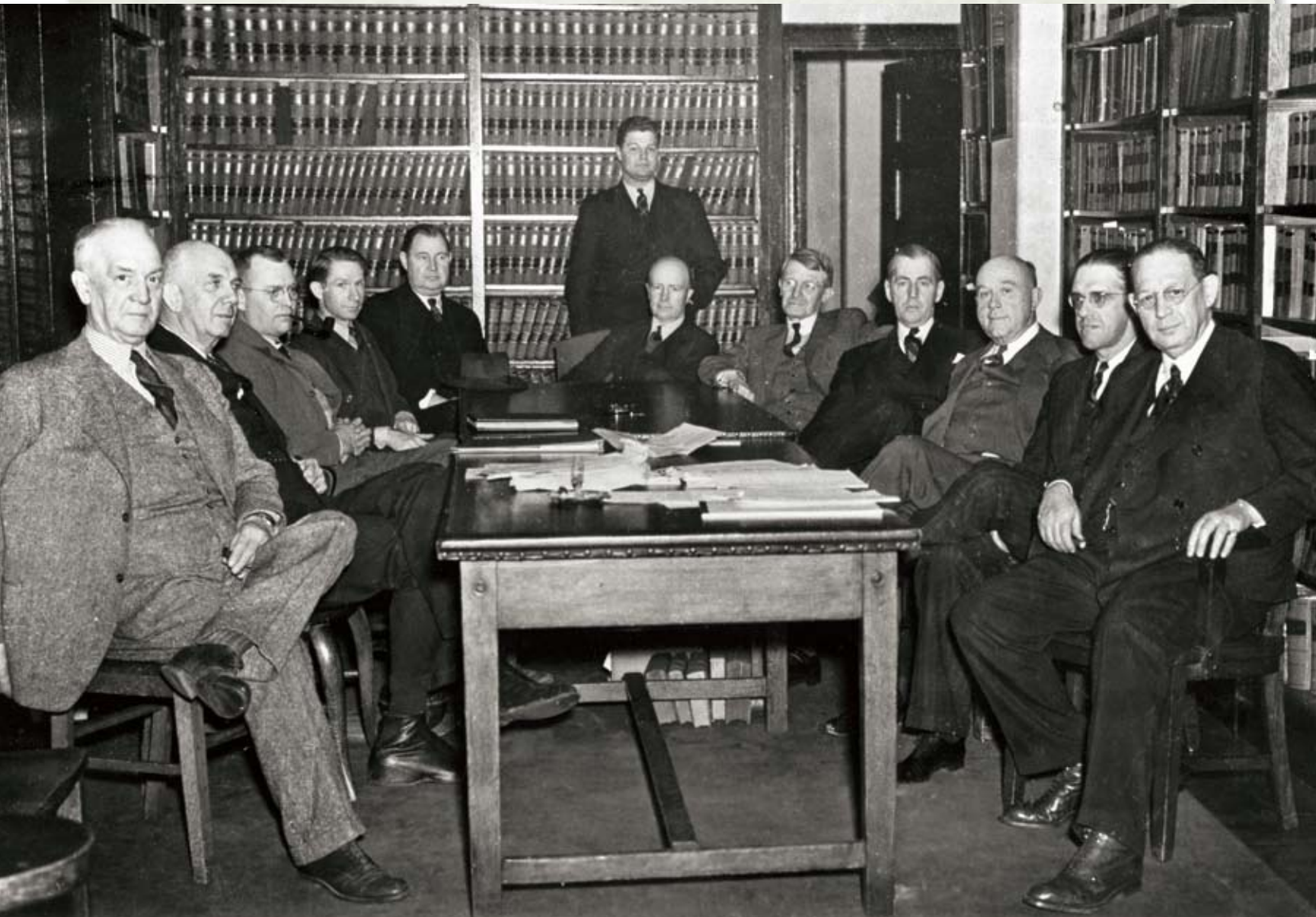




STOLL
KEENON
OGDEN

GOOD



Keeneland's first board of directors; opposite, the original prospectus

COUNSEL

The Relationship Between Keeneland and Its Law Firm Extends to the Earliest Days

By Amy Wilson

On some unrecorded Sunday in 1934, the usual group of tobacco farmers, horse breeders, and cattlemen gathered at Jock Whitney's Greentree Stables for their usual game of cut-throat badminton, with a little nipping of bourbon on the side.

