

House Energy and Commerce Committee
Subcommittee on Oversight and Investigations Hearing:
“Thoroughbred Horse Racing Jockeys and Workers: Examining On-Track
Injury Insurance and Other Health and Welfare Issues”
October 18, 2005

Testimony Submitted by Mr. John Giovanni

Good morning Mr. Chairman and members of the Sub-committee. I am John Giovanni, former National Manager and Secretary of Jockeys’ Guild, Inc. Thank you for the invitation to speak here today. I appreciate this opportunity and I hope my testimony may be helpful to you.

For the purpose of introduction let me tell you that I am a former jockey. I rode for approximately twenty years (September 2, 1961 to March 30, 1981) and for all of those years I was a member of the Jockeys’ Guild. For most of those years I was an active member on all the jockeys’ room committees at every racetrack where I rode and for the last thirteen years of my riding career, I served as a director on the national board. Upon retiring from the saddle I was hired as a regional manager serving in that capacity for six years. Although originally assigned to the Maryland, Delaware, West Virginia and Pennsylvania, within six months I was traveling the entire country on Guild business. In 1986 I was selected by the Jockeys’ Guild Search Committee from a group of forty plus applicants to replace the retiring National Manager Nick Jemas. At the December Board of Directors meeting that year I was unanimously elected to the position and took office on January 1, 1987 to serve a two-year term. I was reelected either unanimously or by an overwhelming majority to six more consecutive terms and served as the Jockeys’

Guild National Manager and Secretary for fourteen years until, along with my entire staff, I was ousted on June 16, 2001.

The Jockeys' Guild was incorporated in New York in May of 1940 as a 501(c) 4 social-welfare organization. It was founded by a group of the country's most prominent riders with the goal of improving the quality of life for jockeys and their families. Before the Guild was formed a jockey colony had to deal with injuries, medical emergencies and financial difficulties by passing the hat. The jockeys who had gave to the jockeys in need.

To illustrate, in the 1930's there were no ambulances, first aid rooms or doctors on the grounds of a racetrack. If a rider was hurt he had to fend for himself. My friend Sam Renick told me how he fell in a race at the old Jamaica Race Course in New York in 1939. He suffered a compound fracture to his left leg and was taken to the hospital by a member of the starting gate crew in an old pickup truck after the last race. Sam considered himself lucky because at the time he was under contract to one of the most powerful stables in the industry and could afford to pay his own medical bills. That incident however, was the last straw. Sam, Eddie Arcaro, John Longden, Irving Anderson and a small group of jockeys riding in New York went to work and founded the Jockeys' Community Fund and Guild.

Among the first concerns for the new Guild was the need for insurance coverage to provide for the expense of their injuries. They pressed hard and by January of 1941 an insurance plan covering jockeys for racing injuries and accidental death was in place at most of the major racing facilities across the country. Lloyds of London underwrote the policy and it covered all jockeys, not just Guild members. Sadly, the first benefit of \$5000 was paid in February of that year to the family of Joseph Giangasparo, a non-Guild member, who was killed at Hialeah Park in Florida.

Over the next 60 years, as a result of some difficult negotiations and bitter battles, the benefits increased. In the mid 1960 's by trading media rights to the racing associations the Guild acquired the funding for health insurance. The original health plan was with Blue Cross Blue Shield of Rockford Illinois and it covered all Guild members and their dependents. The plan maximum was \$250,000 per insured and it included a provision to pay medical expenses for a member jockey who was hurt on track and who had reached the maximum coverage provided by the racing association. Until April of 2001 the provision to pay medical expenses for member jockeys who surpassed the cap on the track accident program was incorporated in every health insurance contract purchased by the Jockeys' Guild. At that time the Guild members were covered for \$100,000 by the on track accident coverage and \$1,000,000 through our health plan with ULLICO.

The year 2000, however, was a very bad year injury and health wise for the membership. There were a great many health claims paid by ULLICO and several on track injuries that went over the \$100,000 mark. One claim in particular was for a young lady named Stacy Burton who fell at Prescott Downs in Arizona. Miss Burton was in a coma for quite some time and was lucky to be alive. Her medical expenses were tremendous and I believe ULLICO paid about \$600,000 on her behalf.

