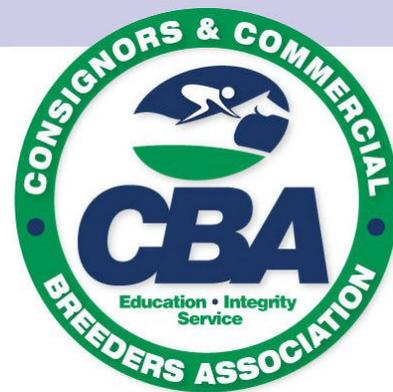


Membership Newsletter

Spring 2010

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Welcome New Members

- Beau Lane Bloodstock
- Brookstown Farm
- Buzz Chace
- Josham Farms
- K&G Stables
- Kempton Bloodstock
- Lantern Hill Farm
- Mare Solutions
- Marion Hills
- Moreau Bloodstock International
- Pedigree Consultants
- Pine Tree Farm
- Polo Green Stables
- Respite Farm
- Select Sales
- Sierra Farm
- Threave Main Stud
- Timber Town Stables
- Vikata Vista
- Whispering Oaks
- Windways Farm

State Of The Organization by Neil Howard

2009 was most definitely a year of uncertainty for our industry. The political difficulties along with the sharp economic downturn made for an interesting year. Throughout the year, the CBA worked diligently on several fronts to make sure our members were well represented on some critical issues vital to the way we do business.

I want to take this opportunity to update the membership how we continue to work to fulfill the CBA's mission. I also want to encourage anyone interested in getting involved to join us so together we can better serve our membership.

Veterinarian Issues (Craig Bendoroff - Chair)

Since its formation, Craig and his committee have made great strides in opening up the lines of communication with veterinarians both here and in other states.

Some in the veterinary community made a large push in 2009 to do away with the use of vet reports at the sales. The

majority of our members feel these reports are an important aspect of their sales. This committee, along with support from the sales companies, SITF, and others, worked throughout 2009 with veterinarians to develop a certifiable, standardized vet report for use at the sales. The greater purpose of standardizing vet reports is to bring integrity and accountability to the process so that buyers can be confident in the product they are purchasing.

The sales companies are working in this regard to have a solution in place for the July 2010 sale. The CBA will continue to work closely with each group so that the solution is fair to all participants. Other sales issues being monitored and discussed include endoscopic exams and grading.

Sales Company Issues (Kerry Cauthen - Chair)

The Sales Committee has been working closely with Craig and the Veterinary Committee as the issues are often related. The sales companies, thanks to

this committee, are now very open to dialogue. The sales companies are interested in our members' ideas and concerns related to how we can better work together to improve the way we market our product. The sales companies are also interested in identifying new buyers and developing a new energy at the sales. I urge anyone with ideas to call Kerry or the sales companies to voice their thoughts.

Education (Joe Seitz and Rob Whiteley - Co-Chairs)

The CBA has always taken a strong stand in educating breeders, owners, and buyers. The "Plain And Simple" series of booklets have been so successful that we have been asked to produce them in a couple of different languages.

The primary focus of the Education Committee in 2009 was to make buyers aware of the many stakes horses that had less than perfect x-rays as a juvenile. Lookin At Lucky is the most visible (cont. p. 2)

2010 Board Election Results

The following individuals have been elected to the CBA Board of Directors Neil Howard of Gainesway Farm, Joe Seitz of Brookdale Sales, Mark Taylor of Taylor Made Sales Agency, Martha Jane Mulholland of Mulholland Springs Farm, and Rob Whiteley of Liberation Farm have been re-elected to

the Board. Marc McLean of Crestwood Farm and Frank Mitchell of The Croft have been elected for their first terms.

The newly elected board members will join Craig Bendoroff of Denali Stud; Kerry Cauthen of Four Star Sales; Mike Cline of Lane's End Farm, Pat Costello

of Paramount Sales; Dermot Ryan of Ashford Stud and John Stuart of Bluegrass Thoroughbred Services. Elections to seat board members are held each February for an alternating six and seven vacant seats on the thirteen-member board of directors.

