UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION
OFFICE OF ADMINISTRATIVE LAW JUDGES
FTC DOCKET NO. D-9444

ADMINISTRATIVE LAW JUDGE: **HON. JAY L. HIMES**

IN THE MATTER OF:

EUSABIO JUAREZ-RUFINO **APPELLANT**

THE AUTHORITY'S PROPOSED FINDINGS OF FACT, CONCLUSIONS OF LAW, ORDER, AND SUPPORTING LEGAL BRIEF

Comes now the Horseracing Integrity and Safety Authority, Inc. ("**HISA**" or the "**Authority**") pursuant to the Administrative Law Judge's Order Setting Briefing Schedule, dated February 20, 2026, and submits the following Proposed Findings of Fact, Conclusions of Law, Order, and Supporting Legal Brief.

PUBLIC

CERTIFICATE OF SERVICE

Pursuant to Federal Trade Commission Rules of Practice 4.2(c) and 4.4(b), a copy of the Authority's Proposed Findings of Fact, Conclusions of Law, Order and Supporting Legal Brief is being served on March 25, 2026, via Administrative E-File System and by emailing a copy to the below listed. I further certify that no portion of the filing was drafted by generative artificial intelligence ("AI") and any language in the filing that was drafted by generative AI was checked for accuracy by human attorneys or paralegals using printed legal reporters or online legal databases.

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/s/ *Bryan Beauman*

Enforcement Counsel

PROPOSED FINDINGS OF FACT

I. Background to the Charge

1. On January 29, 2025, investigators for the Horseracing Integrity & Welfare Unit ("**HIWU**") conducted a search of Appellant's SUV on the backside of Oaklawn Park in Hot Springs, Arkansas, which is a Covered Racetrack.[1]

2. During the search, HIWU investigators discovered and seized the following from the storage compartment under the center front seat of Appellant's SUV: one (1) loaded 35 mL hypodermic syringe; and one (1) loaded 12 mL hypodermic syringe.[2] Both syringes had attached needles with green caps and were labeled with the words, "For Veterinary Use Only."[3]

3. The syringes and their liquid contents were processed by HIWU as evidence and later shipped to Industrial Laboratories in Denver, Colorado for analysis.[4]

4. Industrial Laboratories provided a report to HIWU stating that "Diisopropylamine confirmed in liquid."[5] Diisopropylamine is a Category S0 Banned Substance.[6]

5. On April 10, 2025, HIWU served Appellant with an Equine Anti-Doping ("EAD") Notice letter, informing him that he had been found in Possession of a Banned Substance, and this may result in an Anti-Doping Rule Violation ("**ADRV**").[7]

6. On April 25, 2025, Appellant, through his counsel, responded to the Notice letter and stated that Appellant "did not 'own' or intend to possess the substance," and that the substance was "intended for administration to some injured roosters" owned by Mr. Luis Terrazas, who

[1] HISA Appeal Book ("**AB**"), pp. 141-145.
[2] AB, pp. 141-143.
[3] AB, pp. 141-143.
[4] AB, pp.149-153.
[5] AB, pp. 155-157.
[6] AB, pp. 474-476.
[7] AB, pp. 97-102.

Appellant claimed was his auto mechanic.[8] Appellant provided an unsigned draft affidavit allegedly from Mr. Terrazas, which contained a blank notary public signature block dated February 1, 2025, as well as a handwritten receipt for the auto repair Mr. Terrazas allegedly provided.[9] Appellant further stated, without context or evidence, that "B-15 vitamin can show up as diisopropylamine."[10]

7. HIWU determined Appellant's explanation failed to establish a "compelling justification" for his possession of Diisopropylamine under Rule 3214(a) and moreover was not credible. On May 8, 2025, HIWU served Appellant with an EAD Charge letter for Possession of a Banned Substance.[11]

II. Procedural History

8. The Arbitrator issued Procedural Order #1 on June 26, 2025, providing the following schedule: (i) Claimant's Pre Hearing Brief: August 1, 2025; (ii) Respondent's Pre-Hearing Brief: August 15, 2025; and (iii) Claimant's Reply Pre-Hearing Brief: August 22, 2025.[12]

9. HIWU filed its prehearing brief, including its exhibits and authorities, on August 1, 2025; however, nothing was submitted by Appellant on or before his submission deadline of August 15, 2025.[13]

10. On August 22, 2025, HIWU filed a Motion for Default Judgment for Appellant's failure to participate in the Arbitration process and sought the imposition of default sanctions. Appellant did not respond to the Motion for Default Judgment.[14]

[8] AB, pp. 167-169.
[9] AB, pp. 171-175.
[10] AB, pp. 169.
[11] AB, pp. 123-131.
[12] AB, pp. 61-65.
[13] AB, pp. 71-92; AB, pp. 644-645.
[14] AB, pp. 558-564; AB, p. 645.