These high claims costs led to a 43% increase in premium for the ULLICO policy renewal in 2001. We were prepared for about a 20% increase and, in fact, had received comparable increases the two previous years but 43% was devastating and we could not afford it. Through a series of executive committee meetings, it was decided to renew the ULLICO plan only in the states where the Guild received state funding, namely California and Delaware. In all the other states arrangements were made for the membership to switch to COBRA. In this way, each member not eligible for health coverage in California or Delaware could make payment directly

to ULLICO thereby keeping their Guild health plan in place for another 18 months. In an effort to help the membership better afford these expenses, mount fee assessments were reduced from \$8.00 to \$3.00.

Realizing it would be easy for a member to forget to make payments on a timely basis and lose their coverage, I proposed that we find a company to insure the jockeys for \$1,000,000 over and above the racetrack limit of \$100,000 for accidents that would happen at the track. I suggested that we use monies earmarked specifically to subsidize the now unaffordable health plan to pay for it. Mather and Company, American Specialty Underwriters, Inc, and Segal and Company were requested to find such a policy. Mather and Company was the only broker who could place such a catastrophic plan and the cost was \$443,000.00. Given the risks that jockeys take, this was a very reasonable cost for a policy.

The catastrophic policy was paid in full, for one year in advance, became effective April 1, 2001 and was to be in force through March 31, 2002. Now at least Guild members injured on track were guaranteed medical coverage of \$1,000,000. And contrary to the claims by the current Guild leadership, that policy covered all of our members who required coverage any time they were not riding in a state that had workers compensation for jockeys (there were a handful of \$2 members who expressly chose not to have Guild coverage). Members in California and Delaware and those who elected COBRA also had family coverage. With this plan in place, I felt I had enough time to lobby for funding to again provide a low-cost subsidized health plan for our members and their families.

However, while we were dealing with these issues a small group of individuals was maneuvering to take over the Jockeys' Guild. Chris McCarron who had resigned from the Guild some years previously, and Robert Colton who was not a member for many years rejoined the Guild sometime around August of 2000. They campaigned vigorously for positions on the national board, lobbied

aggressively for seats on the executive committee and came to the December 2000 board meeting equipped with a plan. This plan, I have every reason to believe, was designed by McCarron's close friend Wayne Gertmenian. For weeks before the board meeting McCarron and Colton deluged my office with pages of questions regarding Guild transactions and requests for supporting documentation. Every question was answered and every supporting document was forwarded in a timely fashion.

At the December board meeting McCarron and Colton initiated rumors of mismanagement and fraud. They continued to make these allegations after the board meeting and traveled from track to track, sometimes with Gertmenian, spreading these rumors all across the country.

In January Colton and Michael McCarthy came to the Lexington office and spent three days copying reams of documents. They were shown everything they requested and were given unfettered access to the file room and copy machine. They left with boxes of paper and then spread the report that I would not cooperate and give them what they needed.

After their visit things progressively worsened. With a hope of clearing the air, Guild President, Pat Day called for an executive committee meeting in the Lexington office for April 2nd and 3rd. The meeting was attended by Chris McCarron, Robert Colton, Tomey Swan, Michael McCarthy, Jerry Bailey, Larry Melancon, Dean Kutz, Anthony Black (by telephone), Tom Kennedy, Pat Day and myself. I answered and provided support and documentation for all of the questions asked. Just two months before I was fired in the middle of the night, I was given a unanimous vote of confidence by the executive committee to continue in my capacity as national manager.

Now, I will be the first to admit that we had plenty of work to do, and that improvements needed to be made. But I would also like to point out that under my

leadership, our management team had accomplished much. I was one of the main architects of the New York Jockeys Injury Compensation Fund, a workers' comp program for jockeys and exercise riders that should be the model for the rest of the nation's racing jurisdictions. Mr. Chairman, I understand you are having follow-on hearings on that topic, and I would be more than happy to provide further testimony about the advantages of a New York-styled fund at that time. I would also be happy today to briefly comment on the workers' comp plan that your home state is considering at this very moment.