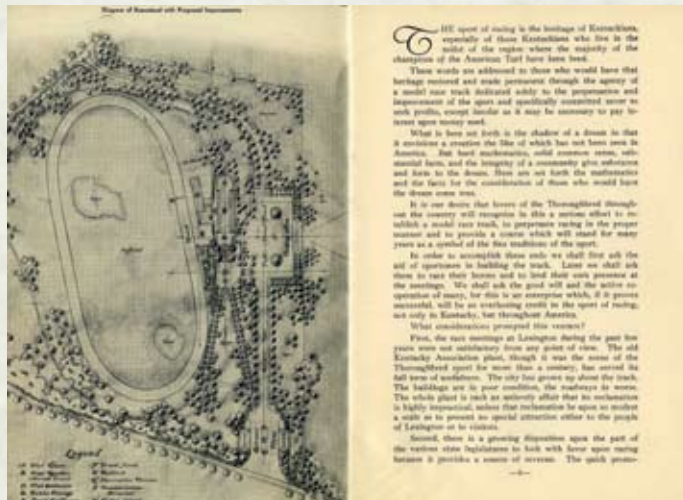
But on this day, the breeding shed for the horses of America's first venture capitalist bore witness to something entirely new. Here, Lexington's movers and shakers dreamed up Keeneland.

It's where those men then turned to the lawyers and judges among them for the finer details. Because every man in the barn — the breeders, the farmers, the bankers, the civic leaders, the doctor, the hotelier, and the newspapermen — wanted this thing done right in the first place, and to last forever.

But the lawyers and the judges weren't just standing there in case someone needed legal advice. They were horsemen, too, and they were Kentuckians with a stake in the future of the region. This meant they weren't merely hired guns who answered questions and filed papers at their clients' behest.

Not from the beginning. Not now.

The legal and business relationship between the racetrack and the law firm that was represented that



day in the stud barn by Judge Richard Stoll and Wallace Muir has indeed endured for the 75-year life of Keeneland.

"We call them our counselors," said Keeneland's current president and CEO Nick Nicholson, "because they are there every step of the way. They read the same materials we do. They go to the same meetings. They don't just react to what's going on. They always know what is coming and plan for it before it does."

That abiding relationship has been accomplished as both the law firm, now known as Stoll Keenon Ogden, and the racetrack grew, as the complexities of gaming law multiplied,



and as Keeneland entered the horse sales business and became a global marketplace.

The lawyers' first test came early.

The articles of incorporation that created the racetrack were signed on April 17, 1935. On that same day, 21 Keeneland directors were chosen in a meeting held in the First National Bank building law offices of Stoll, Muir, Townsend and Park. Stoll and Muir were among those selected to serve.

The incorporation papers were believed to be unlike any that had been written before. Some credit Judge Stoll with the unusual concept; others say a young unknown lawyer named Gayle Mohney created and drafted the innovative corporate structure.

Either way, it went like this: The racetrack would use local money to create a private company that should benefit the horse, the industry, and the community, plowing the profits back into the sport of thoroughbred racing or giving them directly to a local charity. That is, no dividends would ever be paid to the owners of the company's common stock.

The novel concept had to pass the very tough muster of the Securities and Exchange Commission, a group then under the leadership of Joseph Kennedy.

After a thorough investigation, suffice to say, it did.

The Common Good

In the building of Keeneland from nothing to something, said



Keeneland trustee Louis Haggin III, "everybody taught each other the business."

That way, all horsemen succeeded. That explains why, said Haggin, it worked like it did from the first day. Hard work mattered.

There was no harder worker than the first guy they hired as racetrack manager, a guy who left law school in 1935 and didn't know a darn thing about racetracks but promised Headley he'd learn.

W.T. Bishop was Keeneland's first paid employee when the property, he would recall later, "still looked like weeds." He quickly became Headley's right-hand man.