State Of The Organization (cont.) by Neil Howard

current performer, but many more continue to be identified. Joe has worked tirelessly to put this information together and he continues to collect data. I urge all of you to continue to give Joe input on situations surrounding horses you know and can identify.

As a result of Joe's hard work, the sales companies along with TOBA/KTOB, SITF, and others, are in the preliminary stages of setting up and developing a system to track these horses from the vet reports and identify those with issues that have had or are having stellar careers racing. We hope, in the future,

to develop another booklet highlighting these horses to better educate everyone regarding the subject and their stories.

Membership and Benefits (Martha Jane Mulholland and Pat Costello - Co-Chairs)

Our hats go off to Martha Jane for her efforts and success securing discounts from vendors for members of the CBA. The list of "preferred providers" now totals 17 and continues to grow. This list can be found on page five in this newsletter or on our website: www.consignorsandbreeders.com.

The CBA now has 318 active members whose support is nec-

essary for this organization to continue its work as defined in our mission statement. A new and reduced fee has been set forth for breeders in 2010 allowing them, for just pennies a day, to take full advantage of the preferred provider benefits while more importantly having "a seat at the table." Whatever category you fall under, I urge everyone to sign up and pay dues so that you can continue to have your voices heard. The old adage "strength in numbers" has never been more important.

The directors of the CBA want to thank each and every one of our members for their continued

support. We cannot be everything for everybody but the CBA provides a unified voice and a "seat at the table" on important issues. I can personally assure you that had the CBA not existed in these past years, important decisions which would have had significant impact on our livelihood and industry, would have been made by others in a "business as usual" manner. Please feel free to contact any of our directors and voice your thoughts and concerns. We also welcome participation by any members on committees.

"Spotlight On" Education: Veterinary Issues

All of us in racing have heard horror stories of breeders who paid their money, spent their time, and got nothing but feathers at the sales. If any breeder had lost money on producing 2009 champion juvenile like Lookin At Lucky, that man or woman would be feeling sad. Yet Lookin At Lucky's breeders were faced with the options of keeping the colt or selling him for a loss at the yearling sales. Fortunately, breeders Lance Robinson and Jerry Bailey were in a position to have a "Plan B" for their 2007 colt by Smart Strike when he went unsold at the 2008 Keeneland September yearling sale on a hammer price of only \$35,000.

In a telephone interview from Florida, Bailey said that "some of the issues that were a factor [in the colt not selling] were radiographic."

He also said that "as the Smart Strikes mature, they become a little more attractive. He was criticized a little for his pasterns, which were a tad long and a tad soft."

LOOKIN AT LUCKY Races Past His Radiographs by Frank Mitchell

Those weren't the primary reasons that most buyers walked away, however. Bailey said, "Radiographically, he had some mild sesamoiditis, some mid-sagittal ridge lesions, as well as old stifle OCDs that we had operated on. As a result, he had a divot on the lateral trochlear ridge of the stifle from the earlier operation that was nice and clean, but with those things, there just wasn't anybody there to buy him at the yearling sale." Plan B is something that Bailey is familiar with. He even had to resort to Plan C with Thunder Gulch when that good young horse did not sell as a 2-year-old in training. Put to racing and sold for very good money late in his 2-year-old season, Thunder Gulch won the Kentucky Derby and the 3-year-old championship for owner Michael Tabor. With Lookin At Lucky, "we broke and trained him," Bailey said. "He was always sound, always trained well, and was delightful at the 2-year-old sales in the



way that he trained and worked. He went in :10 flat, and the way he did it was just awesome. When I was watching him at the Keeneland April sale, I was afraid to look at the clock, afraid he went in :11, because it looked that easy." The colt's time and his easy way of going brought buyers to look and inspect and check the x-rays in the repository because the yet-unnamed Lookin At Lucky was obviously a colt with a future.

