

# A Partnership Success Story

## Owner Profile: Lloyd Dix (WGAS-10)

By Mary Forney

**L**loyd Dix, founder and managing partner of a very unique racing partnership – WGAS-10 – was out with his family at Del Mar recently to watch Excess Temptations run. “E.T.,” as they call him, is one of seven horses in which WGAS-10 owns a fractional interest. Formed in May, 2005, the partnership’s stable has had eight wins, a winning percentage of 32%, and an “in the money” stat of 52%.

In a recent interview, Dix discussed the evolution of WGAS-10. “There’s a funny story about that,” he said. “Our first horse, Pete West, we bought entirely ourselves (100% interest). There were ten partners, and we thought, ‘now we’re all big shots and we own this horse.’ Well, we had 64 people out at Hollywood Park for our first race, and the horse came in dead last – wasn’t even close. And everybody looked at me like, ‘Okay what did I do?’ It was just unbelievable; it never occurred to me that we were going to lose!”

With each succeeding race for the new partnership, he ran a little better, and ultimately the decision was made to geld the

horse. “We made the decision to geld him and put him in a \$25,000 claimer. He won the race and he got claimed. So we got the \$15,000 purse, and we got the \$25,000 for the claim, so we got our \$40,000 back that we had spent on the horse.”

An even brighter success story for the fledgling partnership involves one of their next equine purchases – a Barretts Sale two-year-old named Cash Included. She was already at the racetrack when their trainer offered them a 50 percent interest. WGAS-10 paid \$35,000 for half of Cash Included, who subsequently sold for \$330,000 after winning her second race.

When the opportunity to buy Cash Included came up, Dix had to do something he hadn’t planned on – go back to the partners for money. “What happened was, at the time that we bought Cash Included, we had sold Pete West, but we also had a third of Excess Temptations, ten percent of Golden Playgirl, and ten percent of Drastic Tactics. And we had \$40,000 in the bank,”



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Dix explained. “So, I went to the partners and I said, ‘Look, we can do this, and we can buy her out of our reserves, but then we’ve got nothing left to operate on.’”

The partners voted to each put up an additional \$2,000. Dix recalled, “I told them, ‘I don’t consider this going back on my promise that I would never come back to you and ask you for more money, because I’m not asking you for money to save a failing partnership. It’s working. We’ve got three horses; we don’t need this other horse. We’re not trying to prop anything up; rather, this is an opportunity for us to go to the next level.’”

“Then, after the sale of Cash Included, I not only paid everybody back their \$2,000, but I threw an extra \$1,000 on top of that as a thank you,” Dix concluded. With the remainder of their profit, they invested in some new young horses, and left themselves a nice cushion in the bank for expenses.

Energetic, youthful, and fun-loving, Dix also has the education and career experience to make him a natural as managing partner. A graduate of Emory University in Atlanta, Georgia, and McGeorge School of Law at University of the Pacific in Sacramento, he has been an attorney since 1983.

A native of New York, Dix grew up in the Calabasas area. His parents met at USC – his mother was from Beverly Hills and his dad from New York, where the newlyweds settled, and where Dix and his younger sister were born. “Then one day my dad came home,” recounts Dix, “and my mom, who had had it with the snow and the cold, looked at him and said, ‘The kids and I are moving to California, and you’re welcome to join us!’”

Dix is the Director of Operations for Grant & Weber, a collection agency. “Actually,” he said, “the proper term these days is receivables and resource management. The reason for that is we handle accounts receivable for various organizations, including a lot of hospitals.” In addition, they have a large workers’ compensation department – handling subrogation and arbitration. Dix oversees four offices: in Calabasas, Sacramento, Las Vegas, and Scottsdale, Arizona, with a new office opening in Austin, Texas.