11. On September 5, 2025, the Arbitrator held a conference to address the Motion for Default Judgment. Counsel for both parties participated in the hearing. Counsel for the Appellant acknowledged that he failed to comply with Procedural Order #1, including the requirement to provide a pre-hearing brief, evidence, or a signed witness affidavit.[15] The Arbitrator declined to grant HIWU's Motion for Default Judgment.[16]

12. On the afternoon of September 9, 2025, less than 48 hours prior to the hearing, Appellant filed a Pre-Hearing Brief which included a notarized and signed version of the Terrazas affidavit, still dated February 1, 2025.[17]

13. On September 10, 2025, HIWU filed a Motion to Exclude Appellant's Untimely Witnesses and Documents,[18] which the Arbitrator granted.[19]

14. On September 11, 2025, the merits hearing was held virtually via Zoom.[20]

III. Evidence Presented to the Arbitral Body

15. HIWU Investigator Brian Bennett testified that, in April 2024, he searched a vehicle belonging to Appellant's wife at Oaklawn Park. During that search, a syringe was recovered from the center console of the vehicle which contained a trace amount of residue.[21]

16. Appellant testified his wife left the syringe in the console of her vehicle after administering "Vitamin 6000 plus B-15" to roosters they owned earlier that morning.[22]

17. HIWU Investigator Bennett explained that, though the residue subsequently screened positive for Diisopropylamine, there was an insufficient amount of the residue for

[15] AB, p. 645.
[16] AB, p. 566.
[17] AB, pp. 570-602.
[18] HIWU alternatively requested a continuance; AB, pp. 603-610.
[19] AB, pp. 611-613.
[20] AB, pp. 614-615.
[21] HISA Appeal Book 2 ("**AB2**"), p. 692, lines 19-22 (Bennett).
[22] AB2, pp. 860-861, lines 16-10 (Juarez and Hayes).

confirmatory analysis to be conducted, so HIWU did not notice or charge Appellant with an ADRV in 2024.[23]

18. On January 29, 2025, HIWU investigators conducted a search of Appellant's SUV parked on the backside of Oaklawn Park. After HIWU Investigator Bennett initiated the search of Appellant's vehicle on the driver's side of the vehicle, he then moved to the passenger side and realized there was a storage compartment under the center front seat, which he was unable to see during his search of the driver's side of the vehicle. Upon opening the storage compartment under the center seat, Bennett discovered two loaded hypodermic syringes.[24]

19. Appellant testified he requested a search warrant on January 29, 2025, because his trainer's license was no longer active at Oaklawn Park and he believed HIWU investigators could not search property belonging to personnel who were not active-licensed trainers at a Covered Racetrack.[25]

20. Appellant testified that the substance in the syringes was intended for use by another man to treat injured farm animals.[26]

21. Appellant testified that Mr. Terrazas, who operates a mechanic shop in Hot Springs and breeds and raises a specific and unique breed of fowl birds, was Appellant's mechanic and was working on his vehicle.[27]

22. According to Appellant, Mr. Terrazas was responsible for placing the diisopropylamine in his vehicle while he was servicing the vehicle, and that the substance was intended for administration to some of Mr. Terrazas' roosters who had been injured.[28]

[23] AB2, p. 693, lines 5-14 (Bennett).
[24] AB2, pp. 705-706, lines 24-9 (Bennett).
[25] AB2, pp. 901-902, lines 5-2 (Heath and Juarez).
[26] AB, pp. 643, para 2.23.
[27] AB, pp. 643, para 2.24.
[28] AB, pp. 643, para 2.25.

23. Appellant testified that, after his vehicle was repaired by Mr. Terrazas, Mr. Terrazas left the receipt for the repair in the console within his vehicle.[29]

24. Appellant testified that, on January 28, 2025, he regained possession of his repaired vehicle and drove inside the enclosure not knowing the syringes or diisopropylamine was inside his vehicle.[30]

25. Appellant acknowledged he had a duty to ensure he did not intentionally or unintentionally to bring anything onto the backside of a racetrack.[31] Appellant further acknowledged he had an absolute responsibility to check "every nook and cranny" before bringing his vehicle onto the backside of the racetrack.[32]

26. HIWU Acting Chief of Science, Dr. Michael Hardy, testified that HISA's treatment of Diisopropylamine as a Category S0 Banned Substance is consistent with other international racing jurisdictions because its mechanism of action as a vasodilator can lead to performance enhancing effects. Dr. Hardy also stated Diisopropylamine lacks FDA approval in any species and there is no peer-reviewed scientific evidence supporting efficacy or safety data in any species.[33]

27. Based on Diisopropylamine's properties, Dr. Hardy opined that the use of Diisopropylamine on a bleeding or hemorrhaging animal would be contraindicative because it would put the animal at risk of bleeding out.[34]

28. Dr. Hardy observed that the needles attached to the syringes recovered from Appellant's SUV were 18-gauge, 1-inch needles, consistent with those routinely used to administer intramuscular and intravenous injections to horses.[35] Dr. Hardy testified that, if an 18-gauge, 1-

[29] AB2, pp. 849-850, lines 13-3 (Hayes and Juarez).
[30] AB, pp. 643, para 2.26.
[31] AB2, p. 915, lines 17-23 (Heath and Juarez).
[32] AB2, pp. 926-927, lines 21-4 (Hayes and Juarez).
[33] AB2, p. 752, lines 12-13 (Hardy).
[34] AB2, p. 751, lines 10-19 (Hardy and Heath).
[35] AB2, pp. 754-755, lines 22-7 (Hardy).

inch needle—which has a beveled, serrated end used to penetrate tissue or intravascular vessels—was used on an avian species, there would be a significant risk of inadvertent hemorrhaging and muscle damage, known as muscle necrosis.[36]

