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**STATE OF ARIZONA
DEPARTMENT OF GAMING
RACING DIVISION**

In the Matter of

ARMANDO CASTELLANOS-LOZA,

Appellant

License No. 10024

Case No. 17A-008-DOR

**FINDINGS OF FACT,
CONCLUSIONS OF LAW
AND ORDER**

This matter came on for hearing Friday, March 10, 2017, in Phoenix, Arizona. The subject of the hearing is an appeal filed on or about January 13, 2017, seeking review by the Director of the decision made by the Turf Paradise Board of Stewards' Ruling No. 16-17TP067 issued January 11, 2017, to revoke Appellant's Owner/Trainer license No. 10024 for violating the terms and conditions of the Settlement Agreement the Department and Appellant entered into on Case No. 2016CFD001 dated October 12, 2016.

In regards to the above referenced Settlement Agreement, Appellant had agreed to an additional probationary period effective September 12, 2016 through September 12, 2018 with the following terms of probation:

1. Appellant shall obey all federal, state and local laws and all written track house policies and rules;
2. Any horses owned and/or trained by the Appellant that run in any races at Arizona race tracks are subject to being tested for the presence of foreign substances by the Department following their races and
3. Appellant acknowledges that during the period of probation, "any" violation of the Department's statutes or rules resulting from the finding of the presence of a prohibited medication, drug, or substance (as described in A.A.C. R19-2-120(D)) in a blood or urine sample taken from the horse owned or trained by Appellant shall, after notice and an opportunity for

1 hearing and required findings, constitute grounds for revocation of
2 Appellant's license.

3 In this matter, the Board of Stewards' revoked Appellant's license after
4 receiving affidavits from Industrial Laboratories indicating that two (2) positive test
5 results for Hydrocortisone Succinate on two (2) individual horses that were entered by
6 the Appellant in race #1 on November 6, 2016. Appellant had entered Horse #4,
7 "JESSASTARROYALFLIRT" and horse #6, "LA PRIETA LINDA." The State
8 Veterinarian took blood sample #E194184 from horse #4, "JESSASTARROYALFLIRT"
9 and blood sample #194183 from horse #6, "LA PRIETA LINDA." Both samples were
10 sent to Industrial Laboratories for testing on November 8, 2016, Industrial laboratories
11 conducted their testing of the blood samples and found the presence of
12 Hydrocortisone Succinate in the blood sample (#194184) collected from "horse #4,
13 "JESSASTARROYALFLIRT" at a concentration level of (~1.57ng/mL) and
14 Hydrocortisone Succinate in the blood sample (#194183) collected from horse #6, "LA
15 PRIETA LINDA" at a concentration level of (~1.27ng/mL).

16 Appellant requested split sample testing and samples (#194184) and (#194183)
17 were sent to Texas A&M Veterinary Medical Diagnostic Laboratory for testing. On
18 December 16, 2016, Texas A&M Veterinary Medical Diagnostic Laboratory confirmed
19 the presence of Hydrocortisone Succinate in blood sample (#194184) collected from
20 horse #4, "JESSASTARROYALFLIRT" in a concentration level of 1.25 ± 0.3
21 nanograms per milliliter and on December 16, 2016, Texas A&M Veterinary Medical
22 Diagnostic Laboratory confirmed the presence of Hydrocortisone Succinate in blood
23 sample (#194183) collected from horse #6, "LA PRIETA LINDA" in a concentration
24 level of 1.17 ± 0.31 nanograms per milliliter.

25 Appellant appeared and provided testimony through legal counsel Ivy Kushner.
26 Dr. Scot Waterman, Veterinary Expert and Magdaleno Perez, Steward provided
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1 testimony through legal counsel Deanie Reh, Assistant Attorney General, representing
2 the Department.

3 Having heard testimony and having read and considered the exhibits admitted
4 into evidence and being fully advised in the premises, the Director submits the
5 following:

6 FINDINGS OF FACT

7 1. Appellant is the holder of Owner/Trainer license No. 10024. In submitting
8 and signing the license applications, Appellant assented and agreed that Appellant
9 would strictly comply with the laws and rules of racing of the State of Arizona.

10 2. Appellant signed Settlement Agreement Case No. 2016CFD001 dated
11 October 12, 2016, and agreed to the three (3) terms of probation listed above for the
12 term of the Agreement.

