



# The Federation of Racecourse Bookmakers Limited

Association of  
Racecourse Bookmakers

National Association  
of Bookmakers

Rails Bookmakers  
Association



## 'NEWSLETTER'

(from Drummonds Kirkwood LLP – Solicitors to the FRB)

Gentlemen,

10<sup>th</sup> September 2007.

Your representatives have requested that I update you on current matters which I am conducting on your behalf.

Your profession has faced very difficult times since 2000. The Federation of Racecourse Bookmakers was formed initially at the behest of the DCMS, as they wished to deal with one representative body rather than three associations on matters relating to the Budd Review. Robin Grossmith and John Stevenson submitted to the DCMS, as Council members of the NJPC, a position paper as far back as 2003 on the reform of betting legislation. In that report they stated:

“We consider that it is imperative following the demise of the Levy Board, that future legislation should recognise the need for security of tenure. This should be achieved by the continuation of the administration of the seniority lists by the NJPC or its successors.”

They went on to say at section 16 of their report, and I quote:

“Whilst it is correct to say that there have been discussions between the RCA, NAB and RBA representatives on commercial arrangements, these have been at a very superficial level. Although the NAB and RBA were keen to progress these discussions, the RCA wish to await the Government response to the Budd Report.”

The Budd Report arrived at a time when the profession faced multiple threats whose affects would, if not dealt with successfully by your representatives, have led to the destruction of the foundations on which the on-course industry is built. It is perhaps now the time to set out what your representatives have achieved; and what they hope to achieve with your support and unanimity.

The matters dealt with since 2002 are:

- 1) BHB. The threat from the BHB to impose a blanket gross profit tax which would be economically unsustainable and would have ruined many of your businesses.

Representations were made in Parliament and an early day motion was forced. The contracts sent out by the BHB to you all were rejected by Robin and John and you were all advised not to sign. Robin volunteered to put himself forward as a test case. The BHB threatened to commence proceedings against Robin. However, they backed down in the light of the determined response and legal argument which was put forward. The matter subsequently became historic when the BHB lost their case in Europe to William Hill.



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The Government had to now rethink their strategy. Vigorous legal representations were put forward allied with political lobbying. John and Robin always supported the efforts made. In the end, realising the strength of the arguments that would be mounted and the unanimity of the on-course bookmakers, a sensible resolution was achieved. The case being put forward was weakened by several members of the associations "breaking ranks" and signing the BHB agreement. I cannot stress how such dissention damaged the case at that time and the amount of work that had to be undertaken to correct the perception of weakness, disarray and disunity.

If ever there was a lesson and the need for unity in the approach being made on behalf of on-course bookmakers, it was demonstrated then. I hope the lesson is well learned. If not, then I regret you will inevitably reap the consequences of disunity.

2) Whilst the BHB gross profit issue was being bitterly contested, successfully as it transpired, the association came together to try and press for recognition of copyright in the betting shows. This was an issue which had been considered for many years, John and Robin asked me to advise if we could successfully establish copyright. By now they were strengthened with sterling support from Phil Crisp. They helped in the detailed research that was required and an opinion was sought from leading Counsel, Hilary Heilbron QC. She determined that there was copyright in the betting shows.

3) At this time, the Office of Fair Trading started an investigation into what they believed to be anti-competitive practices relating to on-course bookmaking. This was vigorously contested by the Federation. The advice of leading Counsel, Conor Quigley QC, was obtained and detailed submissions were lodged with the OFT. Ultimately they abandoned the investigation although their stated reason was the demise of the NJPC. Personally, there is no doubt that we demonstrated that their concerns were unsustainable and the demise of the NJPC was a convenient way to close the investigation. If John, Robin and Phil had not protected your position, then a finding would have been made. Obviously, that would have been to the detriment of the on-course industry.

4) The NJPC had a substantial liability in respect of their lease in Cambridgeshire. The lawyers who negotiated and advised them on that lease in my view had been negligent. I advised the Federation that a cause of action lay against those Solicitors.

The Federation members then lobbied the NJPC to proceed and gave every support in that litigation. I was involved in over-seeing its progress and the basis of the mediation which ultimately led to settlement and payment of costs. Once again, the Federation members' input was invaluable and to the benefit of on-course bookmakers generally.

5) The impact of Betting Exchanges on both the on-course and off-course market needs no explanation. I advised that there was an issue of illegal state aid which arose as a result of the differential levels of taxation. Leading European Counsel was consulted and retained. He had advised that there is a very strong case to be mounted against the Government. Representations have already been put forward together with a draft submission to the European Commission. If the Federation succeeds in its argument, or alternatively a sensible settlement is reached, it goes without saying that this will be of considerable benefit to you all and the recognition of the unfairness in the current taxation position will have been achieved.



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Your representatives have been tireless in their efforts to help in the presentation of this complex matter and the amassing of documentation which has been required. The input and time spent on all the various matters has been considerable and, I would venture to suggest, to the detriment of their own businesses which I am sure you all recognise.

6) I now turn to the tenure issue. Since the announcement by the RCA in March 2007, the tenure of the lists positions has been in jeopardy. Your representatives have instructed me to contest this matter at every possible level. I advised that a two pronged process, part political and part legal should be put in hand. The advice of leading Counsel, Jonathan Harvie QC (the junior being Alex Hill-Smith) supported that approach. They stated it is most important to make every representation we can to Parliament and the Government as a first step. That has already been put in motion:

- 1) A debate was forced in the House resulting in the announcement of the appointment of a select committee to investigate the pitch tenure issue.
- 2) Evidence is being prepared for that committee. The evidence has to be lodged by 12 October 2007. Your representatives are working with me under the guidance of Jonathan Harvie and the appointed parliamentary lobbyist, Ranelagh International, to ensure that the strongest possible case is advanced. To that end, some of you have already been approached to provide information and data to be included in the submissions. That is from a cross section of the associations as recommended by your representatives.

Intrinsically linked to the tenure issue is the agreement with the RCA for the future administration of the bookmakers' rules and the retention of your lists positions until September 2012. Your representatives are negotiating with the RCA the formation of a management company which will be the vehicle for future administration. You will be aware that a series of road shows have been arranged where you will be updated on the progress made so far. These road shows will include an open forum and maybe a "question and answer" session.

As you can see, the hallmark of the achievements to date has been the unanimity within the Federation speaking as one voice for all of you and the tireless support given by John, Robin and Phil. Their ability to work harmoniously, combined with their depth of knowledge and experience of racing politics has enabled me to achieve what I could otherwise not have achieved. I thank them for their commitment and on-going help. The time put in by them is so substantial that it is, of course, impacting on their own businesses, but they have done that for the benefit of you all and I hope that is recognised.

I have been requested to periodically update you through your website on developments as and when they arise. You will appreciate that some matters at the moment are most sensitive and I have to use my discretion as to the extent of the reporting.

I trust this has been helpful and sets out what the Federation has achieved and is seeking to achieve.

**A. J. Lawson. Drummonds Kirkwood LLP.**

**10<sup>th</sup> September 2007.**