29. Dr. Hardy also testified that the FDA's designation of "Vitamin B-15" is a marketing scheme to market various compounds and that "Vitamin B-15" has no reproduceable pharmacological properties, is not a vitamin, and has no nutritional value or known deficiency in any species.[37]

IV. Final Decision

30. On October 2, 2025, the Arbitrator issued a Final Decision which concluded that: (i) Appellant possessed Diisopropylamine in violation of Rule 3214(a); (ii) Appellant had not established compelling justification for his possession of the Banned Substance; and (iii) Appellant's objective and subjective Fault were at the highest range and he was entitled to no reduction from the default period of Ineligibility of 24 months.[38]

31. The Arbitrator imposed the following Consequences: (i) a period of Ineligibility of 24 months; (ii) a fine of $10,000; and (iii) contribution of $8,000 toward HIWU's share of the arbitration costs.[39]

V. Evidence Presented Before the ALJ

32. As the sole witness, Mr. Terrazas testified that his friend "Juan" gave him the syringes for his roosters.[40] When confronted with the fact that Mr. Terrazas testified his friend's name was "Antonio" during the Oaklawn Stewards' hearing, Mr. Terrazas first said he did not

[36] AB2, pp. 757-758, lines 22-19 (Hardy and Heath).
[37] AB2, p. 760, lines 4-15 (Hardy).
[38] AB, pp. 654-660.
[39] AB, p. 661.
[40] Evidentiary Hearing Transcript, dated February 19, 2026 ("**Transcript**"), pp. 31-32, lines 16-3 (Heath and Terrazas).

recall and then explained his friend's name was "Juan Antonio" or he thinks it's "Juan Antonio."[41] When asked for Juan's last name, Mr. Terrazas did not know.[42]

33. Asked whether Juan and Appellant ever attended rooster events together, Mr. Terrazas stated Appellant does not "like to do that."[43] When asked for clarification, Mr. Terrazas explained that he never observed "him" bring roosters to Garland County for events.[44] Asked whether Mr. Terrazas meant Juan, he replied he was "talking about Jose."[45] Mr. Terrazas subsequently denied using the name Jose, and said he was referring to Juan.[46]

34. Mr. Terrazas admitted Juan was not a veterinarian or avian specialist.[47]

35. Mr. Terrazas, whose affidavit referenced an attack on "farm animals" several times and never mentioned an attack on "roosters" or "chickens,"[48] clarified during his testimony that he only raises roosters and chickens because he does not have a special permit from the city to raise other animals which is required due to his residence being within city limits.[49]

36. Mr. Terrazas testified Appellant's counsel prepared a draft affidavit for him to sign, which he signed before a notary on February 1, 2025.[50] Mr. Terrazas also stated he talked to Appellant's counsel "way after" Appellant informed him about the syringes being discovered.[51]

[41] Transcript, pp. 32-33, lines 8-8 (Heath and Terrazas).
[42] Transcript, p. 33, lines 9-12 (Heath and Terrazas).
[43] Transcript, p. 35, lines 17-20 (Heath and Terrazas).
[44] Transcript, pp. 35-36, lines 21-3 (Heath and Terrazas).
[45] Transcript, p. 36, lines 4-6 (Heath and Terrazas).
[46] Transcript, p. 36, lines 6-25 (Heath, Terrazas, ALJ, and Hayes).
[47] Transcript, p. 37, lines 18-22 (Heath and Terrazas).
[48] HISA Exhibit 1 from ALJ Hearing with highlights (AB, pp. 171-173).
[49] Transcript, p. 29, lines 10-20 (Heath and Terrazas).
[50] Transcript, pp. 70-71, lines 12-18 (ALJ and Terrazas); Transcript, pp. 73-74, lines 12-5 (ALJ and Terrazas).
[51] Transcript, p. 48, lines 14-20 (Heath and Terrazas).

37. Mr. Terrazas testified he became aware of the rooster attack in the morning when he observed broken cages and saw the birds were injured.[52] He explained it was a "big animal" and later clarified it was a fox, which he said he caught a week later.[53]

38. When asked whether Mr. Terrazas told Appellant's counsel the predator was a racoon, he said, "No, I said it could have been."[54] When confronted with Appellant's Pre-Hearing Brief to the Arbitral Body, submitted in September 2025, which stated a raccoon attacked Mr. Terrazas' roosters, Mr. Terrazas said he might have said a raccoon attacked his roosters and that he didn't see the attack happen.[55]

39. Mr. Terrazas alleged the fox killed several of his birds and had even ripped their heads off.[56] When confronted by the fact that he failed to mention any roosters being killed in his affidavit (which stated, "All eventually survived the attack"[57]), Mr. Terrazas responded, "No, I don't recall."[58] He further explained that he was only worried about the ones that he could help.[59]

40. Mr. Terrazas testified six birds were injured in the attack.[60] After listening to audio of the relevant portion of the Oaklawn Stewards' hearing where he said only three birds were injured,[61] Mr. Terrazas corrected his testimony to state that only three birds that were injured.[62]

41. Mr. Terrazas testified that the color of the liquid in the syringe was a lighter white or clear color.[63] When asked if he recalled stating the color was brown at the Oaklawn Stewards'

