

PAULICK REPORT

September 16 & 17, 2015

www.PaulickReport.com

SPECIAL

Fantasy Sports: Horse Racing's Newest Threat

By Ray Paulick

If you watched at least 15 minutes of football last week-end, chances are you saw TV ads for DraftKings or FanDuel – the two leading companies in the exploding world of daily fantasy sports, otherwise known as DFS. The ads make claims like “Turn \$20 Into \$2 Million” – simply by registering online, making a deposit, joining a contest and picking your team (it can be football, baseball, PGA golf, NASCAR and other sports).

It may sound a lot like sports betting, but repeat after me: It's not gambling. It's not gambling. It's not gambling.

Technically.

Daily fantasy sports are legal in 45 of 50 U.S. states, thanks to the 2006 federal law oddly known as the Unlawful Internet Gambling Enforcement Act (state law in Arizona, Iowa, Louisiana, Montana and Washington prohibit prohibit “contests” with cash prizes). The federal legislation was designed to crack down on illegal sports wagering and online poker, but it made a specific exception for fantasy sports – the kind that people used to play around the office cooler during the NCAA basketball tournament. But daily fantasy sports are not your father's rotisserie league. Instead of being based on a three-week tournament or four-month football season, participants go online, put together a team of players in games scheduled that day and find out instantly whether they've won or lost. TV network executives love daily fantasy sports contests, because it keeps players tuned in to a game even if it's a blowout, because they are more interested in individual stats than final scores.

This is big business, and though it's technically not “gambling,” it is a threat to other legal forms of wagering, including horse racing. Las Vegas sports books aren't happy about the growth of daily fantasy sports, either. Until five friends came up with the concept at the 2009

SXSW Interactive Festival in Austin, Texas, there was no such thing as daily fantasy sports. These entrepreneurs created FanDuel, which now boasts over a million active players. FanDuel says it will pay out \$2 billion in prizes this year, up from \$560 million in 2014. FanDuel typically deducts 10 percent from the entry fees as “takeout” – a better deal than the 20 percent blended takeout from horse racing.

DraftKings, launched in 2012, is a Boston-based company that received an infusion of \$300 million from investors in July (including \$150 million from Fox Sports) to continue its aggressive growth strategy as it seeks to become No. 1 in the daily fantasy sports world. Internet giant Yahoo announced in July it was getting into the DFS business, too.

Continued on Page 5



ASK RAY

QUESTION: Where are all the Curlins?

ANSWER: Breeders are fickle. In 2013, when these yearlings were conceived, Curlin was cold as ice. He only has 39 foals of 2014. Two made Book 1, two in Book 2, seven in Book 3 and three in Book 4. In 2014, he was bred to 152 mares.

Spendthrift
Open House

**1 - 3 PM
THROUGHOUT
KEENELAND
SEPTEMBER**

Refreshments will be served.

SPENDTHRIFT
The Breeders' Farm
859.294.0030 | spendthriftfarm.com



Stallion Spotlight

Tapit
By Frank Mitchell

One of the perennial features of Book 1 at the Keeneland September sale is the plethora of yearlings by the leading commercial sires. In fact, the Book 1 list is a racing archaeologist's midden of information for assessing what sires and bloodlines are most important from year to year.

Among the established stars like Giant's Causeway and War Front, along with special appearances from European heavyweights like Galileo or his champion son Frankel, the horse who stands preeminent among contemporary sires is Tapit.

The classy gray son of Pulpit is consistent. The foals can be gray or they can be bay (or chestnut). They can be tall or they can be small (or average-sized). Those things don't matter, especially with Tapit. But Tapit is consistent about the things that matter. All his foals will have speed, all will have a racehorse attitude, and all will have some class.

Those are things that make sires great.

Speed allows a horse to place itself, or be placed by a jockey, in a position to do its best, and that is all we can hope from our racers. Speed allows a horse to be more maneuverable, more versatile, and essentially more competitive. Those are tremendous assets for a racehorse.

So when the elder Aga Khan, the current Aga Khan's grandfather, was asked the three primary things he looked for in racehorses, he said: Speed, speed, speed.

So what we're looking for is not cheap speed but the speed that carries, that allows a horse to put itself into competi-

tion and to take the game to its opponents. Once a racehorse is in a contending position, then it has to put its head down and want to win that contest, and the Tapits, like the Storm Cats before them, and the Exclusive Natives and the Bold Rulers and the Nasrullahs, want to win races.

Then the final step for the best sires is getting class in their offspring. Practically, they are not all going to be champions. That's not possible. The uncertainties of fate and genetics will see to that.