Dix lives in Calabasas, with his wife, Mary, and sons Jeremy and Michael. Mary had never been to the races until she met him, yet she has become his biggest supporter in the sport that he loves. When a favorite uncle passed away, leaving him some unexpected money, it was Mary who suggested that he invest in a racehorse.

“I had an uncle from New York who was the ‘bad’ uncle that everybody should have,” Dix recounted. “Uncle Chet would come out to visit, and he was always the bad influence... He would take us to the races at Santa Anita. It was typically around Christmas time, and I have fond memories of going New Year’s Day, fighting

the Rose Bowl traffic, and the Rose Parade traffic, because from Calabasas you have to go right through the middle of Pasadena in order to get to Santa Anita.” Although he was only six or seven



WGAS-10 partners Sean Escobar and Mark Neiberg with Dix.

years old, Dix loved it; and he was good at betting and reading the *Racing Form* – thanks to Uncle Chet’s instruction.

“And when he passed away, he left me money,” said Dix. “So I said, ‘Kids’ college fund.’ And my wife said, ‘Horse racing.’ And I said, ‘What do you mean? We have two kids in private school, and we have college.’ And she looked at me and said, ‘If not now, when?’”

As it happened, Dix had met a trainer, Howard Zucker, several years earlier at a business meeting with the California Thoroughbred Trainers. “They met with one of the sales people at the agency I worked for, to discuss trainers and delinquent bills. I was included in the meeting because the sales person knew I was interested in horse racing,” explained Dix. “I just had that one dinner meeting with him and instantly liked him. Then my uncle passed away five years later, and I said, ‘I only know one trainer; I’m calling this guy.’”

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Dix told each of the partners, “Here’s my deal with you: you give me ten grand, we’ll set it up like a real partnership, register it, do everything right. But my promise to you is I’ll never come back and ask you for more money. Win, lose, or draw, this is it – one

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One of the things that make WGAS-10 so unique is the partners themselves, who share an interesting business connection. In addition to Dix, WGAS-10 consists of: Gene Bennett, David Cerna, Joe Cerna, Sean Escobar, Marvin Feuerman, Ron Grossblatt, Tom Isgrigg, Mark Neiberg, and Nat Rubinfeld. With the exception of Bennett and Neiberg, the partners are business competitors who became acquainted at trade association conventions over the years.

"I see these guys at all the conventions, and we share tips, help each other, and give each other recommendations," explained Dix. "And when hospitals put out an RFP (request for proposal), we all bid – sometimes against each other. But it's a very, very friendly rivalry. It's a very unique business; I've never seen another business where the competitors are such friends."

One of the advantages of a partnership such as theirs, Dix points out, is that they have been able to associate with some of the big names in the business. Among the partners with WGAS-10 are John Harris, owner/breeder Steve Warner, and Dodgers' pitcher Brad Penny.

Dix believes that fractional ownership is the way to go. "Horses lay up," he explains, "We let the horses rest and get fully recovered. So there are periods of time when we have nothing running. So the plan is to get up to 20 horses. It won't be 20 horses in full ownership, but it will be bits and pieces of 20 horses, so that we'll always have action, we'll always have something running."

Dix also emphasizes the value of a good relationship with the trainer. As he put it, "We could have gone to another trainer and said here's \$100,000, and he might have burned \$20,000 or \$30,000 looking for a horse for us, another \$20,000 or \$30,000 putting us into something. And if the horse doesn't win, the \$100,000 is gone; we're out of the game."

Dix continued, "This was a true partnership. The trainer understood our unique financial situation, and only put us in situations that made sense for us. That's really the way it is. He did not burn our money, and his patience has paid off."

On the other hand, Dix points out, the relationship also paid off for the trainer. "We started with that original \$100,000, which he could have taken and burned through; but then six months later he wouldn't have had us. Instead, now we're paying bills on seven horses. It paid off for him as well."

It's definitely a partnership model that can be used by both owners and trainers alike – one that has obviously proven successful.

*Dix with son Jeremy and wife, Mary.*