

UNITED STATES TROTTING ASSOCIATION FINDINGS AND CONCLUSIONS IN THE MATTER OF JOHN WAGNER, PAMELA WAGNER, AND KELSEY WAGNER

Findings

At Rosecroft Raceway in Maryland seven horses trained by John Wagner tested positive for a prohibited substance in March 2024. Wagner appealed the initial penalty at the conclusion of which the Maryland Racing Commission imposed a 360-day suspension to begin on December 9, 2024. Maryland regulations disqualified Wagner's spouse, Pamela Wagner, from participating in racing for the period of her husband's suspension. John and Pamela Wagner, and their daughter Kelsey, were all members of the United States Trotting Association (USTA).

Kelsey, who had not been actively involved in harness racing and instead was pursuing a career in the arts, became a USTA member on June 10, 2024. Eleven days later, Kelsey's parents transferred to her thirty-three horses in which they had been part or sole owners. John and Pamela also transferred their partnership interests in seven horses to Kelsey. USTA records show that during the past year Kelsey has owned interests in 87 horses, only fifteen of which came to Kelsey from anyone other than her parents. There is no

evidence that Kelsey paid for any of these horses, nor have the Wagners claimed otherwise.

The Standardbred Racing Investigative Fund (SRIF) began investigating the above transfers around April 25, 2025 pursuant to an alliance agreement with the USTA. SRIF requested financial records related to the transfer of Wagner-connected horses, information pertaining to the care and training of the horses and disbursements of purses, and communications about the horses. After repeated notices about deficiencies in the production of information and formal warnings about membership suspensions pursuant to USTA rules, the Wagners at last disgorged most of the information requested.

Kelsey provided bank statements from a joint bank account owned with her mother. SRIF also received bank statements for a joint account held by John and Pamela and statements for accounts held by John and Pamela individually in their respective stable names. Between July and December 2024 over \$900,000 in winnings flowed into Kelsey and Pamela's account pursuant to Kelsey's status as the registered owner of the competing horses. Other than \$45,500 from the sale in February 2025 of eleven horses registered to Kelsey and about \$2,000 in purse money deposited after the end of the year, the account had no other income. Bank statements established that nearly all

the purse money that flowed into Kelsey and Pamela's account subsequently flowed into the accounts held by John and Pamela.

Asked about normal horse owners' expenses, the parties provided no evidence that Kelsey paid anything for the care and training of the numerous horses registered in her name, nor do the bank statements the Wagners provided show any such payments.

Twelve sales of horses were documented, and the Wagners advised that a small number of horses were sold to Amish purchasers. But there was no evidence that any of the proceeds went to Kelsey.

SRIF requested all communications between the above individuals pertaining to the horses in question, such as texts and emails. The Wagners claim that there were no communications.

The investigation disclosed the existence of another bank account belonging to John Wagner. SRIF requested bank statements from this account. No response to this request has been received. However, on May 28, 2025, John Wagner resigned his membership in the United States Trotting Association, stating that due to changes in his health and his current suspension he believes it to be in his best interest to retire.

Conclusions

The United States Trotting Association is the breed governing organization for harness racing. The USTA charter includes the following purposes: improvement of the breed, establishment of model rules to regulate racing and registration of horses, licensing of race officials, owners, drivers, and trainers, and enforcement of applicable rules including penalties and fines, and suspension or expulsion from membership. Where its mandate overlaps with the authority given to state racing commissions, the USTA defers to the commissions pursuant to USTA Rule §1.03. However, the overlap is not complete and the USTA has jurisdiction over certain matters that the commissions do not, including but not limited to registration, title, transfers, and USTA membership. The USTA's decisions in the Wagner matter fall into this latter area of authority.

Fines are designed to punish improper conduct and deter future conduct that would be harmful to the interest of harness racing. Suspension is designed to exclude certain individuals from harness racing because of their propensity for harmful conduct. If participants in harness racing could avoid all enforcement measures and continue to profit by simply changing the names on registrations (one example of an activity sometimes known as

“bearding”), the USTA would be powerless to protect harness racing from harmful conduct. Bearding is, therefore, among the most serious offenses possible.

The Wagner matter involves the flow of hundreds of thousands of dollars in racing purses to a registered owner, Kelsey Wagner, who was not the bona fide owner of these horses, who then funneled the winnings to her parents under a fraudulent ownership arrangement. This was the Wagners’ response to the financial obstacles resulting from John Wagner’s serious unauthorized medication violations which led to his suspension by state authorities and Pamela Wagner’s related disqualification as an owner. This was a bearding scheme. Based on the evidence thus far obtained, the United States Trotting Association rules as follows.

Kelsey Wagner

The evidence shows that USTA member Kelsey Wagner acted as a beard owner for her parents in connection with John Wagner’s suspension by Maryland racing officials and Pamela Wagner’s related disqualification as an owner. Kelsey violated USTA Rule §20.06 governing fraudulent misconduct as in force at the time in question because she engaged in deceptive and

fraudulent conduct affecting the registration of a Standardbred and engaged in conduct otherwise injurious to the sport. She violated Rule §20.07 governing conspiracy as in force at the time in question because she agreed with her parents and others to conceal the true ownership of the eighty-seven horses registered to her and, along with her parents, acted repeatedly to carry out this agreement. She violated Rule §7.01 governing bona fide ownership of racehorses by falsely posing as the owner of the horses that raced in her name.

At the time the relevant conduct took place, the USTA's maximum fine for rule violations was \$5,000. The magnitude of the Wagner bearding scheme is partly expressed by the fact that it involved 87 horses that were fraudulently registered in Kelsey's name. Kelsey's status as the daughter of John and Pamela Wagner should be taken into account, because she would naturally be influenced by their relationship and a wish to help them. A middle-range fine of \$2,500 per occurrence will be applied, for a total fine of \$217,500. For her role in the Wagner bearding scheme Kelsey Wagner's USTA membership will be suspended indefinitely.

Pamela Wagner

USTA member Pamela Wagner was a member of the Wagner bearding conspiracy. She benefitted financially from its existence, knew everything about its inner workings, and committed many of the acts necessary to operate the bearding scheme. Because of the seriousness of her misconduct as explained above, an upper-range fine of \$5,000 per occurrence will be applied for a total fine of \$435,000. For her role in the Wagner bearding scheme Pamela Wagner's USTA membership will be suspended indefinitely.

John Wagner

John Wagner resigned his USTA membership during the investigation of the Wagner bearding scheme. The appropriate action in these circumstances is to rule him ineligible for membership. Should he seek to reinstate his membership in the future or avail himself of any USTA membership privileges, the investigation will be reopened and the USTA will take any additional action it deems necessary.

Kelsey Wagner and Pamela Wagner are entitled to appeal these rulings to the Executive Committee of the United States Trotting Association Board of Directors by stating their intention to appeal, in writing, to the Executive

Vice President within the time limit the USTA Rules provide. John Wagner has no right of appeal because he resigned his membership.

Because Kelsey and Pamela Wagners' USTA memberships are now indefinitely suspended, they are "person[s] not in good standing" under USTA Rule §4.130. John Wagner is now ineligible for membership, he is a "person not in good standing" under USTA Rule 4.130 and related rules. Horses and USTA members associated with Kelsey, Pamela and John Wagner are subject to the applicable restrictions in USTA Rules §§20.15, 20.17, 22.05, 22.06, and 26.12. To ensure compliance with these and other Rules and Bylaws, the USTA advises its members to consult with USTA officials before participating with the Wagners in transactions or engaging in business activities with the Wagners involving registered Standardbreds.

Based on conclusive evidence that Kelsey Wagner never obtained bona fide ownership of the 87 horses transferred into her name, the USTA will take administrative action to correct all fraudulent transfers.

It is so ordered.