[52] Transcript, pp. 39-40, lines 25-4 (Heath and Terrazas).
[53] Transcript, p. 40, lines 7-8 (Terrazas); Transcript, p. 48, lines 9-13 (Heath and Terrazas).
[54] Transcript, p. 49, lines 1-10 (Heath and Terrazas).
[55] Transcript, pp. 49-50, lines 22-23 (Heath and Terrazas).
[56] Transcript, pp. 40-41, lines 19-4 (Heath and Terrazas).
[57] AB, p. 172, para. 8.
[58] Transcript, p. 41, lines 5-6 (Heath and Terrazas).
[59] Transcript, p. 41, lines 7-9 (Terrazas).
[60] Transcript, p. 47, lines 11-13 (Heath and Terrazas).
[61] HISA Exhibit 3 from ALJ Hearing, Oaklawn Steward Hearing at 29:31-31:31.
[62] Transcript, p. 53, lines 6-10 (Heath and Terrazas).
[63] Transcript, p. 54, lines 2-9 (Heath and Terrazas).

hearing, Mr. Terrazas stated he did not think so, but he may have said that.[64] After listening to audio of that portion of the hearing,[65] Mr. Terrazas acknowledged he said brown, but stated it was lighter in color.[66]

42. Mr. Terrazas testified he gave his injured roosters antibiotics and pain pills leftover from his dog's cancer treatment after he returned home from picking up the syringes from Juan.[67] When asked if Mr. Terrazas remembered telling the Oaklawn Stewards he administered the medication to the roosters before he went to pick up the syringes from Juan, Mr. Terrazas could not recall.[68] Upon hearing the audio of that portion of the hearing,[69] Mr. Terrazas stated his testimony at the Oaklawn Stewards' hearing was true, but he didn't remember the details.[70]

43. Mr. Terrazas testified the syringes he normally uses on chickens are small and agreed they were about a little bigger than the width of a pencil.[71] When asked if he was alarmed by the size difference of the syringes he received from Juan, Mr. Terrazas stated it wasn't his intent to use the syringes.[72]

44. Mr. Terrazas testified Juan gave him the second syringe "to last the whole week."[73] Mr. Terrazas denied asking for the second syringe,[74] but when asked if he recalled telling the Oaklawn Stewards that he asked Juan to "give me another one," Mr. Terrazas could not recall.[75] After listening to that portion of the audio,[76] Mr. Terrazas agreed he asked for the second syringe.[77]

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[64] Transcript, p. 54, lines 10-19 (Heath and Terrazas).
[65] HISA Exhibit 4 from ALJ Hearing, Oaklawn Steward Hearing at 28:05-28:47.
[66] Transcript, p. 55, lines 2-8 (Heath and Terrazas).
[67] Transcript, p. 41, lines 10-19 (Heath and Terrazas); Transcript, p. 43, lines 2-13 (Heath and Terrazas).
[68] Transcript, p. 43, lines 14-18 (Heath and Terrazas).
[69] HISA Exhibit 2 from ALJ Hearing, Oaklawn Steward Hearing at 20:09-21:03.
[70] Transcript, p. 47, lines 1-4 (Heath and Terrazas).
[71] Transcript, pp. 55-56, lines 19-7 (Heath and Terrazas).
[72] Transcript, p. 56, lines 23-25 (Heath and Terrazas).
[73] Transcript, p. 57, lines 6-7 (Heath and Terrazas).
[74] Transcript, p. 57, lines 8-10 (Heath and Terrazas).
[75] Transcript, p. 57, lines 12-16 (Heath and Terrazas).
[76] HISA Exhibit 5 from ALJ Hearing, Oaklawn Steward Hearing at 25:55-26:43.
[77] Transcript, p. 58, lines 3-16 (Heath and Terrazas).

45. Mr. Terrazas testified he put the syringes in the top storage compartment of the center console in Appellant's SUV.[78] When shown a picture of the inside of the console, Mr. Terrazas explained that he pulled the handle behind the cup holders and placed the syringes inside.[79] The specific area was then highlighted in yellow, and Mr. Terrazas was asked to confirm whether the highlighted area was where he placed the syringes; Mr. Terrazas confirmed that it was.[80]

46. When confronted by the fact that the location Mr. Terrazas testified to placing the syringes was not the location where the syringes were found by HIWU investigators, which was distinguished by an orange highlight,[81] Mr. Terrazas replied, "I don't know where they were found. It might be underneath that area. I might have got them out."[82]

47. Mr. Terrazas testified he did not know what was in the syringes when he received them and "still don't know."[83]

48. Mr. Terrazas testified the signature on the Witness Agreement signed on December 16, 2025, and provided to the ALJ via email on December 22, 2025 by Appellant's counsel, was not his signature.[84]

PROPOSED CONCLUSIONS OF LAW

1. Diisopropylamine is a S0 Banned Substance pursuant to the ADMC Program's Prohibited List—Technical Document.

[78] Transcript, p. 60, lines 5-17 (Heath and Terrazas).
[79] Transcript, p. 60, lines 16-21 (Heath and Terrazas); HISA Exhibit 6a from ALJ Hearing (AB, p. 104).
[80] Transcript, pp. 60-61, lines 22-1 (Heath and Terrazas); HISA Exhibit 6b from ALJ Hearing with highlights (AB, p. 104).
[81] HISA Exhibit 6b from ALJ Hearing with highlights (AB, p. 104); HISA Exhibit 7 from ALJ Hearing (AB, p. 106).
[82] Transcript, pp. 61-62, lines 2-24 (Heath and Terrazas).
[83] Transcript, pp. 15-16, lines 25-2 (Hayes and Terrazas).
[84] Court Exhibit 4 from ALJ Hearing, Luis Terrazas.