But with the speed to be competitive and the willingness to try, then a sire's stock will find their own level, and when we see that a sire is getting stock that want to be high class, that get out there on the Saturday afternoons and represent themselves well, the sires of such stock are the sires that people want.

With good reason.

And as we have seen over the past couple of generations, sires who can get those traits consistently rise to the top in popularity among breeders and in celebration at the sales. Nor do these stallions who are the genetic elect need superstar mares.

Tapit received nice mares early in his career, not mares who were headline makers themselves, though. But just like we have seen with Storm Cat, Mr. Prospector, Danzig, and other important sires, the right set of genetic and mental traits that pass along consistently will bring the top sires right to the top.

Those are the qualities that have brought Tapit to this pinnacle of importance to the breed. PRS

Grab a Gator by the big savings.

Exclusive equine member discounts lets you Go Gator ... for less

Special savings are now available on the 50 horsepower John Deere XUV825i, the utility vehicle that is surefooted on just about any terrain, and is versatile enough to play hard ... and work hard.

**\$800 off + \$500 Equine Partner Program Discount
\$1,300 in exclusive savings*¹**

Call 866-678-4289 for details!

*Fixed rate of 0.0% for 60 months. Subject to approved installment credit with John Deere Financial. \$1750 OFF implement bonus is in addition to Low Rate financing and requires the purchase of 2 or more qualifying John Deere or Frontier implements. In lieu of financing offer, get \$2750 OFF on 3E Series Tractors. \$250 Equine Partner Program Discount based on qualified equine industry participation. Some restrictions apply; other special rates and terms may be available, so see your dealer for details and other financing options. Valid only at participating US dealers.

Honor Roll

Keen Ice A Hot Prospect On Track, At Stud
By Scott Jagow



2012 Bay colt, Curlin - Medomak, by Awesome Again. Consigned by Four Star Sales to 2012 KEE Nov., purchased by Chesapeake Bloodstock for \$48,000. Consigned by Three Chimneys to 2013 KEE Sept., purchased by Donegal Racing for \$120,000.

When Jerry Crawford, president of Donegal Racing, goes shopping at auction, he's looking for a specific combination of traits — horses that should excel at classic distances and who are also bred to be stallions someday.



He believes he hit the mark with Keen Ice, winner of the Grade 1 Travers, a race that has produced a number of top stallions in recent years.

"I liked his pedigree from a stallion prospect standpoint," said Crawford, who bought the colt for \$120,000 at the 2013 Keeneland September Sale.

What he liked specifically was seeing stamina on both sides; from his sire Curlin and the Awesome Again mare, Medomak. Crawford thinks Keen Ice will be appealing to breeders because they'll have options.

"The thing about Keen Ice at stud is that you can take precocity to him, you can take speed to him and he's going to give you all the stamina you'll ever need. And he's beautifully conformed," he said. "To quote a person I was talking to a few days ago, this is a stallion prospect with no holes



WOODBINE
OPPORTUNITY + PROFIT
DUENORTH
RACING APRIL TO DECEMBER
OVER \$500,000 PURSES PER DAY,
OPEN MSW PURSE \$56,000
50+ NON-RESTRICTED STAKES RACES THROUGHOUT
THE MEET (INCLUDING 40 GRADED STAKES RACES)
UP TO 200 TURF RACES PER YEAR RAN ON
THE RENOWNED E.P. TAYLOR TURF COURSE
IT'S EASY TO GET STARTED! ALL YOU NEED TO DO IS
CALL STEVE LYM AT 1-888-675-7223 X2604
OR VISIT WOODBINEENTERTAINMENT.COM/DUENORTH
FOR MORE INFORMATION
™ Trademark of Woodbine Entertainment Group

in him."

Crawford said inquiries about stallion rights have come pouring in since the Travers win over Triple Crown winner American Pharoah, but he's hoping stud duty is a ways off. There's more to accomplish on the track, this year and possibly next.

Heading into the Travers, Keen Ice had only a maiden victory to his credit from 10 starts. Still, since that win a year ago, the colt has only competed in graded stakes, including four consecutive Grade 1s starting with the Kentucky Derby, and he's come full of run in every one of them.

"What I was seeing was a horse who had all the stamina in the world, who was slowly but surely developing more tactical speed," Crawford said. "Now, he's developed tactical speed to go with his endurance. That's what makes him the fastest 3-year-old in the world today."

Keen Ice will get a chance to back up Crawford's high praise this fall, as he points for the Breeders' Cup Classic, where he could face rival American Pharoah for the fifth race in a row.