Bailey said, "Even though we had trained him right along, the colt still had some radiographic findings at the 2-year-old sale that turned some people away from him. But the people who

knew what a horse was supposed to look like were pretty high on him," pushing the colt's 2-year-old sale price to \$475,000 with Jess Jackson's representative John Moynihan reportedly the under bidder. By the time the colt was in serious training, Bailey said that "what sold him was the way he moved on the racetrack. Baffert will overlook radiographic findings that other trainers won't, and I think that's one reason he's had so much success with 2-year-olds. Most horses in a juvenile sale have something to talk about, and if a buyer waits only for those that don't, they miss out on a lot of good horses."

Trainer Bob Baffert was the lucky buyer of Lookin At Lucky for owner Mike Pegram. Pegram also came out on the right end of the deal when Baffert purchased a Quiet American colt as a yearling who had some vet questions. The trainer bought the rangy (cont. p.3)



(CONT.) LOOKIN AT LUCKY

bay colt because he looked like a beautifully shaped classic prospect, and Real Quiet won the Kentucky Derby and Preakness two years later. From the results of training and racing Lookin At Lucky, radiographic issues do not mean that a young horse will not have a future as a racehorse. To the contrary, all the research indicates that most, perhaps all, horses have some level of radiographic issue at some point in their development.

How we as breeders, owners, and trainers respond to the changes during those developmental stages makes a lot of difference in the outcome. Bailey said, "I think that it's important where the OCD in a stifle is located and what it looks like. If they are smooth and well rounded off when the horse is at the yearling sales, people are starting to recognize that a very high percentage of those never give any problem at all."

For more information about OCDs and other veterinary issues related to training and selling Thoroughbreds, see the educational booklets published by the CBA available at

www.consignorsandbreeders.com



Attorney Bill Hoskins



"Spotlight On" Membership: Waterford-Millford

A 4th generation family farm, Waterford-Millford is a commercial boarding and breeding operation that features a large participation in pre-export quarantine and small but select sales consignments. Out of nine yearlings consigned at Keeneland September, Waterford-Millford sold the top priced Candy Ride filly (\$62,000) and highest priced Suave yearling (\$37,000). In 2010 Waterford-Millford made headlines as the breeder of TESTA MATTA

(Tapit), winner of the Japan Dirt Derby and second in the G1 February S., while the same weekend as co-breeder with Mr. & Mrs. Mackensie Miller of HELEN BELEN (Five Star Day) winner of the Valdale S. by 14½ lengths. According to owner Bob West, "We have served some of the top breeders in the world from HH the Aga Khan to the late Baroness Karin Von Ullman of Gestut Schlenderhan, her son Baron Gestut Von Ullman, Eclipse

Award breeders Mrs. Henry D. Paxson and Mr. and Mrs. Bert Firestone. Our goal is to carry the Waterford-Millford name to the next generation with success on the racetrack and in the sales ring. We plan to maintain our place among the dwindling number of family owned farms which have lasted for more than 130 years."

Waterford-Millford is located on Midway Road in Midway, KY.

To be featured in a future "Spotlight On" piece simply email Beth at info@consignorsandbreeders.com

Stallion Service Certificates: Leverage for Getting Stud Fees Paid

By Bill Hoskins

It is customary in the Thoroughbred industry for stallion owners to withhold releasing stallion service certificates until the stud fees are paid or an agreement is reached for their payment. But do you know why? In Kentucky, the stallion owner's position is supported by a 1992 decision from the Woodford Circuit Court.