Mr. Chairman, I was also part of the team that pushed the Maryland legislature to adopt a workers' comp program for jockeys in that state. Further, it was under my leadership that the Guild persuaded California to give the Guild a half million dollars, increased annually, and Delaware to give the Guild \$350,000 annually, to subsidize the health insurance costs of jockeys from those respective states. Today, those funding streams appear to be in jeopardy because of the current Guild's lack of transparency. It would be a devastating loss if the Guild were to lose these resources from California and Delaware

We also persuaded the Massachusetts and West Virginia legislatures to do the same. We also had made plans to convince other racing jurisdictions to help our jockeys in the same way. I never got the chance. The real shame is that the new Guild management has never taken advantage of the moneys we convinced West Virginia to set aside for us. And finally, I would like to point out that my management team created the Disabled Jockeys' Fund – that fund started with little more than a personal \$100 contribution, but when I was fired, we had over \$1.3 million in that fund. We aggressively pushed for donations and raised funds for that account, and each year we always had more money coming in than going out. There was nothing more important to me than taking care of our disabled

membership. And we did. We never let them down. My understanding is that the new management has never sought donations and revenue for that fund.

Moving back to my earlier comment about providing to the Executive Committee documentation supporting everything the Guild management did and answering all the questions the Committee had... let me emphasize that this was always the case during my time as national manager. Every single decision affecting the members or the direction of their Guild was authorized by the Executive Committee. We always advised the Committee of the status of our financials and insurance and other major issues, and the Committee made the final call on how to proceed. I worked for them, not the other way around.

I must make one final comment in defense of my tenure as National Manager. I have heard that the current Guild's management has made statements to the effect that I was opposed to growing our membership and that I was opposed to including Latinos in our organization. That is a ridiculous and untrue characterization of either me personally or my policies as National manager. Our organization was open to all professional jockeys who met the membership standards and everyone of any color or background was welcome. We worked hard to keep our membership numbers strong. Today, the Guild's management and board members may testify that the Guild has tremendously grown, but that is somewhat a hollow claim. Today's Guild has largely increased its membership by reducing the eligibility requirements from riding 100 mounts in a year, to riding a single mount in the past 12 months. Thus, many of those in the Guild's expanded membership today are exercise riders – not professional jockeys.

After the April meeting's conclusion, and the unanimous vote of confidence, I left the meeting believing that everything had been resolved and that we could all move forward. I could not have been more wrong. Colton and McCarthy were in

Pennsylvania two days later denying they had given me a unanimous vote of confidence and continued their allegations of mismanagement and fraud.

All these events culminated in a hastily convened conference call that was requested by McCarron on June 15th, 2001. The conference was to include only the executive committee members and I was not allowed to participate. I have only second hand knowledge of what transpired, but I do know that there are widely differing opinions regarding the meeting and exactly what did transpire. In any event the following morning, June 16th, I received a fax signed only by McCarron informing me that my entire staff and I were terminated. We were locked out of the Guild offices and a new group literally moved in.

Pat Day, as president, called for an executive committee meeting to sort out the differences. The meeting was boycotted by McCarron, Swan, Colton and McCarthy leaving the committee one member short of a quorum and rendering it unable to conduct business.

For the last 4 ½ years I have remained relatively silent but this continuing calamity for jockeys and their families precludes me from being silent any longer. Somewhere along the way the people who orchestrated these changes lost sight of the original objective and turned the Jockeys' Guild into something I barely recognize. There is no longer a contract with the TRA and no one can be certain if there is any on track accident coverage, by whom it is underwritten or how much coverage it provides. The health insurance plan is at least double the cost yet disallows coverage for on track injuries. Many tracks no longer recognize the media rights agreement and pay nothing to support member insurance benefits. Some horsemen's bookkeepers do not collect mount fees. The guild is facing anti-trust litigation filed by one of the country's premier racing associations and has several lawsuits filed against it by its own members. The Disabled Jockeys' Fund is defunct and there is at least one disabled member facing enormous

medical bills who has been left to fend for himself. The Guild financial information is cloaked in mystery and, while it has been subpoenaed before this sub-committee, has not been forthcoming.

More than sixty years of progress made in funding ever-increasing insurance benefits for the Guild's members appears to have vanished. On behalf of those who fought so long and hard for these basic needs, I ask why this occurred, who is responsible and, more importantly, how it may be restored. Thank you.