PRS



equilume™

**Ensure Your Mares
Are Cycling Early**

equilume.com
1800 242 9259

Around the Town

By The Galloping Gourmand

Our beer tastes have come a long way since college, when cases of Weidemann and pitchers of Schlitz were all that our taste buds could afford. But beer has come a long way, too, with microbreweries popping up everywhere, including right here in Lexington, Ky.

The “big three” microbrews in the Bluegrass form something of a “hops Triangle” near downtown Lexington. Let’s start with **Country Boy Brewing**, which has a small tap room at 436 Chair Avenue, just off Broadway south of downtown. Established in 2012, Country Boy, whose staples include the ever-popular Cougar Bait and Shotgun Wedding brands, teamed up with Keeneland to produce a small batch named Keeneland Fall Ale, available during the September sale and the fall race meeting, including the Breeders’ Cup Championships.

There’s not a lot of ambiance in Country Boy’s small tap room, but you can’t go wrong with any of their products. There are 24 taps, 12 of them pumping out Country Boy beers and the other 12 carefully selected guest brews. Our favorite is Nacho Bait, a tasty concoction infused with jalapenos. Country Boy doesn’t have a kitchen but you’ll often find a food truck in the parking lot.

After wetting your whistle on some Country Boy brew, drive through downtown on Broadway and hang a left on Sixth Street. A few blocks over, at 501 West Sixth, is the appropriately named **West Sixth Brewing**.

Located in the former Rainbo Bread Factory, West Sixth’s tap room is as expansive as Country Boy’s is claustrophobic. It’s large enough to share space with Smithtown Seafood, a popular order-at-the-counter/have-delivered-to-your-table restaurant that serves tasty platters, sandwiches and salads. The hoppy West Sixth IPA is the staple here, but between its own brews and selected outside beers there’s something for every taste.

The final stop on the hops triangle is **Blue Stallion Brewing Co.**, located at 610 West Third Street (just west of Jefferson Street and, for those who have driven downtown from Fasig-Tipton on Newtown Pike, it’s located behind the empty building with the fading sign that reads: Heavy Race Horse Oats: Lawrence Brewer & Son).

Opened in July 2013, Blue Stallion leans more toward German-style lagers, with its darkish Munich Dunkel the No. 1 choice of most visitors to the brightly-lit, high-ceilinged room. A more exotic brew currently being served is the smooth Smoked Lager. Like Country Boy, Blue Stallion usually has a food truck parked outside, including a local favorite barbecue, Red State.

If you can’t make it to the microbrew tap rooms, look for their products at many Lexington restaurants and bars. **PRS**



KIRKPATRICK & Co.
CENTRAL KENTUCKY’S MOST RESPECTED
SOURCE OF FARM BROKERAGE

859.576.8195
www.kirkfarms.com

About

PAULICK REPORT

For advertising inquiries please
call Emily at 859.913.9633



Ray Paulick - Publisher ray@paulickreport.com
Emily Alberti - Director of Advertising emily@paulickreport.com
Scott Jagow - Editor-in-Chief scott@paulickreport.com
Mary Schweitzer - News Editor mary@paulickreport.com
Natalie Voss - Features Writer natalie@paulickreport.com
Emily White - Weekend Editor emilywhite@paulickreport.com
Frank Mitchell - Contributing Writer

COPYRIGHT © 2015, BLENHEIM PUBLISHING LLC

Continued from Page 1

There has been talk that FanDuel and DraftKings – both privately held and projected to be worth about \$1 billion each – could do an initial public offering of stock in 2016.

In the week before the National Football League season began, DraftKings spent \$18.6 million on TV advertising, more than any other company or brand, according to iSpot.tv. No. 2 was Warner Bros., which spent \$14.8 million to advertise “Black Mass,” the new Johnny Depp biopic about gangster Whitey Bulger. FanDuel ranked ninth with a \$7.7-million weekly ad spend. Over the next two years, according to published reports, DraftKings will spend \$500 million advertising its daily fantasy sports games.

Why? Eilers Research, which studies the gaming industry, projects 41 percent annual growth for daily fantasy sports, meaning it will top \$14 billion a year within five years.

Horse racing in the U.S. reached a highwater mark when it topped \$15 billion in annual wagering in 2003 and '04, but it has steadily fallen since. By the end of 2015, \$10.5 billion will be wagered on Thoroughbred racing in the U.S., a decline of nearly one-third over the last decade.

