is flat and that, my friend, is a success.

- How to consolidate off-track betting parlors.

Simple—set a standard; if they don't make the grade close the door, lay off the help, and move on. You cannot cure any problems with OTB perceived or otherwise if you pass a bill to take these over and add in "oh, by the way" you can't lay anyone off—trust me that won't work.

- How to encourage capital investment at Harness Tracks.

Easy, give them video lottery gaming! You did and yes, it works fantastic. So good that a brand new track was constructed in Tioga, New York; another was rescued from bankruptcy in Verona, New York; another was saved from tax foreclosure in Batavia, New York and all others in the State are now part of the "renaissance of harness racing" according to Mr. Feraldo.

It worked great! If you want, try the same with the OTBs. I am relatively certain they would accept your offer. This could conceivably over time nearly double the state's revenue from video gaming. And just think, the "regional" local governments would likely pay for it just like they did OTB!

- The witnesses' idea to better the spot of racing in New York

This is totally under the control of the tracks, so you had best ask them. If it were me, I would suggest racing fewer days, race with full fields, try different length races in harness, race horses past their 3rd birthday so people can start to recognize the stars.

- The proposed interstate racing compact

No comment.

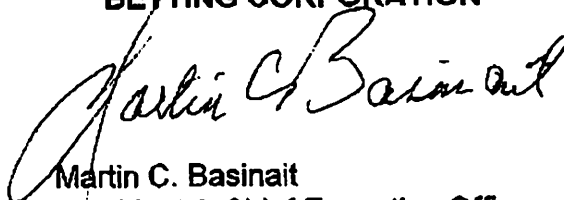
One last thing, if I may. Western OTB is unique in several ways from the other regions. Western owns thirty of its thirty-eight branch properties; it also owns a profitable harness track. The founding municipalities of Western "ponied up" nearly \$700,000 to start this Corporation and have over the years invested some fifty million (that's \$50,000,000) more in OTB branches, the track, redevelopment of the track for live racing and video gaming and so on.

That money would otherwise have gone to the local municipalities in the form of operating profits. How would this committee and the state propose to reimburse Western's seventeen municipal shareholders for their investment in the industry's future if the state were to take control of Western?

Thank you for your time.

Very truly yours,

**WESTERN REGIONAL OFF-TRACK
BETTING CORPORATION**

A handwritten signature in black ink, reading "Martin C. Basinait". The signature is written in a cursive style with a large, looping initial "M".

**Martin C. Basinait
President & Chief Executive Officer**

MCB/dmf

Cc: WROTBC Board of Directors
WROTBC Officers
Lisa Morrello
OTB Presidents