2. Appellant's possession of syringes containing Diisopropylamine in his vehicle at Oaklawn Park, a Covered Racetrack, was a violation of Rule 3214(a).

3. Appellant had the burden to establish a "compelling justification" for his possession of the Banned Substance by a preponderance of the evidence, and he failed to meet that burden. Appellant therefore committed a Possession ADRV in violation of Rule 3214(a).

4. Appellant failed to establish No Fault or Negligence (Rule 3224) or No Significant Fault or Negligence (Rule 3225) in connection with the Possession ADRV.

5. The Arbitrator's assessment of Fault was correct and the Consequences he imposed should be affirmed.

6. Appellant's manufacture of a concocted story to explain his violation of Rule 3214(a) was an Aggravating Circumstance pursuant to Rule 3227, which necessitates increased Consequences for Appellant of at least a one (1) year period of Ineligibility and a $5,000 fine.

PROPOSED ORDER

Based on the foregoing findings of fact and conclusions of law, incorporated herein, the undersigned Administrative Law Judge ("ALJ") **ORDERS AND ADJUDGES** that:

1. Appellant failed to establish a "compelling justification" for possessing the Banned Substance Diisopropylamine.

2. Appellant violated Rule 3214(a) for his possession of the Banned Substance.

3. Appellant's degree of Fault was Significant, and he should receive no reduction of the default 24-month (i.e., two years) of Ineligibility.

4. The period of Ineligibility imposed by the Arbitrator is affirmed.

5. The $10,000 fine imposed by the Arbitrator is affirmed.

6. The $8,000 contribution towards HIWU's share of the arbitration costs is affirmed.

7. Aggravating Circumstances under Rule 3227 were established in this matter and should result in an additional period of Ineligibility of at least one (1) year and an additional fine of at least $5,000.

SUPPORTING LEGAL BRIEF

I. Introduction

This appeal concerns a review of the Corrected Final Decision and resulting sanctions on the basis of the Arbitrator's exclusion of defense witness, Mr. Luis Terrazas.[85] Appellant specifically argued Mr. Terrazas' exclusion violated: (1) "the Due Process Clause of the Fourteenth Amendment;" (2) "Rule 3220(a)" and "Rule 3219(e);" (3) "HIWU Arbitration Procedure § 10(d);" and (4) "[d]ouble jeopardy" (based upon the fact that Appellant was sanctioned for possession of the syringes, as well as for the Diisopropylamine the syringes contained).[86] Appellant further requested an evidentiary hearing to offer Mr. Terrazas' testimony.[87]

The ALJ did not find Appellant's enumerated bases for jurisdiction actionable;[88] however, the ALJ determined that the evidence from Mr. Terrazas "was the centerpiece of the entire case"[89] and, if Mr. Terrazas' testimony were credible, it "could move the needle on Mr. Juarez's NF and NSF defenses, potentially reducing the otherwise mandatory two-year Ineligibility period."[90] Yet, the ALJ also cautioned that if Mr. Terrazas' testimony was not credible, "there could be adverse consequences."[91] The ALJ held the record should "be supplemented by an evidentiary hearing . . . to ensure *each* party receives a fair and impartial hearing"[92] and stated that an evidentiary hearing would be directed *"on the condition* that Mr. Juarez obtain Mr. Terrazas's consent to be subject to this Court's authority."[93]

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[85] Appellant's Amended Petition for Review and Motion to Stay ("**Petition**"), at p. 2.
[86] Petition, at p. 3.
[87] Petition, at p. 1.
[88] Order on Petition for Review and Motion to Stay ("**Order**"), Docket No. 9444, dated Dec. 2, 2025, at p. 14.
[89] Order, at p. 20.
[90] Order, at pp. 20-21.
[91] Order, at p. 28.
[92] Order, at 28.
[93] Order, at p, 29.

In the Order on the Petition for Review and Motion to Stay, the ALJ provided a draft "Witness Agreement," which was finalized after the parties indicated via joint notice that the Witness Agreement was acceptable.[94] On December 22, 2025, Appellant, through counsel, returned the Witness Agreement, purportedly signed by Mr. Terrazas on December 16, 2025, to the ALJ.[95] On January 8, 2026, Appellant, through counsel, submitted another version of the Witness Agreement to the ALJ which contained a signature purportedly from Mr. Terrazas that appeared different in style than the signature previously provided, and a signature from Attorney Hayes.[96]

II. Summary of Applicable Law

Under Rule 3214(a), Possession of a Banned Substance without a "compelling justification" constitutes an ADRV. HIWU bears the onus of establishing the fact of Possession, which was undisputed in this case. The burden then shifts to the Covered Person to establish a "compelling justification" defense, which is "fact-driven," "case-specific," and "part of a regulatory scheme directed to banishing doping from thoroughbred horseracing."[97] Accordingly, "compelling justification" excusing Possession is an "exception" that should "be interpreted restrictively."[98] An exemption that will apply in a "small minority" of cases.[99]

Under Rule 3223(b), the default sanction for any violation of Rule 3214(a) is a period of Ineligibility of two years, a fine of up to $25,000, and payment of some or all the adjudication