Many of the people who play daily fantasy sports would have been candidates to become horse racing fans and horseplayers, and maybe they still are. It is, after all, a game of skill that requires participants to pore over statistics and make selections based on past performances. This is very tough competition for horseracing. All of the cable and broadcast networks that televise the NFL and other major sports now spend a disproportionate amount of time discussing “fantasy players,” feeding on the frenzy that the DraftKings and FanDuels ad campaigns started. Even CNN created an NFL segment to accommodate FanDuel advertising.

Because daily fantasy sports contests are not “gambling,” there are no regulatory boards similar to those that burden horseracing. Participants can sign up quickly and not have to provide personal information (date of birth, Social Security number) like advance deposit wagering companies are required to collect. There is an endless stream of free online statistical information on the players that DFS participants need to “draft” or put together their rosters, unlike horse racing, where the industry-owned data company, Equibase, charges for the statistics that horseplayers rely upon.

There is nothing horse racing can do to slow the boom in daily fantasy sports, but there are changes that can make this historic sport a more attractive betting proposition.

Now is the time for racing’s leaders to address data costs and takeout rates. ^{PRS}

Your dollar is exceptionally \$trong in Europe

In Ireland, France and Germany:

	Fall 2014	Fall 2015
€100,000 purchase price	\$131,900	\$115,400
€25,000 annual training fees	\$33,000	\$28,900
€20,000 stallion nomination	\$26,400	\$23,000

In Britain:

	Fall 2014	Fall 2015
£100,000 purchase price	\$166,100	\$158,000
£20,000 annual training fees	\$33,200	\$31,600
£25,000 stallion nomination	\$41,500	\$39,500

Destination Europe

info@destinationeuroperacing.com

www.destinationeuroperacing.com

Five to Watch

A look at some of the sale's top hips

By Frank Mitchell



Hip 495 Colt by War Front x Orate, by A.P. Indy: A half-brother to stakes winner and Grade 1-placed Endless Chatter (by First Samurai), this colt is out of a full sister to major winner and major sire Pulpit. The second dam is G1 Frizette Stakes winner Preach (Mr. Prospector), the dam of three stakes horses and four stakes producers. The sire is the internationally appealing son of Danzig, War Front, who has made his career by getting horses of exceptional speed that stay 8 to 10 furlongs.

Hip 511 Filly by Bernardini x Pilfer, by Deputy Minister: A full sister to G1 winners To Honor and Serve (Woodward, Cigar Mile) and Angela Renee (Chandelier), this filly is by classic winner Bernardini (A.P. Indy), who has had a remarkable summer with his progeny, including recent Spinaway Stakes winner Rachel's Valentina. The dam has produced three stakes winners, is a stakes winner herself, and is a half-sister to two more.

Hip 514 Colt by Distorted Humor x Plum Pretty, by Medaglia d'Oro: This first foal out of G1 Kentucky Oaks winner Plum Pretty is a grand-looking colt with scope. The colt's sire is the highly regarded Forty Niner stallion Distorted Humor,

who sired Kentucky Derby and Preakness winner Funny Cide. Out of the A.P. Indy mare Liszy, who had a full sibling to Plum Pretty offered as Hip 405, Plum Pretty accounted for two G1s from five victories, earning \$1.6 million.

Hip 555 Filly by War Front x Refugee, by Unaccounted For: A half-sister to G1 winners Executiveprivilege and Hoppertunity, this filly is out of the G2-placed Refugee. This mare can get a tremendous individual, and this filly is by the very popular international stallion War Front (Danzig). The filly's third dam is Calumet's champion and Hall of Fame star Davona Dale.

Hip 682 Colt by Distorted Humor x Supercharger, by A.P. Indy: A half-brother to Kentucky Derby winner Super Saver (Maria's Mon), who has shown promise as a sire with his first and second crops to race, this colt is also a full brother to G3 winner Brethren (Sam F. Davis Stakes). The dam is superstar producer Supercharger, who has foaled four stakes horses, plus the winner Quickest (Forest Wildcat), dam of three stakes horses, including G1 winner Callback. Sire Distorted Humor has sired classic winners, as well as top juveniles and older horses. PRS

SUPER SAVER

Joined TAPIT & BERNARDINI as the last horses to sire

3 G1 WINNERS

before September of their respective first-crop progeny's 3-year-old season.

“ must be just about the hottest sire in America ”

— Bill Oppenheim, TDN 9/2

WINSTAR

www.WinStarFarm.com
Office: (859) 873-1717 | Kyle Wilson: (859) 699-8589
Caroline Walsh: (859) 537-2527 | Sean Tugel: (859) 940-0456

Look for his super yearlings at KEENELAND SEPTEMBER