In this state court case, the stallion owner's lawyers did a good job protecting the stallion owner's right to the stallion service certificate over the arguments of a lender who held a blanket lien on all of the mare owner's equine interests, including all prospective stallion service certificates. The stallion owner's agreement with the mare owner provided for a security interest in the stallion service certificate, but it also provided that the stallion service certificate would only be delivered upon payment of the stud fee. After the breeding, the mare owner suddenly could not pay his debts, defaulted on his loan to the lender, and failed to

pay the stud fees owed to the stallion owner. What happens now? Does the lender have the better position because it holds a security interest that was perfected by filing with the Kentucky Secretary of State? Can the lender force the stallion owner to deliver the service certificate to permit the sale of the foal or to allow the lender some leverage in collection?

The court answered both questions with a "no." The court determined that because delivery of the stallion service certificate was conditioned on payment, the stallion service certificate must be considered as separate property -- separate property that belongs to the stallion owner, not the mare owner -- until the stud fees are paid. Therefore, because the stallion service certificate belonged to the stallion owner, not the mare owner, the lender did not have (and could not even be given) a lien on the certificate for the mare owner's obligations. In the end, the court found that neither the mare

owner nor the lender could force the stallion owner to give up the stallion service certificates until the stud fees were paid.

To give yourself the benefit of the arguments developed in and found persuasive by the Woodford Circuit Court, one should consider including the following language in your stud fee agreements: "Mare Owner understands and agrees that Stallion Owner is the owner of the stallion service certificate and that the stallion service certificate will be delivered to Mare Owner only upon payment to Stallion Owner of the amounts due and owing under this Agreement." Stud fee agreements are typically negotiated documents and different farms can take different approaches to the terms of those agreements, so you should consult with your counsel in these regards. If you or your counsel have any questions, feel free to call Bill Hoskins or Mary Beth Naumann at Jackson Kelly PLLC at (859) 255-9500.



Keeneland, working in direct contact with a number of consignors and buyers, has adopted a new September format for their sale in an effort to rejuvenate the whole sale process. A copy of the letter outlining their intentions was made available to the CBA and appears to the right. The CBA, through e-mail, will work closely with all its members to help coordinate ship in times and other details that might arise.



News From KEENELAND

The September Sale has been in the same format, with only minor tweaking, since 1989. The dynamics of the thoroughbred market have changed and, therefore, so must the format of the September Sale. Over the last few years, we have listened to many suggested changes. Since the September sale last year, we have been working internally, as well as with both consignors and buyers, to design a new format that works best for all.

Our goal is to provide stability for the entire thoroughbred industry by strengthening the industry's pre-eminent sale- the Keeneland September Yearling Sale. Changing the format of the 2010 September Yearling Sale is part of an effort to reposition the sales market to reflect the dynamics of the thoroughbred breed. We believe that this new format will be of benefit to all consignors on all levels of the market.

This September, our sale will include:

Book 1: A selected sale of 200 yearlings in Book 1 on Sunday night and Monday night. These yearlings will be stabled in Barns 1-6.

Vibrant, comprehensive Book 2: 1,300 yearlings selling in alphabetical order on Tuesday, Wednesday, Thursday and Friday, cataloguing 325 yearlings per day. Consignors will be stabled in two groups, Tuesday/ Wednesday in Barns 7 through 29 and Thursday/Friday in Barns 30 through

49. Consignors selling 4 or less yearlings will be randomly assigned to only one group.

The remaining session of the sale - Week 2: The 'Dark' day will be Saturday of the first week. The remaining sessions will begin on Sunday and follow the same format we have had previously with consignors selling on alternate days. Book 3 yearlings will be allowed onto the sale grounds on Friday after 4:30pm.

Our belief is that a re-formatted September Yearling Sale will enhance the marketing of yearlings.



- ◆ Book 1 will create a positive and exciting atmosphere for the whole sale;

- ◆ Offer more yearlings before the break, 1,500, but to sell them in a more relaxed and manageable way;

- ◆ Create a much-needed stability and continuity for the marketplace by strengthening the most important thoroughbred sale in North America in its position as a barometer for the industry;

- ◆ Remain vigilant and re-

position the marketplace and the breed an economic conditions continue to rebound;

- ◆ Provide greater convenience to both sellers and buyers.