13 3. As authorized by regulation, on December 21, 2016, the Board of Stewards'
14 at Turf Paradise conducted a hearing and issued Ruling No. 16-17TP052 assessing a
15 civil penalty of FIVE HUNDRED DOLLARS (\$500.00) plus 5 % Race Horse Adoption
16 Fund Surcharge for a total of FIVE HUNDRED TWENTY-FIVE DOLLARS (\$525.00),
17 after receipt of the Industrial Laboratories report confirming the presence of
18 Hydrocortisone Succinate in the blood sample collected from horse #6, "LA PRIETA
19 LINDA" and Ruling No. 16-17TP053 assessing a civil penalty of SEVEN HUNDRED
20 AND FIFTY DOLLARS (\$750.00) plus 5% Race Horse Adoption Fund Surcharge for a
21 total of SEVEN HUNDRED EIGHTY-SEVEN DOLLARS AND FIFTY CENTS
22 (\$787.50), after receipt of the Industrial Laboratories report confirming the presence of
23 Hydrocortisone Succinate in the blood sample collected from horse #4,
24 "JESSASTARROYALFLIRT." Appellant paid the assessed civil penalties in full on
25 December 31, 2016.

26 4. On January 18, 2017, the Director served the Appellant with a Notice of
27 Hearing.

1 5. On March 10, 2017, the Director held a Hearing at the Department of
2 Gaming.

3 6. The record in this case shows that the Turf Paradise Board of Stewards'
4 assessed civil penalties for the presence of Hydrocortisone Succinate. The two
5 horses "JESSASTARROYALFLIRT" AND "LA PRIETA LINDA" laboratory tests
6 confirmed the presence of Hydrocortisone Succinate including split sample testing. Dr.
7 Scot Waterman testified to the fact that Hydrocortisone Succinate is a Class 4
8 therapeutic prescription medication and can only be obtained through a licensed
9 Veterinarian. Dr. Waterman further testified that Hydrocortisone Succinate is an
10 injectable medication that metabolizes rapidly and that its primary purpose is to
11 stabilize animals in shock or deteriorating. Dr. Waterman stated that if Hydrocortisone
12 Succinate is found in an animal's blood it most likely was administered very recently.
13 Hydrocortisone Succinate is also used on animals that have hives or allergic reactions.
14 In this matter, neither horse displayed signs of hives or allergic reactions. Dr.
15 Waterman further stated that it is common for some trainers to inject their race horses
16 with Hydrocortisone Succinate to calm their horses. A calm horse could potentially run
17 a better race.

18 7. The Department of Gaming, Racing Division has been both proactive and
19 aggressive in its efforts to identify and enforce animal medication violations. This is a
20 critical issue throughout the entire horseracing industry as there has been increased
21 realization that the testing and enforcement of horse drug issues are essential to
22 maintain the integrity of the industry.

23 8. The Appellant testified that Appellant received both horses in this matter on
24 the day of the race and had no idea that the horses had been administered
25 Hydrocortisone Succinate. However, pursuant to A.A.C. R19-2-111(C), a trainer is
26 responsible for the condition of horses under the trainer's care and shall protect the
27 horses from acts of other parties.

1 combination of these sanctions, based on any of the grounds for which the
2 Department could refuse to issue a license pursuant to section 5-108 or for a violation
3 of any provision of this article or the rules of the Commission or Department.

4 DIRECTOR'S ORDER

5 It is hereby ORDERED that the Turf Paradise Board of Stewards' do not have
6 the authority to revoke a license. However, pursuant to A.A.C. R19-2-123(C)(2), the
7 Director may revoke or, independently of the Stewards, suspend a license only after
8 notice and opportunity for hearing.

9 It is hereby ORDERED that the Appellant's license No.10024 is revoked until
10 June 30, 2018.

11 Appellant is advised that any party in a contested case who is aggrieved by the
12 Director's decision has the following two options:

13 1. **Motion for Rehearing or Review:** Appellant may file a Motion for
14 Review or Rehearing with the Department under A.A.C. R19-2-123(H)(1). A party
15 aggrieved by a final administrative decision rendered by the Director, may file with the
16 Director within 30 days after service of the final administrative decision, a written
17 motion for rehearing or review. A party filing a motion for rehearing or review of the
18 decision shall specify in the motion the particular grounds on which the motion is
19 made.

20 2. **Appeal to Racing Commission:** Appellant may appeal the decision of
21 the Director to the Racing Commission under A.A.C. R19-2-124(A)(1), an appeal shall
22 be filed to the office of the Commission within 30 days after service of the Director's
23 ruling. The appeal must be captioned "Notice of Appeal to Commission", and set forth
24 reasons why the Commission should reverse, modify, or order other proceedings in
25 the matter.