Bishop, who lived on the premises for almost 40 years with his wife, Dottie, grew the racetrack and his family there, raising his two children, Jayne and Buddy, in a spacious third-floor apartment over what is now the Keeneland gift shop. Those were the same years that W.T. was making \$150 a month, getting a \$50 a month raise on the birth of his first child.

Those were the years that Mohney, quickly becoming Keeneland's main attorney and Headley's personal attorney, may not have been making much more.

When speaking to journalist Jim Bolus in 1983, long after Keeneland had met and exceeded expectations, W.T. explained that Stoll, Keenon and Park, the law firm that had morphed from the original Stoll firm, "operated for possibly the first 12 to 15 years at Keeneland almost without any specific remuneration for the effort and work that they put into it."

Mohney, known for his quiet brilliance, was a former University of Kentucky basketball and football player. He was a quick study when it came to horses and the men who loved them.



Keeneland's early lawyers included Wallace Muir (above, center), Gayle Mohney (top), and Judge Richard Stoll (top right).

KEENELAND LIBRARY PHOTOS

“In the '30s and '40s,” said Keeneland trustee and SKO attorney Bill Lear, “Gayle Mohney represented everybody who was anybody in the horse business. Yes, it was a close-knit collection of owners and breeders, but he handled it fairly and with obvious discretion. You take a look in the old files and his name is on everything.”

In that way the firm knew the business better than some of the horsemen they represented did. In that way, too, the firm became the premier equine firm in the nation. A lot of their business, said Lear, came to them because of the status conferred upon them by having Keeneland as its client.

Which is not to say the firm ever took Keeneland for granted.

The story goes that Mohney got a call from Headley late one night requesting his presence at the racetrack's famous gap at

6 in the morning. Mohney agreed. Ruth Mohney, Gayle's wife asked her husband why, oh, why, did he have to be at Mr. Headley's beck and call, especially at that ungodly hour.

The reply, apparently, was kind, we're told, but simple: “Because, dear, there are 500 lawyers in Lexington and they all would be delighted to meet Mr. Headley at the gap at 6 in the morning. I'm going so none of the rest of them ever get the chance.”

There's a second version to that story — one in which Mohney replies: “Because, dear, there are a lot of lawyers in this town who would be glad to meet him at 5.”

In either case, it is said that Ruth never complained about her husband's hours again.

Sell, and They Will Come

When World War II limited the transport of horses — trains were for troops; gasoline was rationed — it became necessary and, frankly, convenient for Kentucky horses not to have to take a trip to Saratoga Springs, N.Y., for the pleasure of being bought and sold.

Kentucky's breeders were thrilled. They were reportedly suspicious of an East Coast bias in the sales ring, and, anyway, the New York trip was tough on their horses.

A solution to the problem of auction yearlings in 1943 was to bring the buyers to the horses. Keeneland's directors graciously allowed its grounds to be used by the Fasig-Tipton sales company for that purpose. They popped up a circus tent, and the buyers came. An astonishing 312 yearlings sold over three days that August for a total \$929,850 — or an average of \$2,980, three times the average of the 1942 Saratoga sale.



KEENELAND, BELOW, COURTESY NANCY BISHOP

William T. “Buddy” Bishop III grew up at Keeneland, where he rode horses and played on the track. He later served as Keeneland's lawyer and a trustee.





Safe to say, it wasn't long before a separate sales company — the Breeders' Sales Co. — was formed. A consortium of breeders, its board consisted of men such as Hal Price Headley, A.B. Hancock, Leslie Combs, and Dr. Charles Hagyard.

Keeneland, now in the sales business, needed rules.

Time to call their lawyers.

Gayle Mohney and his peers at Stoll, Keenon answered the call. By this time Mohney was already on his way to becoming the most well-known and well-respected equine lawyer in the country. Now not only was he pioneering the creation of equine sales law in Kentucky when it entered that arena but he was soon responsible for inventing the stallion syndication business. In fact, his name is on the \$6.08 million syndication deal that Penny Chenery and Claiborne Farm's owner Seth Hancock glued together in 1972 to keep Secretariat in Chenery's stable.

Mohney is also noted for having decided, in the early 1970s, to take a certain young lawyer from the firm under his wing.

His name was Buddy Bishop.