[94] Joint Notice on Proposed Witness, dated Dec. 11, 2025.
[95] Court Exhibit 4 from ALJ Hearing, Luis Terrazas.
[96] Court Exhibit 2 from ALJ Hearing, Luis Terrazas; AB, p. 380, para. 185.
[97] *In re the Matter of Dr. Scott Shell*, *DVM*, Docket No. 9439, ALJ Decision on Application For Review, at p. 16 (March 6, 2025) ("***Shell***"), HISA Book of Authorities ("**BOA**"), at p. 22.
[98] *Shell*, p. 16, BOA, at p. 22.
[99] *Jason Scott v. HISA*, No. 2:25-cv-632-SMD-GJF, Memorandum Order Denying Plaintiff's Motion for a Preliminary Injunction, at p. 16 (D.N.M. October 10, 2025), BOA, at p. 93.

costs and HIWU's legal costs. A Covered Person may be entitled to mitigated sanctions, where he or she establishes on a balance of probabilities that they acted with No Fault or Negligence (Rule 3224) or No Significant Fault or Negligence (Rule 3225). The determination of No Fault is rare and "exceptional."[100]

Pursuant to 15 U.S.C. §3058(b), the Consequences imposed on Appellant are subject to *de novo* review. On appeal, the reviewing ALJ must determine: (i) whether Appellant's acts are in violation of the ADMC Program Rules approved by the Commission (here, Rule 3214(a)); and (ii) whether the civil sanction ordered by the Arbitrator was arbitrary, capricious, an abuse of discretion, prejudicial, or otherwise not in accordance with law.[101]

To pass the "arbitrary and capricious" standard, there must be a "rational connection between the facts and judgment" at issue.[102] To make this finding, the ALJ considers whether the decision was "based on a consideration of the relevant factors and whether there has been a clear error of judgment."[103] Judicial review under the arbitrary and capricious standard looks to ensure that "the agency has acted within a zone of reasonableness and, in particular, has reasonably considered the relevant issues and reasonably explained the decision."[104] Similarly, an "abuse of discretion" arises where there is "a plain error, discretion exercised to an end not justified by the evidence, [or] a judgment that is clearly against the logic and effect of the facts as are found."[105]

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[100] *FIS v Therese Johaug v NIF*, CAS 2017/A/5015, at ¶185, AB, p. 409; ADMC Program Rule 3224(b).
[101] 15 U.S.C. §3058 (b)(1), (b)(2)(A)(ii)-(iii); 16 C.F.R. §1.146 (b)(2)-(3).
[102] *Motor Vehicle Mfrs. Ass'n v. State Farm Mut. Auto. Ins. Co.*, 463 U.S. 29, 31 (1983), BOA, at p. 104.
[103] *Citizens to Preserve Overton Park, Inc. v. Volpe*, 401 U.S. 402, 416 (1971), *abrogated on other grounds by Califano v. Sanders*, 430 U.S. 99 (1977), BOA, at p. 148.
[104] *FCC v. Prometheus Radio Project*, 141 S. Ct. 1150, 1158 (2021), BOA, at p. 166.
[105] *Nat'l Wildlife Fed'n v. Nat'l Marine Fisheries Serv.,* 422 F.3d 782, 798 (9th Cir. 2005), BOA, at p. 191.

Whether the sanctions are in accordance with the law is determined with reference to the substantive law of the HISA statute and the implementing regulations, as summarized above.[106]

Pursuant to 15 U.S.C. §3058(b)(3)(A), the ALJ may "affirm, reverse, modify, set aside, or remand for further proceedings, in whole or in part the final civil sanction of the Authority," and "make any finding or conclusion that, in the judgment of the [ALJ], is proper and based on the record."[107] The Authority requests that the ALJ uphold the determination that Appellant committed an ADRV and adopt the Arbitrator's Fault analysis.

III. Response to Appellant's Grounds of Appeal

Appellant's grounds for reducing his Sanction should be rejected wholesale. Appellant failed to meet his burden to establish: (i) No Fault, such that all Consequences ordered against him should be eliminated; or (ii) a basis to further reduce his Consequences under the No Significant Fault analysis. Appellant's claim that Mr. Terrazas' testimony is a "reasonable explanation" for why the syringes were in Appellant's vehicle[108] is outrageous in view of Mr. Terrazas' inconsistent and disingenuous testimony. Were the ALJ to find some merit in Mr. Terrazas' contradictory testimony, he should nevertheless find Appellant had a responsibility, which he fully acknowledged,[109] to not bring a Banned Substance into the secure area of Oaklawn Park.

[106] This standard of review has been confirmed in other appeals from civil sanctions imposed by the Authority, including, *e.g.*, *In the Matter of Luis Jorge Perez*, Docket No. 9420, ALJ Decision on Application For Review, at pp. 4-5 (February 7, 2024), BOA, at pp. 197-198.
[107] 15 U.S.C. §3058(b)(3)(A)(ii)-(iii).
[108] Petition, at p 6.
[109] Proposed Finding of Fact ("**PFF**") #23.

a. Mr. Terrazas' Testimony is Not Credible

The evidence provided to the ALJ, both through documentary submissions and live testimony, revealed that Mr. Terrazas' testimony was plainly not credible:

- Mr. Terrazas testified he placed the syringes in the top portion of the armrest-style console of Appellant's SUV, which was **not** the location where the syringes were discovered and seized by HIWU investigators—which was in the storage compartment *underneath* the center front seat;[110]
- Mr. Terrazas testified his friend "Juan" gave him the syringes during the evidentiary hearing. During the Oaklawn Stewards' hearing, Mr. Terrazas said his friend "Antonio" gave him the syringes;[111]
- Mr. Terrazas testified some of his roosters were killed during the evidentiary hearing. In the affidavit provided by Appellant's counsel in April 2025 and which was purportedly signed by Mr. Terrazas sometime prior to September 9, 2025, Mr. Terrazas' stated, "All eventually survived the attack.";[112]
- Mr. Terrazas testified six roosters were attacked during the evidentiary hearing. During the Oaklawn Stewards' hearing, he stated it was three;[113]
- Mr. Terrazas testified that he knew a fox killed his roosters because he caught it one week later.[114] When confronted by a reference to "raccoons" in Appellant's Pre-Hearing

[110] PFF ##40-41.
[111] PFF #27.
[112] PFF #34.
[113] PFF #35.
[114] PFF #32.

Brief filed later that year in September, Mr. Terrazas stated he told Appellant's counsel that "it could have been" a racoon because he did not see it;[115]

- Mr. Terrazas testified the liquid in the syringes was a white or clear color. During the Oaklawn Stewards' hearing, he stated it was a "brownish" color;[116]
- Mr. Terrazas testified he gave his dog's cancer medication to the roosters after he returned from picking up the syringes. During the Oaklawn Stewards' hearing, Mr. Terrazas stated he gave the medication to the roosters before he left his house;[117]
- Mr. Terrazas testified he signed the affidavit prepared by Appellant's Counsel on February 1, 2025, when it was dated. However, Mr. Terrazas also testified that he spoke to Appellant's Counsel "way after" the syringes were seized from Appellant's vehicle on January 29, 2025.[118] The signed version of the affidavit was not provided to HIWU until September 9, 2025.[119]
- No part of the draft Terrazas affidavit mentioned an attack on roosters or chickens and only generally referred to "farm animals." Yet Mr. Terrazas testified he *only* raises roosters and chickens and that he would need a "special permit," which he did not have, to keep any other farm animals on his property because he lives within city limits.[120]

Mr. Terrazas' testimony during the evidentiary hearing before the ALJ repeatedly contradicts testimony he provided under oath to the Oaklawn Stewards on April 28, 2025, as well as information contained within the sworn affidavit drafted by Appellant's counsel. Everything about Mr. Terrazas' involvement in this case—from the unsigned draft affidavit submitted to

[115] PFF #33.
[116] PFF #36.
[117] PFF #37.
[118] PFF #31.
[119] PFF #12.
[120] PFF #30.

HIWU in April 2025[121] to the questionable Witness Agreement submitted to the ALJ on December 22, 2025[122]—smacks of a strategy by Appellant to employ Mr. Terrazas to help him cover up the truth of Appellant's level of Fault in this case.

In the ALJ's Order on Petition for Review and Motion to Stay, the ALJ opined that Mr. Terrazas' testimony could have "significant exculpatory potential;"[123] however, the ALJ also cautioned that, if the testimony were not credible, "there could be adverse consequences."[124] Under ADMC Program Rules, adverse consequences can arise when a Covered Person intentionally procures false testimony from a witness in order to evade a finding of Fault or to lessen their degree of Fault.[125] Adverse consequences might also occur when a Covered Person engages in deceptive or obstructive conduct to avoid the detection or adjudication of an Anti-Doping Rule Violation."[126]

In the case at hand, it is clear something is tremendously amiss with Mr. Terrazas' testimony. While it would not be unusual for an individual to misremember minor details of an event due to a lapse in time, major details would be harder to forget. One would be able to specifically recall whether several of his prized roosters were killed in an attack after having their heads being ripped off by a predator (fox or racoon)—or whether they were merely injured and miraculously survived via the use of a family dog's cancer medication. One would know the preferred name of their friend of three years with whom they attended rooster events and once

[121] PFF #6.
[122] PFF #43.
[123] Order, at p. 26.
[124] Order, at p. 28.
[125] ADMC Program Rule 3216(a) (Tampering or Attempted Tampering); *see* ADMC Program Rule 1020 (Tampering is defined, in part, as "intentional conduct that subverts the Doping Control or Medication Control process, but that would not otherwise be included in the definition of Prohibited Methods. Tampering includes . . . falsifying documents submitted to the Agency (or a committee or adjudication body), procuring false testimony from witnesses, committing any other fraudulent act upon the Agency (or committee or adjudication body) to affect Results Management or the imposition of Consequences . . . .").
[126] ADMC Program Rule 3227(b)(4) (Aggravating Circumstances).

purchased injectable medication from—and whether that name was Antonio or Juan. One would almost certainly be able to recall whether he put two loaded hypodermic syringes in an easy-to-access arm-rest console compartment of a vehicle he was repairing—or whether he had hidden it inside a discrete storage unit underneath the center front seat of the same vehicle.

