

MEC Working With THG on Pricing Model

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by Tom LaMarra

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Magna Entertainment Corp., in a statement issued the evening of Aug. 28, acknowledged it is having discussions with the Thoroughbred Horsemen's Group on what company chairman Frank Stronach called "a new framework" for pari-mutuel economics.

Stronach, in the release, said MEC and the THG, which has 18 member horsemen's associations, are exploring more equitable pricing and distribution models for advance deposit wagering. The THG, formed in December 2007, thus far has focused exclusively on revenue from ADW systems.

MEC and the THG have been talking for some time, but the Aug. 28 statement is MEC's first official comment on the situation.

MEC is working with the THG at a time when relations between the horsemen's coalition and Churchill Downs Inc. seem to be worsening. CDI doesn't agree with the THG strategy, and recently accused the group of price-fixing.

MEC and CDI are partners in TrackNet Media Group, which buys and sells simulcast signals. One of TrackNet Media's objectives when it was formed in the spring of 2007 was to improve pari-mutuel economics and get more revenue for tracks and horsemen's groups.

Both companies operate ADWs; MEC has XpressBet.com, while CDI has TwinSpires.com.

Stronach said MEC is having "very constructive conversations" with THG president Bob Reeves and manager Wilson Shirley.

"We welcome the opportunity to work with the THG as a national agency assisting local horsemen's groups," Stronach said. "We all understand horse racing faces major challenges, and I personally believe that a national horsemen's group could be very beneficial in addressing major national issues like advance deposit wagering pricing and distribution strategy."

"I am hopeful that in the near future, we will develop a new framework which will improve the economics of the horseracing industry for both racetracks and horse owners."

Reeves said Aug. 29 Stronach understands the need for an improved distribution model.

"Frank Stronach has consistently told us he's a horseman and wants to help horsemen," Reeves said. "It is clear Thoroughbred owners and racetracks cannot continue to subsidize agencies taking wagers on our races that do not have an investment in live horse racing."

MEC is North America's largest racetrack operator in terms of number of holdings. Its properties include Gulfstream Park in Florida, Laurel Park and Pimlico Race Course in Maryland, and Santa Anita Park in California.