Keeneland-bred

Buddy, whose real name was William III, had grown up at Keeneland, literally playing in its barns and grandstands, climbing the growing sycamores while his father built the racetrack and his mother made sure visitors to the ivy-covered limestone Keeneland edifice saw a different Christmas tree every year in the third-floor window above the administration offices.

According to Buddy's wife, Nancy, living on the grounds was somewhat isolating for Buddy, but the men and women who worked for his father were his friends. He rode horses when he was little and competed on them for trophies as a teenager. His first job was picking up rocks off the racetrack for Hobart Burton, the track's iconic superintendent, whose first question thereafter when he put Buddy to work on something at the track was: "What have you broken now?"

"Buddy was not a handyman," said Nancy, smiling. "Never was."



ANNE M. EBERHARDT

Shannon Arvin is following in the footsteps of her father, Buddy Bishop.



JOSEPH REY AU

SKO attorney and Keeneland trustee Bill Lear confers with president Nick Nicholson.

So he went into the law.

And there he proved quite useful to the place he loved, mostly because, said his wife, he was a worrier and a realist and "had an unbelievable sense of responsibility" to the people whose livelihood depended on it.

"He took care of Keeneland like you would a child. He knew that good times could not last so he was always preparing for that time," she said.

Sharing duties as Keeneland's attorney with Mohney and shouldering them after Gayle's death in 1980, Buddy also took over stewardship of the legal affairs of everything else equine in this horse-business town. Stoll, Keenon and Park thus represented The Jockey Club, The Breeders' Cup, the National Thoroughbred Racing Association, Claiborne Farm, Darley Stud, Godolphin Racing, and Juddmonte and Mill Ridge farms, among others.

The changes Buddy oversaw, legally, were monstrous, said Nicholson. There were immigration issues and political navigation through legislative mood swings. There were track safety laws, gaming regulations, animal health issues, human resource, real estate, copyright, and intellectual property concerns.

And there was the matter of sales, which became a lot more complicated when foreign buyers entered the American market in the 1980s and the price tag on Thoroughbreds soared. Never was this more obvious than in 1985 when a single yearling colt

sold for the whopping sum of \$13.1 million. With money like that on the table, buyers get nervous and want their lawyers to protect them.

Keeneland wanted their lawyers to protect them too.

"If racing is a chess game, legally," said Nicholson, "then sales is 3-D chess."

Proof of that comes when you realize, said Nicholson, that the first sales catalog issued — that was August 1943 — had six conditions of sale that took a half-page to explain. The last sales catalog issued in 2011 had 25 conditions and covered 23 pages.

"If you can't sleep at night, take the sales catalog to bed with you and read it," he said. "It's the most boring document in the world until you need it. Then it's the most riveting reading, and all the commas make all the difference in the world."

Managing partner David Smith said he can't imagine that at some time or another all 65 of the lawyers in the Lexington office haven't worked for Keeneland, though, monthly, it's more like 10 or so who shoulder some small piece, and three who do the bulk of the work. They do, he said with a laugh, have other clients. The firm now is one of the largest in Kentucky, with offices in Lexington, Louisville, Frankfort, Henderson, and Morganfield. It employs more than 140 lawyers.

But Keeneland is different than most other clients because,

Smith added, "I can't imagine that we could do the work and not be smitten by what they do. On some visceral level you have to love to go out to the track and just watch the horses run. We have a passion for the sport, and I think that shows."

Buddy Bishop became a trustee at Keeneland in 2006. Upon hearing that news, it's said the men in the maintenance department at the track high-fived one another, a tribute to one who had once worn their uniform.

He served in that post for only two years before his death at 64.

One of the firm's lawyers who picked up the torch when Buddy died is a young woman named Shannon Arvin.

Nicholson can't say enough fabulous things about her and her work, and about his continued belief in the entire array of legal representation the race course has had for 75 years.

"In an age where you measure relationships by the next quarter, we've had the same lawyers for all this time, since before the beginning," he said. "You don't know how comforting that is to me."

Arvin knew a little about Keeneland before she was hired by the firm now known as Stoll Keenon Ogden. She knew a little, as well, about the devotion required to serve her demanding client.

She is Buddy's daughter. 🐎



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