

CHURCHILL DOWNS

INCORPORATED

August 28, 2026

The Honorable Andrew N. Ferguson, Chairman
Federal Trade Commission
600 Pennsylvania Avenue, NW
Washington, DC 20580

The Honorable Mark R. Meador, Commissioner
Federal Trade Commission
600 Pennsylvania Avenue, NW
Washington, DC 20580

Re: Request for Independent Review of HISA Governance, Information Security, Disclosure Practices, and Related Integrity Concerns

Dear Chairman Ferguson and Commissioner Meador:

Churchill Downs Incorporated submits this letter to express serious concern regarding a series of recent events that have raised significant questions about the governance, transparency, technology controls, and accountability of the Horseracing Integrity and Safety Authority (“HISA”).

Churchill Downs Incorporated owns and operates several of the nation’s most prominent Thoroughbred racetracks, including Churchill Downs Racetrack (the home of the Kentucky Derby), as well as TwinSpires, an advance deposit wagering platform through which customers wager on horse racing. We have a direct and substantial interest in the integrity of Thoroughbred racing, and in ensuring that the wagering public has confidence in our industry.

We write to respectfully request that the Commission require, or itself initiate, a formal independent review of HISA’s recent handling of multiple matters implicating racing integrity, wagering integrity, non-public information, and the safeguarding of sensitive industry data.

Recent events have highlighted troubling gaps and warning signs in HISA’s governance.

First, the industry is still awaiting meaningful answers regarding the betting episode now commonly referred to as the “Fair Hill Five.” Public reporting has described an extraordinary series of performances by horses connected to Fair Hill Training Center, unusual wagering activity associated with those horses, and resulting concern throughout the United States and abroad regarding whether the betting public had access to a fair and transparent wagering product.

Second, after public attention turned to the Fair Hill Five matter, HISA disclosed that a trainer connected to the situation had previously received a positive test for a banned substance, based on a sample collected more than a month earlier. That information was not publicly disclosed until after the betting incident had become a matter of widespread concern. One of HISA’s central promises was more uniform, timely, and transparent handling of integrity-related

matters. Delayed disclosure of significant violations was precisely the type of problem HISA was created to address. This situation raises a number of legitimate questions, including whether delays in HISA's testing or reporting procedures allow violators to continue racing for extended periods after failed doping tests; whether racetracks and the betting public are being properly informed of doping violations that undermine the integrity of the sport; and whether HISA's disclosure practices are meeting the expectations that justified the creation of a national authority.

Most recently, HISA has become the center of an even broader concern involving access to confidential veterinary and horse-health information through the HISA Portal. HISA has publicly charged Marshall Gramm with multiple rule violations, including fraud, arising from alleged unauthorized access to confidential horse-health records. HISA has stated that certain information should have been accessible only to the relevant horses' connections and regulatory veterinarians, and that Mr. Gramm allegedly accessed and used such information over a period of weeks.

We do not seek to excuse, minimize, or prejudge any alleged misconduct by Mr. Gramm or anyone else. If an individual knowingly accessed and used confidential information for an improper purpose, that conduct should be investigated and addressed through appropriate procedures.

But the institutional question is separate and more fundamental: why was such information accessible in the first place?

Initially, after there were reports of the existence of wagering-related materials that included horses' confidential health information, HISA's CEO publicly denied that HISA's portal was the source of such information, stating in a June 15th article in *Thoroughbred Daily News* that "Most importantly, the screenshots of PPs circulating online could not have come from the HISA Portal . . . this information did not come from HISA." (emphasis in original).

After reversing course and acknowledging the health data did, in fact, come from HISA's portal, HISA's public response has focused heavily on characterizing Mr. Gramm's alleged conduct as "fraud," "misappropriation," and other wrongdoing. Yet those public statements do not adequately answer the questions most important to racetracks, horsemen, veterinarians, owners, wagering operators, and the betting public:

How did HISA's own systems permit an authorized user to access confidential veterinary or horse-health information for horses with which he allegedly had no legitimate connection?

Were similar access-control vulnerabilities present elsewhere in HISA's systems?

Did any other users access comparable information?

How long did the vulnerability exist?

What audit tools were in place to detect improper access?

Why was the issue not detected earlier?

What information was shared, used, or incorporated into wagering, claiming, handicapping, or other racing-related activity?

What corrective actions have been taken, and who has independently verified that they are sufficient?

Those questions cannot be answered through a public-relations campaign focused principally on the alleged misconduct of one individual. HISA is not merely a disciplinary body. It is also the custodian of highly sensitive, non-public information that can affect racing decisions, claiming decisions, veterinary decisions, wagering markets, and public confidence. When such information is accessible to persons who should not have access to it, the resulting issue is not only individual misconduct. It is a potential failure of governance, technology controls, procurement oversight, auditing, incident response, and disclosure.

