



# Mark Johnston's

## FELICE'S REVIEW MISSES THE TARGET

**H**OW do you value a racehorse, or a foal, or a yearling? What is the true market value? As John Scanlon points out in his Off The Bridle column, there is no "Glass's Guide" to the price of racehorses (does Mr Glass still publish his definitive guide to the value of used cars?)

You will often hear it said that a horse is worth "what someone is prepared to pay for it" and there is some truth in that. The price that a buyer is prepared to pay is often the principal deciding factor in a private sale but, at auction, the eventual buyer is often prepared to pay a bit more and sometimes might be prepared to pay a lot more. At auction the price is determined by what the under-bidder was prepared to pay and/or what the vendor is prepared to sell for. And the vendor's minimum (in the ring) sale price is determined either by bidding against prospective buyers or by reserve, in which case the auctioneer invariably bids against any real bidders, and against the walls and the windows, up to just below that reserve.

When I read the press reports on, and key points from, Justin Felice's Review Of The Buying and Selling Practices Of Bloodstock and Racehorses Within British Racing I got the impression that he, and his team, hadn't quite grasped this fact. When I carefully read the full, 80-page report I realised that they had done quite a lot of research, they had spoken to a lot of people, they had understood many of the issues around the bidding process, and they had noted that Tattersalls' policy of making it clear when the reserve was reached results in different issues at their sales. But I was right: they hadn't quite grasped the principles by which the price at which the vendor is prepared to sell is reached.

It is particularly concerning that they seemed to conclude that "bidding-up" and, in particular, a vendor bidding beyond the reserve price, invariably results in a purchaser paying an artificially inflated price. That is not the case. In fact, at Tattersalls, vendors often have little choice but to, at least, bid

to put their horse "on the market". Otherwise, it is very likely to be led out unsold at just below the reserve price. Many, if not most, professional and/or experienced buyers, including myself, will not bid until the animal is announced as "on the market". We know that, if it is led out unsold, the vendor is often left in a difficult position and we might be able to beat the price down to well below the original reserve.

### Unscrupulous

The review team did note the potential for illegal collusion between unscrupulous agents, or other parties, and vendors to push the sale price to a pre-arranged figure, but their emphasis was on vendors "bidding-up" rather than on the illegal activities which might inflate the price beyond what the vendor is actually willing to accept for the horse.

Don't get me wrong; there are quite a few good points and recommendations in this report, and they are repeated countless times. In fact, the report is so repetitive that I thought it could probably have been condensed into 20 rather than 80 pages, but people might then have been more inclined to question the time and the cost involved.

There is no doubt that there are some serious issues involving sales practices which need to be addressed and this report, if nothing else, has shown that much of the sales

process and many of the individuals involved are already governed by BHA rules. I know that, for a long time, the BHA have been reluctant to get involved because they were

unaware that they had any jurisdiction over the sales process.

I am, however, disappointed by the very repetitive nature of the report; by the failure to truly understand the auction process or to offer an alternative on how to reach a value at which the vendor is happy to sell and the buyer happy to buy; and by the particular emphasis on agents and those conducting "agency activity" to the extent that, at one point in the report, it seems to suggest that sales houses might consider only allowing "licensed agents" to bid. Is this to the exclusion of

# Straight Talking

## Sounding off

**B**ILL O'GORMAN often sends me thought-provoking emails, letters and articles that he has written and, when he sent me his piece on soundness in racehorses (see p.6), I not only said that it should be printed in full but I suggested that the other Klarion columnists read it and comment. That has been done and may I suggest that, if you are only ever going to read one Kingsley Klarion article in full, let it be this month's offering from James Willoughby (p.12). If you work for the BHA or write for the Racing Post, please read it twice. And if you know anyone who works for the BHA or writes for the Racing Post and doesn't get or read the Kingsley Klarion, please read it aloud to them. It is one of the best and most important articles ever to grace our pages.

Bill briefly touches on the fact that, when the Racing Post ran a series of articles on soundness, I was one of the trainers who supported the modern thoroughbred and the methods by which we train it and I argued that it was not more prone to unsoundness than horses of old. That was because, as James Willoughby has also now explained, I was convinced that horses were going faster and were, therefore, being subjected to greater pressure. If anything, the modern racehorse must be tougher, stronger and able to withstand these greater pressures.

I was also well aware then, as I am now, that increased reported incidence of certain injuries or ailments, such as the suspensory ligament injuries to which Bill refers, are most often down to improved diagnostic techniques. And, while I agree that more vets also leads to more injuries diagnosed and sometimes to unnecessary loss of training days, I cannot agree that "box rest and a light iodine blister" was the right answer for anything.

I have often remarked that horses such as Rose of Kildare, The Last Lion, Masham Star, Fire Fighting and Poet's Society are not able to run so often because they are inherently tough, but they are tough because they run so often. And Bill's observation that "horses which ran four-mile heats regularly were able to do so precisely because they did run four-mile heats regularly" is surely correct.

**O**NE major obstacle to keeping horses sound and fit to run is the propensity among owners (which I can only assume they got from trainers in the past and which is spilling over into the regulators of our sport) to give horses a break from racing when there is no reason to do so other than that they failed to run up to expectations. Maybe Bill can tell us whether that is more common than it was in the days of Timeless Times and Provideo.

**We need to be very careful not to throw the baby out with the bath water**

"unlicensed agents" or all others?

They seem to have failed to consider that many buyers, including some of the biggest spenders, act independently. I wonder if they did a simple count to see what percentage of horses are bought by agents. I must buy, numerically, more yearlings than the vast majority of trainers and more than many agents (60 this year) and I am rarely performing any "agency activity" in doing so. I buy on my own account and sell to my owners at cost. I am rarely acting for a third party when the hammer falls.

### Naivety

The review also seemed to overlook the fact that there are many others, apart from agents and those performing agency activity, who might stand to gain from the prices of individual animals or bloodstock in general being inflated. Their assumption that the eventual purchaser is always the loser in any manipulated sale showed a disappointing naivety.

I could not agree more with the principle that we must protect racehorse owners and ensure that they are not defrauded before their horse gets anywhere near to racing. I recognised some of the underhand practices long before I became a trainer and, to some extent, built my business on ensuring that our customers got value for money when buying horses. But I prefer to buy at auction and think I am far more likely to get value in the auction ring than through private sales, and I know that many of my customers all enjoy the drama of the sales. Some love to pit their wits against the other buyers, the vendors, and even the agents. Buying at auction is, for many, including me, one of the highlights of the whole racing experience and I think that might apply to some of the biggest contributors to British racing.

We need to be very careful not to throw the baby out with the bath water, no matter how grimy it looks.