



# FACT SHEET

## HISTORY OF GREYHOUND RACING IN RHODE ISLAND

### OVERVIEW

Rhode Island has one greyhound track, Lincoln Park (formerly Lincoln Greyhound Park) in Lincoln. Founded in 1947 as a horseracing track, it was converted to a greyhound track in 1977. In 1990 an 80 percent interest was sold to the British firm Wembley PLC; they bought the remaining 20 percent in 1992. Lincoln Park is now owned by Wembley USA, a Colorado-based subsidiary of Wembley PLC.

Lincoln Park offers live greyhound racing year-round, as well as simulcast races from horse and dog tracks nationwide. It also offers gambling on video lottery terminals (VLTs), which look like ordinary slot machines but dispense paper tickets instead of cash winnings. Patrons can play traditional slot games on VLTs as well as other games like poker, blackjack and keno.

Greyhound racing in Rhode Island is dying, as it is across the country. From 1991 to 2000 the live wagering handle, the total amount wagered, at Lincoln Park fell 77 percent, from \$136.3 million to \$31.5 million. The major source of income at Lincoln Park is not greyhound racing, but mechanized forms of gambling. In the past year the number of VLTs at Lincoln was expanded to 2,272, generating \$56 million in profit for Wembley in 2002. According to The Guardian, more than 90 percent of Wembley's profits come from its US operations. The VLT expansion has also been extremely profitable for the state. Lottery income is Rhode Island's third-largest source of revenue, after sales and income taxes; and VLTs provide 75 percent of lottery revenue, for a projected \$233 million in 2004.

Although few patrons come to Lincoln Park just for the races, as a so-called "sport" greyhound racing provides public relations cover for what would otherwise be a naked gambling operation. In turn, owners of kennels supplying the track profit from VLT income, a portion of which is awarded to them to supplement purses. As a result, Lincoln Park has the highest dog-racing purses in the United States. Opponents of greyhound racing, including some lawmakers, term this retained money a state subsidy. Since 1993 the subsidy has amounted to over \$84 million.

The General Assembly has resisted all efforts to eliminate either live racing or the subsidy. In 1995 the original 10 percent subsidy to kennel owners was reduced to 6 percent, but soaring income from VLTs kept purses high. In 2002, under pressure to relieve the state's desperate financial straits, the General Assembly increased the state's share of VLT winnings and reduced the subsidy. In 2003 it was reduced still further.

At the same time, Lincoln Park was granted permission to install more than 1,000 more VLTs, which would mean that the actual amount of money kennel owners receive would continue to increase. The installation of those VLTs, however, has been placed in question by events following the recent indictment of officials of Lincoln Park and Wembley PLC. (See Timeline below.)

Both previous Governor Lincoln Almond (1995-2003) and present Governor Donald L. Carcieri have been strongly opposed to subsidizing greyhound racing.

(Note: Lincoln Park's name was changed from Lincoln Greyhound Park a few years ago. For consistency's sake we refer to it throughout as Lincoln Park.)

## THE MONEY AND THE DOGS: A TIMELINE

- **1990**

In a statewide referendum, voters defeat a proposal to allow off-track betting in Rhode Island.

- **1991**

In defiance of the previous year's referendum, and based on the argument that pari-mutuel betting is already legal in Rhode Island, the General Assembly approves simulcasting of out-of-state racing at Lincoln Park and Newport Jai Alai.<sup>i</sup>

- **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.<sup>ii</sup>

- **July 1992**

The average live-racing handle 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 video lottery terminals at Lincoln Park and Newport Jai Alai. 1,200 machines are installed at Lincoln in September.

The state budget allocates 10 percent of VLT income to kennel owners to subsidize purses.<sup>iii</sup>

- **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."<sup>iv</sup>

- **July 1995**

Governor 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.<sup>v</sup>

- **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.

Proponents of coin slots lose this round.<sup>vi</sup>

- **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 wrote 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."<sup>vii</sup>

- **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. A similar epidemic in 1992 killed more than 70 dogs nationwide. Lincoln Park is closed for several weeks.<sup>viii</sup>

- **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.<sup>ix</sup>

- **January 2002**

In his State of the State Address, Governor Lincoln 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 a bill -- one of many such over the years -- 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.<sup>x</sup>

- **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." Stay tuned.<sup>xi</sup>

- **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.<sup>xii</sup>

- **January 2003**

Governor 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.<sup>xiii</sup>

- **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.<sup>xiv</sup>

- **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."<sup>xv</sup>

- **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.<sup>xvi</sup>

- **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:

- Authorization to install 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 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 blocking 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.<sup>xvii</sup>

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 future.<sup>xviii</sup>

- **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 1,000 VLTs that had been approved. The Governor's office says that present revenue is 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."<sup>xix</sup>

10/27/03

<sup>i</sup> *Providence Journal*/Ira Chinoy, September 27, 1992

<sup>ii</sup> *Greyhound Network News*, Fall/Winter, 1992

<sup>iii</sup> *Boston Globe*/Larry Tye, November 9, 1992; *Providence Journal*/Ira Chinoy, September 27, 1992; *Providence Journal*/Lincoln Almond, February 24, 2002

<sup>iv</sup> *Providence Journal*, October 20 and 22, November 9, 1994

<sup>v</sup> *Providence Journal*/Katherine Gregg, July 27, 1995

<sup>vi</sup> *Providence Journal*/Elizabeth Abbott, January 7, 1996

<sup>vii</sup> *Greyhound Network News*, Spring and Summer 1997; *Providence Journal*/Russell Garland, March 21, 1997

<sup>viii</sup> *Greyhound Network News*, Spring 1999

<sup>ix</sup> *Greyhound Network News*, "Greyhound Facts," [www.greyhoundnetworknews.org](http://www.greyhoundnetworknews.org)

<sup>x</sup> *Greyhound Network News*, Winter 2002-03; Lincoln Almond, State of the State Address; *Providence Journal*/John Castellucci, January 27, 2002; Edward Fitzpatrick, January 31, 2002

<sup>xi</sup> *Providence Journal*/M. Charles Bakst, June 11, 2002

<sup>xii</sup> *Greyhound Network News* Spring 2002; *The Guardian*/Simon Bowers, March 1, 2002; *Providence Journal*/Katherine Gregg and Liz Anderson, September 10, 2003

<sup>xiii</sup> *Providence Journal*/M. Charles Bakst, January 28, 2003; Paul Davis, January 29, 2003; Tom Mooney, September 24, 2003

<sup>xiv</sup> *Providence Journal*/Elizabeth Gudrais, April 17, 2003

<sup>xv</sup> *Providence Journal*/Liz Anderson, July 31, 2003; Office of the Governor, June 27, 2003

<sup>xvi</sup> *Providence Journal*/Katherine Gregg, Liz Anderson, July 11, 2003; Office of the Governor, July 8, 2003

<sup>xvii</sup> *Providence Journal*/Katherine Gregg and Liz Anderson, September 10, 2003; *Boston Herald*/Scott Van Voorhis, September 11, 2003; Indictment issued by the United States District Court, Rhode Island, September 9, 2003

<sup>xviii</sup> *Providence Journal*/Tom Mooney, September 24, 2003

<sup>xix</sup> *Providence Journal*/Katherine Gregg and Liz Anderson, October 8, 2003