The industry is entitled to understand whether this was an isolated event, a broader systems failure, or a symptom of more significant weaknesses in HISA's technology and oversight processes.

These concerns are heightened by the nature of HISA's overlapping relationships with third parties and technology providers. Public materials describe technology integrations involving HISA-related data, racing-office systems, veterinary-list information, and treatment-record reporting. That does not mean any such relationship is necessarily improper. Nor do we suggest that any vendor or organization should be presumed to have acted wrongly. But where HISA's own platform and related technology ecosystem are now implicated in serious allegations involving confidential horse-health information, the existence and nature of these relationships makes independent review essential.

HISA is funded through mandatory assessments imposed on racetracks and ultimately borne by the Thoroughbred industry. In light of the substantial costs being imposed on the industry – now totaling more than \$250 million (approximately 12% of which has been spent on “technology”) – participants are entitled to know whether HISA is procuring, implementing, and overseeing technology that meets appropriate standards for security, privacy, auditability, resilience, and independence. They are also entitled to know whether vendor selection, vendor oversight, and incident review are being conducted free from actual or perceived conflicts of interest.

For that reason, we respectfully request that the Commission require a truly independent third-party review addressing, at minimum:

1. The facts and timeline of the Fair Hill Five matter, including what HISA, HIWU, TRPB, or other relevant entities knew and when they knew it.
2. The timing and disclosure of the previously undisclosed banned-substance positive involving a trainer connected to the Fair Hill Five matter.
3. The full facts and timeline of the HISA Portal access issue involving confidential veterinary and horse-health information.
4. The specific technical or access-control weaknesses that allowed confidential information to be viewed or obtained by persons who allegedly lacked a legitimate basis to access it.
5. Whether any other users accessed, downloaded, exported, modeled, or shared comparable confidential information.
6. Why HISA failed to conform to modern best practices and standards to prevent an authorized user accessing other parties' confidential information, including (a) restricting which accounts can access which records; (b) rate limiting requests (locking accounts with

- unreasonable number is exceeded); and (c) avoid using sequential numbers as identifiers in URLs.
7. Whether HISA's logging, monitoring, auditing, and anomaly-detection tools were adequate to identify improper access in real time or shortly after it occurred.
 8. Whether HISA's public statements accurately and completely described the nature of the vulnerability, the scope of affected information, and the risk to industry participants and the wagering public.
 9. Whether HISA's relationships with any technology or service providers present actual or perceived conflicts requiring additional safeguards.
 10. Whether HISA's procurement, vendor oversight, and information-security governance practices are sufficient for an entity exercising federally authorized regulatory authority and maintaining sensitive industry information.
 11. What corrective actions have been implemented, who has independently validated those actions, and what ongoing reporting should be required to restore confidence.

HISA's legitimacy depends on confidence that it is transparent, accountable, technologically competent, and subject to meaningful oversight. The recent controversies have further damaged that confidence. Restoring it will require more than assurances from HISA that individual wrongdoers will be punished. It will require an independent accounting of what happened, why it happened, whether it could happen again, and whether HISA's governance and technology infrastructure are adequate for the responsibilities it has been given.

Churchill Downs Incorporated respectfully urges the Commission to exercise its oversight authority and require an independent review of these matters. We stand ready to cooperate with the Commission and to support a credible review process that provides the industry, the wagering public, and all racing stakeholders with the answers they deserve.

Respectfully submitted,



William C. Carstanjen
Chief Executive Officer

cc: April Tabor, Secretary, FTC
Lucas Croslow, General Counsel, FTC
Sarah Botha, Special Counsel for HISA, Office of the General Counsel, FTC
Charles Scheeler, Chair, HISA
Steve Beshear, Director, HISA
Adolpho Birch, Director, HISA
Leonard Coleman, Director, HISA
Joseph De Francis, Director, HISA
Terri Mazur, Director, HISA

Susan Stover, Director, HISA

Bill Thomason, Director, HISA

DG Van Clief, Director, HISA

Lisa Lazarus, CEO, HISA

The Honorable Ted Cruz, U.S. Senate, Texas

The Honorable Maria Cantwell, U.S. Senate, Washington

The Honorable James Comer, U.S. House of Representatives, Kentucky

The Honorable Robert Garcia, U.S. House of Representatives, California

The Honorable Andy Barr, U.S. House of Representatives, Kentucky

The Honorable Paul Tonko, U.S. House of Representatives, New York

The Honorable Brett Guthrie, U.S. House of Representatives, Kentucky

The Honorable Frank Pallone, U.S. House of Representatives, New Jersey

The Honorable Morgan McGarvey, U.S. House of Representatives, Kentucky

The Honorable Mitch McConnell, U.S. Senate, Kentucky