In the coming year, Keeneland is expanding its already strong commitment to recruiting buyers to our sales by identifying and creating an expanded and new generation of owners to our sport.

- ◆ Our global reach gives you local access. Because of our aggressive recruiting, domestically and around the globe, in September 2009 alone we had 1,139 individual buyers attend the sale.

- ◆ Buyers from more than 40 countries purchased horses at our September 2009 and November 2009 sales. We will continue those efforts across the globe in the coming year to ensure that your horses have the most diverse and deepest pool of buyers possible.

- ◆ We are increasing efforts domestically to focus one-on-one on the recruitment of new owners and buyers through educational efforts, with a commitment to recruitment and mentoring of new, prospective owners.

Many suggestions have been offered, and we have listened to them all. The design of the new September format is a collaborative one, and we believe it will work best for the consignors and buyers.

WE ARE KENTUCKY

www.weareky.com

WE ARE KENTUCKY is a newly launched website created to collect personal stories from various people who participate in the horse industry. Begun as a cooperative grassroots effort by CBA members, KEEP ran with the idea believing that the "impact statements" collected by the website are a powerful tool in the legislative fight for the horse industry in Kentucky. The WE ARE KENTUCKY website simply asks anyone in the industry to send a short story about themselves and what the horse business does for their livelihood in Kentucky. Visit the website and encourage all your friends and colleagues to do the same in order to get your voices heard loudly and clearly by your legislators in Frankfort.





News From Fasig-Tipton

Fasig-Tipton's Calder Sale brought many of the company's new initiatives to the forefront. Marked by a new design this year, Fasig-Tipton again erected a hospitality center on the backstretch to provide top-class dining, high definition breeze videos, and a business center. For the first time at the breeze show, horses were given the option to breeze on the turf.

In between the breeze show and the auction was the Fasig-Tipton Filly Festival which was a day of racing featuring three graded stakes at Gulfstream Park and efforts to raise money for breast cancer research. After racing came the return of The Party in the Paddock.

The sale itself offered hope for the forthcoming auction season. The average was up 9% and the median was up 33% from 2009 totals. A \$2.3 million Distorted Humor colt

topped the day's proceedings. Notable events and pictures from the sale were broadcast in real-time on Fasig-Tipton's newly launched Facebook page. Barely two weeks into its existence, the page already has over 1000 fans. Also on hand for the auction was The Fasig-Tipton Racing Club. Sixteen members plus their significant others made the journey to South Florida for a weekend of education on the horse racing world and general fun. Recruiting for the second racing club is under way and the interest level was high at several functions in South Florida that corresponded with the sale.

It is yearling inspection time again and the Fasig-Tipton yearling crew is out in full force. If you are unsure when the team will be in your area, a tentative inspection schedule can be found on the Fasig-Tipton website.

The CBA Preferred Provider Program

Begun in 2009, the CBA began the Preferred Provider Program to give CBA members added incentive and benefit for their annual membership while giving vendors access to a solid customer base. The program continues to expand with new vendors being added on a monthly basis. Martha-Jane Mulholland has been significant in pulling together this member benefit and maintaining it throughout the year. The CBA thanks her for her continuing efforts. This is the list of Preferred Providers to date:

HOTEL/ACCOMODATIONS

- ◆ Embassy Suites

MISCELLANEOUS/OTHER

- ◆ Bluegrass Tire
- ◆ Rod Hatfield Chevrolet

PRINTERS

- ◆ Georgetown Printing
- ◆ Myers Printing
- ◆ Thorough Graphic Signs

SERVICES

- ◆ Steven Hillenmeyer Landscape

TACK/SUPPLIES

- ◆ Horse Cents Inc.
- ◆ KBC International
- ◆ Pinkston's Turf Goods.