Moreover, when compared against earlier testimony from Appellant, Mr. Terrazas' statements are all the more suspect:

- Appellant testified that his wife's vehicle was searched by HIWU investigators at Oaklawn Park eight months earlier, in April 2024, and a hypodermic syringe was discovered and seized from the center console of his wife's vehicle. The syringe contained residue which subsequently screened positive for Diisopropylamine.[127]
- Appellant's explanation was that his wife used the syringe on roosters they owned and the medication included "B-15."[128] Despite Mr. Terrazas' testimony that he didn't know, and still doesn't know, what the medication was in the syringes,[129] Appellant referenced B-15 in his response to the EAD Notice.[130]
- Sometime after the April 2024 search, Appellant let his trainer's license at Oaklawn Park lapse into inactive status and he started working as an exercise rider and assistant. Appellant stated he believed HIWU investigators could not search property which belonged to personnel who did not have an active trainer's license with the Covered Racetrack.[131]

[127] PFF #15.
[128] PFF #16.
[129] PFF #42.
[130] PFF #6.
[131] PFF #24; AB, p. 555.

- Appellant testified that, after his vehicle was repaired by Mr. Terrazas, Mr. Terrazas left the receipt for the repair in the console within his vehicle.[132] The receipt was not in the vehicle at the time of HIWU's search of Appellant's SUV and was, instead, provided to HIWU on April 22, 2025, as part of Appellant's response to the EAD Notice.[133]

When viewed in totality, the evidence before the ALJ relating to Mr. Terrazas' involvement in this case paints a clear picture: Mr. Terrazas was tapped by Appellant to prop up a concocted story—one in which Mr. Terrazas failed to memorize key details—so Appellant could hide his level of Fault for the Possession ADRV. This ruse should be construed against Appellant as a Aggravating Circumstances under ADMC Program Rule 3227.[134] Rule 3227(b) expressly states that Aggravating Circumstances include "engag[ing] in deceptive or obstructive conduct to avoid the detection or adjudication of an Anti-Doping Rule Violation . . ., for which the Covered Person has not been separately sanctioned for Tampering," and Rule 3227(c) states that the list of such circumstances in Rule 3227(b) is "not exhaustive and other similar circumstances or conduct may also be deemed to amount to Aggravating Circumstances that justify" increased Consequences. As a result, Appellant should be subject to additional Consequences of at least an additional one (1) year period of Ineligibility and an additional fine of at least $5,000 pursuant to Rule 3227(a).

[132] PFF #22.
[133] PFF #6.
[134] While this conduct could be considered a Tampering violation under Rule 3216(a), HIWU did not notice or charge Appellant with such a violation since the conduct giving rise to such a violation occurred during adjudication of the Possession charge. As a result, the Authority requests increased Consequences for Aggravating Circumstances under Rule 3227.

b. Appellant Had Reason to Suspect He was at Risk of Committing an ADRV

Even if the ALJ could find Mr. Terrazas' wandering testimony to be credible in light of his many inconsistencies, the law is clear that No Fault or Negligence is a high burden to prove: Covered Persons must demonstrate that they "did not know or suspect, and could not have reasonably known or suspected, even with the exercise of utmost caution," that the elements of Possession were satisfied.[135] Moreover, to prove No Significant Fault or Negligence, the Covered Person must establish "that his or her fault or negligence, when viewed in the totality of the circumstances and taking into account the criteria for No Fault or Negligence, was not significant in relationship to the Anti-Doping Rule Violation or Controlled Medication Rule Violation in question."[136]

In considering the No Fault and No Significant Fault standards in light of *Cilic v. International Tennis Federation*, CAS 2013/A/3327, the Arbitrator evaluated the Appellant's evidence and correctly concluded that he was entitled to no reduction from the default sanction because he "took no steps to mitigate his objective level of fault" and "took no steps to mitigate his subjective level of fault."[137]

The Arbitrator correctly determined that the Appellant's conduct demonstrated that he objectively falls into the significant Fault range for objective Fault because:

[135] WADA Code, article 10.5, note 65, AB, pp. 555-556; AB, p. 658, para. 7.14.
[136] AB, p. 657, para. 7.13.
[137] AB, p. 659, paras. 7.19-20.

- Appellant was aware of the ADMC Program Rules based on the search of his wife's vehicle in April 2024;[138]
- Appellant knew Mr. Terrazas was driving his SUV in the weeks prior to the search;[139] and
- Appellant testified that he was aware he had a responsibility to inspect "every nook and cranny" of his vehicle before bringing it into the secure area of Oaklawn Park.[140]

After determining that Appellant's objective level of Fault was significant,[141] the Arbitrator determined that Respondent took no steps to mitigate his subjective level of Fault.[142] Taken as a whole, the Arbitrator's Fault analysis was rationally connected to the facts, based on a relevant consideration of factors, and otherwise in accordance with Rules 3224 and 3225 and relevant case law. There is no legal or factual basis to overturn his analysis, which is consistent with prior decisions issued under the ADMC Program.

In conclusion, reducing Appellant's period of Ineligibility would be inconsistent with the evidence before the ALJ, in addition to the sanction ranges established by *Cilic,* adopted in *HIWU v. Poole,* and relied upon in prior Arbitral Body and ALJ decisions. However, the ALJ does have reason to *increase* Appellant's period of Ineligibility and total fine based upon the unconvincing and fraudulent nature of the evidence introduced by Appellant before both the Arbitral Body and this tribunal. Taken together, the Appellant's evidence reveals an overt attempt by Appellant to

[138] PFF ##15-16.
[139] PFF #6.
[140] PFF #23.
[141] AB, p. 659, para 7.19.
[142] AB, p. 659, 7.20.

evade Fault and mitigate his Consequences in a manner that should be considered Aggravating Circumstances under Rule 3227.

ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS 25th day of March, 2026

/s/*Bryan H. Beauman*

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