ADVERTISING/MEDIA

- ◆ David Hayden Advertising
- ◆ Horse Racing Radio Network

FARMING SUPPLIES

- ◆ Automated Gate Systems
- ◆ Walkerboy.com

FEED COMPANIES

- ◆ Brumfield Hay & Grain Co.
- ◆ Hallway Feeds
- ◆ McCauley Bros.

VETERINARY SERVICES

**For a complete list of cooperating veterinarians and clinics, please visit the website.

Details regarding vendor discounts and contact information is fully available on the CBA website www.consignorsandbreeders.com

The Education Committee Needs YOU



**WE WANT YOU
TO HELP THE CBA**

Joe Seitz's email:
jseitz@brookdalefarm.com

Beth Smith's email:
info@consignorsandbreeders.com

One of the primary reasons for the formation of the CBA a few years ago was to educate buyers and sellers about important issues in the auction arena. Since its inception, the CBA has received very high praise for its educational efforts which have included the "Plain And Simple" series of educational books.

Moving forward, a new effort being spearheaded by the CBA involves identifying top class racehorses that have overcome veterinary issues which unfairly

cost them sales value in the auction ring. To make this an effective campaign, **the CBA is calling on ALL of its members to identify and report such horses** to Joe Seitz of the Education Committee, or to Beth Smith.

The "Spotlight On" article about LOOKIN AT LUCKY by Frank Mitchell (appearing on page two), begins an ongoing CBA campaign to demonstrate to both buyers and sellers that

"great racehorses do not always have great vet reports." Although we currently have a working list of horses for this project, we need many more. The CBA Education Committee plans to feature "Spotlight On" racehorse success stories in each newsletter.

Members: please review past veterinary records of stakes caliber horses that you have either bred or sold in the past and contribute to this new CBA educational campaign.



Board Of Directors

Craig Bandoroff craig@denalistud.com	Denali Stud
Kerry Cauthen kerry@fourstarsales.com	Four Star Sales
Mike Cline mikecline@lanesend.com	Lane's End Farm
Pat Costello pat@paramountsales.net	Paramount Sales
Neil Howard neil.howard@gainesway.com	Gainesway Farm
Marc McLean marc@crestwoodfarm.com	Crestwood Farm
Frank Mitchell fmitchell@myway.com	The Croft
Martha Jane Mulholland mjmulholland@mulhollandsprings.com	Mulholland Springs Farm
Dermot Ryan dryan@coolmore.com	Ashford Stud
Joe Seitz jseitz@brookdalefarm.com	Brookdale Farm
John Stuart john@bluegrasstbred.com	Bluegrass T'bred Svcs.
Mark Taylor mtaylor@taylormadesales.com	Taylor Made Farm
Rob Whiteley liberationfarm@yahoo.com	Liberation Farm

2010 CBA Committees

Following are the standing committees for **2010**. The CBA welcomes members to participate on these committees and would like to get the membership more involved. [If you are interested in serving on one of these committees, please talk to a CBA board member or officer.](#)

Education/Communication/Marketing/Legislative:

Frank Mitchell (chair), Andrew Cary, Joe Seitz, Ned Toffey, Rob Whiteley

Veterinary Issues

Craig Bandoroff (chair), Mike Cline, Tommy Eastham, Neil Howard, Mark Taylor

Sales Company Issues

Kerry Cauthen (chair), Case Clay, Mike Cline, Pat Costello, Neil Howard, Archie St. George, Mark Taylor

Membership

Martha Jane Mulholland (chair), Kerry Cauthen, Marc McLean, Adrian Regan

Newsletter/Website/Publications

Nicole Gibson, Beth Smith, Kris Stuebs



The CBA works democratically on behalf of every consignor and commercial breeder, large and small, to provide representation and a constructive, unified voice related to sales issues, policies, and procedures. The Association's initiatives are designed to encourage a fair and expanding marketplace for all who breed, buy or sell thoroughbreds.

Email: info@consignorsandbreeders.com

Website: www.consignorsandbreeders.com



Consignors And Commercial Breeders Association
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Please
place
stamp
here

TO: