

CALIFORNIA HORSE RACING BOARD
1010 HURLEY WAY, SUITE 300
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REGULAR MEETING

of the California Horse Racing Board will be held on Thursday, February 23, 2012, commencing at 10:00 a.m., in the Baldwin Terrace Room at the Santa Anita Park Race Track, 285 West Huntington Drive, Arcadia, California. The audio portion only of the California Horse Racing Board regular meeting will be available online through a link at the CHRB website (www.chrb.ca.gov) under "Webcasts."

AGENDA

Action Items:

1. Approval of the minutes of January 19, 2012.
2. **Public Comment:** Communications, reports, requests for future actions of the Board. **Note:** Persons addressing the Board under this item will be restricted to three (3) minutes for their presentations.
3. Discussion and action by the Board on the **Application to Conduct a Horse Racing Meeting of the Hollywood Park Racing Association, LLC at Hollywood Park Race Track**, commencing April 25, 2012 through July 17, 2012, inclusive.
4. Discussion and action by the Board regarding a report from the California Marketing Committee (CMC) regarding its 2012 marketing and promotion plans pursuant to Business and Professions Code section 19605.73 (b).
5. Discussion and action by the Board regarding a request from California Exposition and State Fair to amend its current December 26, 2011 through June 30, 2012 race meeting application to reduce the number of live harness race dates and the concerns from the California Harness Horsemen's Association (CHHA) regarding this request.
6. Discussion by the Board regarding a presentation from Golden Pegasus Horse Exchange Racing Corporation concerning its proposal to sell stock/shares in race horses on an open market.
7. Report from the Exchange Wagering Ad Hoc Committee.

8. **Closed Session:** For the purpose of receiving advice from counsel, considering pending litigation, reaching decisions on administrative licensing and disciplinary hearings, and personnel matters, as authorized by section 11126 of the Government Code.
 - A. The Board may convene a Closed Session to confer with and receive advice from its legal counsel regarding the pending litigation described in the attachment to this agenda captioned "Pending Litigation," as authorized by Government Code section 11126(e).
 - B. The Board may convene a Closed Session to confer with and receive advice from its legal counsel regarding the pending administrative licensing or disciplinary matters described in the attachment to this agenda captioned "Pending Administrative Adjudications," as authorized by Government Code section 11126(e).
 - C. The Board may convene a Closed Session for the purposes of considering personnel matters as authorized by Government Code section 11126, (a).

Additional information regarding this meeting may be obtained from the CHRB Administrative Office, 1010 Hurley Way, Suite 300, Sacramento, CA 95825; telephone (916) 263-6000; fax (916) 263-6042. This notice is located on the CHRB website at www.chrb.ca.gov. *Information for requesting disability related accommodation for persons with a disability who require aid or services in order to participate in this public meeting, should contact Jacqueline Wagner.

CALIFORNIA HORSE RACING BOARD

Keith Brackpool, Chairman
David Israel, Vice Chairman
Jesse H. Choper, Member
Bo Derek, Member
Jerry Moss, Member
Richard Rosenberg, Member
Kirk E. Breed, Executive Director

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PENDING LITIGATION
FEBRUARY 2012

SUPERIOR COURT LITIGATION

- A. **Patrick Gleason vs. Anne Glasscock and the California Horse Racing Board**
Superior Court of California, County of Sacramento, Case No. 34-2010-00076781
- B. **Jeff Mullins vs. CHRB, et al**
Superior Court of California, County of San Diego, Case No. 37-2010-00092212
- C. **San Luis Rey Racing, Inc., vs. CHRB, et al**
Superior Court of California, County of San Diego, Case No. 37-2011-00096586
- D. **Alexander Sywak vs. CHRB**
Superior Court of California, County of Sacramento, Case No. 34-2011-800001021

PROCEEDINGS of the Regular Meeting of the California Horse Racing Board held at the Santa Anita Park Race Track Baldwin Terrace Room, 285 West Huntington Drive, Arcadia, California, on January 19, 2012.

Present: Keith Brackpool, Chairman
David Israel, Vice-Chairman
Jesse H. Choper, Member
Bo Derek, Member
Jerry Moss, Member
Richard Rosenberg, Member
Robert Miller, Staff Counsel

APPROVAL OF THE MINUTES OF DECEMBER 15, 2011.
APPROVAL OF THE MINUTES OF NOVEMBER 17, 2011.

Chairman Brackpool asked for approval of the minutes of December 15, 2011. Commissioner Choper motioned to approve the minutes. Vice-Chairman Israel seconded the motion, which was unanimously carried. Chairman Brackpool motioned to approve the minutes of November 17, 2011. Commissioner Rosenberg seconded the motion, which was unanimously carried.

PUBLIC COMMENT

Frank Stronach of The Stronach Group spoke about his organization's plans to safeguard horse racing at Santa Anita Park Race Track in perpetuity. Mr. Stronach added that over the next few months meetings would be held with the horsemen to develop a new structure and agreement. Chairman Brackpool thanked Mr. Stronach for his comments. He said there was a lot to be excited about in The Stronach Group's plans, and that the Board looked forward to a very productive future. John Bucalo of the Barona Casino spoke about the Barona Casino's off-track wagering hours of operation and his concern with the number of races it received.

DISCUSSION AND ACTION BY THE BOARD REGARDING THE DISTRIBUTION OF RACE DAY CHARITY PROCEEDS OF THE HOLLYWOOD PARK RACING ASSOCIATION IN THE AMOUNT OF \$100,000 TO 20 BENEFICIARIES.

Chairman Brackpool stated the item would be deferred until a future Regular Meeting.

DISCUSSION AND ACTION BY THE BOARD REGARDING THE PRESENTATION FROM EQUISIGHT LLC AND THE USE OF JOCKEY CAMS ON CALIFORNIA RACETRACKS.

Kenleigh Hobby of EquiSight LLC (EquiSight) stated he and his colleague, David Matt, were students at the University of Arizona's Race Track Industry Program. Mr. Hobby said that for their senior project he and Mr. Matt outfitted several jockeys at Turf Paradise with helmet cameras. The action was repeated at Colonial Downs in Virginia, and again during workouts for the Breeders' Cup. From that project EquiSight was formed. Mr. Hobby stated his organization had a product that could improve racing fans' experience at home and at the track. Mr. Hobby played a video presentation regarding EquiSight, and the use of jockey cameras to provide a new perspective and viewing experience to the horseracing fan. He stated Santa Anita Park Race Track had expressed interest in using EquiSight's jockey cameras so fans could have a "ride the race" experience. The jockey camera program would be voluntary and require the agreement of the jockey, the trainer and the owner. Mr. Hobby added his company looked forward to working in California and bringing the fans out of the binocular era. Vice-Chairman Israel asked if any tests were conducted to determine the aerodynamic effects of the cameras on the helmets. He also asked if EquiSight looked at miniature cameras that could be embedded into the helmet. Mr. Hobby stated the helmets had not undergone wind testing; however, EquiSight did have engineers working on embedding the technology into the helmet. The prototype would be released in May 2012. Darrell Haire of the Jockey's Guild stated there was a concern with the

size of the current cameras, and what could happen if they slid off the helmets. Chairman Brackpool asked how EquiSight planned to earn money with its technology. Mr. Hobby said his organization intended to license the technology for use in other activities as sort of an entertainment sport helmet. Manufacturers of jockey helmets and helmets for bicycles had been contacted. EquiSight also contracted with the Breeders' Cup and was doing a Kentucky Derby special for the Jockey Club. Those projects covered workouts and following the horses rather than the actual races. Commissioner Moss commented that a helmet camera was used at a Zenyatta workout which resulted in a YouTube video that got a lot of excitement going. He stated it was a new element in horseracing that would be beneficial. The cameras had to become smaller and easier for the jockeys, and it would be an exciting addition to look forward to. Vice-Chairman Israel commented the horseracing market for helmets was not large. He asked if EquiSight had made any inroads with helmet manufacturers and if there was any competition from others. Mr. Hobby stated EquiSight was currently buying all of the components it embedded in helmets off the shelf. EquiSight was not necessarily going to be in the business of making helmets. It intended to license its technology so other manufacturers could embed it in their helmet lines. He added he did not know if anyone else was talking to helmet manufacturers. Chairman Brackpool stated the Board's views were clear; the industry was lacking in its use of innovative technology. The Board was generally very supportive of anything approaching EquiSight's plans. However, there were obvious issues with regards to the safety of jockeys and other riders. Chairman Brackpool asked who would have to grant permission for EquiSight to use its cameras on California racetracks. Jacqueline Wagner, CHRB staff, said the stewards did that at the track. However, the Board did have a regulation governing the helmets worn by jockeys and others who rode horses at the racetrack. There was concern

that embedding cameras in helmets might compromise their integrity. Chairman Brackpool stated there were still questions about the cameras, their effect on jockey safety, and who might approve of their use at the track. He said more work on the issue needed to be done before the Board could definitively endorse the concept. The cameras currently appeared to be too big and bulky, and they could possibly cause some damage if they came off. It appeared that they needed to be somehow integrated into the helmet so they would not disengage. Commissioner Derek stated under Rule 1689, Safety Helmets Required, helmets worn by jockeys and other riders on the track currently needed a specific American Society for Testing Materials, European or Snell Memorial rating. She asked if one of those organizations would have to look at the EquiSight helmets. Ms. Wagner stated any helmet used on the racetrack would ultimately have to achieve one of the required ratings. Chairman Brackpool said the Board would encourage EquiSight to continue working on its jockey camera technology. He added if EquiSight had any additional comments it could address them directly to the Medication and Track Safety Committee. Commissioner Rosenberg commented he would not like to see EquiSight's testing procedures delayed by repeated appearances before the Board. He stated he favored permitting EquiSight to proceed if it could get everyone's approval. Vice-Chairman Israel said there were many safety issues, and no one knew how it would affect handicapping. Mr. Hobby stated in Virginia and other states a public announcement was made to the effect that certain jockeys would wear the cameras and that they were not counted in the jockey's weight. Commissioner Derek said if EquiSight could receive clearance from one of the accepted safety rating organizations, the helmets would automatically qualify. Chairman Brackpool stated EquiSight should accomplish that goal, and then the Board could take further action.

DISCUSSION AND ACTION BY THE BOARD ON A REPORT FROM CHRIMS REGARDING THEIR ANNUAL ACTIVITIES AND PLANS FOR 2012.

Mark Thurman of CHRIMS Inc. (CHRIMS) listed his organization's new customers for 2011. He stated CHRIMS was also bringing California onto the new system it deployed to all of its out-of-state customers. Most of the technical problems had been overcome, and CHRIMS was doing the final conversions. The conversion would allow CHRIMS to provide more detailed information about the pools. He added that CHRIMS believed it would make a big impact on the total market in 2012. Commissioner Choper asked how the increased capability to provide data would affect CHRIMS overall operation. Mr. Thurman stated the issue with CHRIMS was that in California it had a major deficit. Its ability to attract out-of-state customers allowed it to balance its books. Commissioner Rosenberg asked if the public had access to CHRIMS data. Could the public ask CHRIMS specific questions about handle or races? Mr. Thurman said occasionally the Daily Racing Form or another publication would submit questions and CHRIMS would respond. However, CHRIMS did not have a large staff, so it had to be careful about public inquiries. One had to be a subject matter expert to be able to pull out data because it was possible to receive very different answers. Commissioner Rosenberg asked if a racetrack had to go to CHRIMS if it wanted to compare pools, or did it already have such information. Mr. Thurman said the CHRIMS data was web-based, so any of the stakeholders in California could have access and run such questions themselves. Mike Martin, CHRB staff commented CHRIMS provided public access on Calracing.com, which was interactive and very accessible to the public. Chairman Brackpool asked Mr. Thurman to explain CHRIMS' infrastructure. Mr. Thurman stated there were 11 staff in California, and another five staff in various other states. Shuran Wright was Chief of Operations and instrumental in the operation of CHRIMS.

DISCUSSION AND ACTION BY THE BOARD REGARDING THE PROPOSED AMENDMENT OF CHRB RULE 1663, ENTRY OF CLAIMED HORSE, TO CHANGE THE REQUIREMENTS FOR RUNNING BACK A CLAIMED HORSE WITHIN 25 DAYS OF THE CLAIMING RACE IN WHICH IT WAS CLAIMED.

Lou Raffetto of Thoroughbred Owners of California (TOC) stated his organization proposed the amendment of Rule 1663, Entry of Claimed Horse, because it believed it would benefit the entire industry. The proposed amendment would still require a 25 percent increase in the price of a claimed horse if it were run in another claiming race within 25 days of being claimed; however, only a horse that won the race from which it was claimed would have to take such a price increase. Any horses that were claimed out of the remainder of the field could run back in a claiming race within 25 days of being claimed at the same or at a higher level. That would give owners a chance to run back at a more competitive level. Horses often stayed in the barn until the 25-day jail time ended. That might mean an owner would miss a race. The proposed amendment would help tracks fill races, and would benefit owners, trainers and jockeys. Commissioner Choper asked if there were any potential problems with the proposed regulation. Mr. Raffetto said TOC did not see any problems. The proposed regulation would still prevent claimed horses from being dropped in price within 25 days of being claimed. Vice-Chairman Israel motioned to instruct staff to initiate a 45-day public comment period for the proposed amendment of Rule 1663. Commissioner Choper seconded the motion, which was unanimously carried.

DISCUSSION AND ACTION BY THE BOARD REGARDING THE PROPOSED AMENDMENT OF CHRB RULE 1844.1, SUSPENSION OF AUTHORIZED MEDICATION, TO ALLOW THE BOARD TO SUSPEND THE AUTHORIZATION FOR AUTHORIZED BLEEDER MEDICATION AFTER NOTIFICATION AT A PROPERLY NOTICED PUBLIC HEARING.

Chairman Brackpool stated the issue was proposed by the American Graded Stakes Committee and the Breeders' Cup for two-year-old races. There was some ongoing dialogue between the parties that would continue for the time being. The American Graded Stakes Committee and the Breeders' Cup would make a presentation to the Medication and Track Safety Committee and then proposals would be brought back before the full Board. Realistically, the Board would have to hear the issue at the same time it heard the Hollywood Park spring-summer meeting application. Commissioner Moss stated he would like assurances that the issue would be heard at a properly noticed public hearing. He stated the issue was important and concerned parties needed to have a full discussion. Chairman Brackpool stated the issue would be discussed at a committee meeting, and then brought before the full Board at a properly noticed meeting.

REPORT FROM THE MEDICATION AND TRACK SAFETY COMMITTEE.

Commissioner Derek stated the Medication and Track Safety Committee (Committee) met on January 10, 2012 at the University of California Davis (UCD). The Committee discussed the CHRB-UCD necropsy program for fiscal year 2010-2011. The presentation was very informative, and it would appear that the industry was on the cusp of being able to put what had been learned into practical application. Commissioner Derek stated the Enhanced Necropsy Program and the Track Surface Program were items that California could be proud of. The programs were exploring how the track surface affected the horse. There was also a presentation regarding the CHRB drug testing program. Commissioner Derek said the Committee discussed

amending Rule 1865, Altering of Sex of Horse, and Rule 1974, Wagering Interests, in recognition of repeated problems in reporting the gelding of horses in the prescribed manner. The Committee also discussed the adoption of international welfare guidelines prohibiting the racing of pregnant mares beyond 120 days of gestation. Dr. Rick Arthur, CHRB Equine Medical Director, stated the Committee believed the TCO2 issue should be brought before the entire Board. The testing program was initiated in California in 2004 and since that time every thoroughbred in every race had been tested. No other jurisdiction did such thorough testing. However, since 2008 random testing was conducted in Northern California and it appeared to be doing quite well. A minimum of two horses per race were tested, as well as every horse in graded stakes. Any trainer that had a level over 36 within a 60 day period would have all his horses tested. Dr. Arthur said he would recommend that such testing be extended to Southern California. If that were the case, about 8,000 fewer horses would be tested. Vice-Chairman Israel asked what cost savings would occur if such testing were approved. Dr. Arthur stated it cost racing associations approximately \$6.00 per test; it was not a cost issue for the CHRB. Commissioner Moss stated he noted there were no positive TCO2 tests at the Hollywood Park meeting. Dr. Arthur said that was correct. The last TCO2 violation in Southern California was in the fall of 2010. In the last 120,000 tests there were four violations. Northern California had not had a TCO2 violation since 2006. Chairman Moss asked about TCO2 testing at Los Alamitos. Dr. Arthur stated Los Alamitos did not conduct regular TCO2 testing. Random testing was done from time to time with no indication of a problem. Vice-Chairman Israel stated it appeared TCO2 testing was working, so why would the Board want to change the program. Dr. Arthur said the issue was that TCO2 testing did work. There were complaints from horsemen that all the horses had to be tested. It was an invasive procedure, and 8,000 more

samples were drawn than were needed. Vice-Chairman Israel stated the deterrent was working, and if it were changed trainers could gamble on not being randomly selected. Dr. Arthur said he was recommending the Northern California testing protocol be used in Southern California. It included testing all the horses of a trainer whose TCO₂ level was over 36 within the previous 60 days. That had not happened anywhere in California within the past four or five months. Vice-Chairman Israel said he did not understand why the Board would want to invite a problem when the current testing protocol worked. Dr. Arthur stated the Northern California random testing program, which was what he proposed for Southern California, was working. That would indicate that a lot of unnecessary tests were being done. Vice-Chairman Israel commented California was the milkshake capital of the world, but that had finally ceased because of the testing. Commissioner Derek asked how many horses Dr. Arthur was proposing to test. Dr. Arthur stated a minimum of two horses per race would be tested. Commissioner Rosenberg asked where the proposal came from. Dr. Arthur stated there had been discussions with racetracks for some time, as the tracks were aware of the success of the Northern California program. Commissioner Rosenberg said the Northern California program could not be guaranteed if only two horses per race were tested. Vice-Chairman Israel stated the testing cost approximately \$1,000 a week; however, the costs to the industry would be greater if the wagering public lost confidence because it believed horsemen could cheat. It did not seem cost effective to give up one of the tools that reassured the public. Commissioner Choper asked if there were additional costs. Dr. Arthur stated with personnel costs the program probably cost about \$100,000 annually. Jack Liebau of Hollywood Park asked why there were different testing standards for Northern California versus Southern California, and different standards again for Los Alamitos. He stated it did not make any sense. In addition, the costs were probably far

more than indicated. Hollywood Park had two attendants during its meeting. The situation did not make sense. The Board had to have uniform rules, and it was difficult to understand how it could say one testing criteria was good for Northern California, but Southern California had to do something different. Commissioner Rosenberg asked what Mr. Liebau's position was on the proposed change. Mr. Liebau stated his position was that there should be a uniform policy throughout the State, and that there was a cost issue that was a burden. George Haines of Santa Anita Park Race Track (Santa Anita) stated his organization's TCO2 testing costs for the current meeting were \$80,000. There were very few positive tests. Southern California tracks were the only tracks in the nation that tested every horse. Mr. Haines said Santa Anita believed the testing requirements were excessive, and it agreed with the random testing proposal. Chairman Brackpool said the item was not before the Board for action. It was a recommendation out of the Committee. Vice-Chairman Israel commented Clenbuterol was allowed at Hollywood Park, but not at Los Alamitos, and he did not hear any complaints about inconsistencies. Mr. Liebau agreed, but there was an issue of expenses to the tracks, which should be uniform. He added the tracks got into the business of testing for TCO2 because a statute needed to be enacted before the Board could act. In the meantime, the testing fell upon the tracks. Commissioner Moss said the testing was the right thing to do, but he was concerned with random testing. Who was in charge of testing the horses and what input did that person have. Would other people know which horses would be tested? Security was an issue and it was important for everyone to know that every horse was tested, especially in Southern California. Commissioner Choper asked if the Committee was willing to review the issue and get some basis for the factual assertions being made. Commissioner Derek said the Committee would take another look. Vice-Chairman Israel said the expense argument was not necessarily valid. If Hollywood Park started getting positives

because trainers were trying to game a system of random drug testing, the losses would be far greater than \$80,000. Dr. Arthur stated the issue was one of perception. He was confident that random testing would be just as effective as the current model. However, if it was a change the Board did not wish to make, the program could be left as it was. There was no question it was currently successful. Commissioner Rosenberg said the same logic should apply to Northern California and Los Alamitos. He stated he did not understand why the tracks were not doing the testing. Dr. Arthur stated the testing was not done as often at Los Alamitos because with the four and a half furlong races there had never been any indication of the practice. However, random testing was still done every once in a while. In Northern California the TCO2 testing was on the same scale as post race testing. Approximately 20 percent of the horses were tested and in almost five years, or 25,000 to 30,000 tests, there were no violations. Commissioner Choper said 100 percent of Southern California thoroughbreds were tested, so why were only a percentage of Northern California horses tested? Dr. Arthur stated there was a logistical problem with personnel in Northern California, so an experiment with random testing was conducted. He said it worked well, and a year later it was transitioned to the quarter horses. Chairman Brackpool commented it appeared the Board did not wish to change the testing protocol. At the next Committee meeting interested parties could present data to support their assertions and the conversation could be continued. He added there was probably no way to calculate the effect on revenue – with or without testing. Chairman Brackpool added he would tend to agree with Vice-Chairman Israel and Commissioner Moss that the perception was valid. So, for the time being, the Board's direction would be no change in the current policy.

DISCUSSION AND ACTION BY THE BOARD REGARDING THE FEASIBILITY OF AMENDING CHRB RULE 1865, ALTERING OF SEX OF HORSE, AND POSSIBLY CHRB RULE 1974, WAGERING INTEREST, IN RECOGNITION OF REPEATED PROBLEMS IN REPORTING THE GELDING OF HORSES IN THE PRESCRIBED MANNER.

Commissioner Derek said the Medication and Track Safety Committee (Committee), which met on January 10, 2012, discussed the feasibility of amending Board Rule 1865, Altering of Sex of Horse, as well as Rule 1974, Wagering Interest. The proposed amendments were in response to the issue of repeated problems in reporting the true sex of horses entered to race. She stated the Committee believed the current regulations should remain in place, as the \$1,000 fine seemed to be working as a deterrent. The numbers of violations were down, and there were no repeat offenders. In the meantime, the California Thoroughbred Trainers (CTT) pledged to work to get the number of violations down to as close to zero as possible. Commissioner Rosenberg said he was informed by Horseplayers Association of North America (HANA) that it preferred the horse be scratched, rather than fined. HANA believed the horse would run back sooner. He added it appeared the majority of horse players believed that altering the sex of a horse had an impact on its performance. Commissioner Rosenberg said he would be in favor of scratching the horse. Commissioner Moss stated he believed the Board should wait to see how the CTT's initiative worked. The numbers of violations were significantly fewer, which meant the regulation was working. The most important thing a trainer could ask about a new horse was its sex, and it was amazing that some were not asking the question. Alan Balch of the CTT stated his organization was concentrating on trainers who entered few horses, because that was where the violations were concentrated. The problem was not so much checking to see if a horse was a gelding or a colt; instead, the problem was often with the data base. The horse might have always been a gelding in a particular trainer's barn, but it might be listed differently in the data base.

According to the racing secretary at Santa Anita, the clerk of the course prevented some horses from running as first time geldings. The reverse was true of a horse that was gelded at the farm. The owner might have noted it as a gelding in the data base, when it should have been noted in the program as a first time gelding. Mr. Balch stated there were many circumstances that could cause a horse to be mislabeled in the racing program. The CTT was attempting to do a thorough job of outreach. Commissioner Choper said he hoped the CTT would update the Board within a month. Mr. Balch said that was possible. The CTT did not advocate reducing the fine; however, it did not wish to see the fine increased, or other fines added. He added the HANA position was correct in that scratched horses would run back, but CTT believed scratching a horse was deleterious to the association, the owners and the industry. Chairman Brackpool said the issue would be reheard at a future Regular Meeting.

DISCUSSION AND ACTION BY THE BOARD REGARDING THE FEASIBILITY OF AMENDING CHRB RULE 1658, VESTING OF TITLE TO CLAIMED HORSE, WHICH ALLOWS A CLAIM TO BE VOID IF A CLAIMED HORSE SUFFERS A FATALITY DURING THE RUNNING OF THE RACE OR BEFORE IT IS RETURNED TO BE UNSADDLED.

Commissioner Derek stated the Medication and Track Safety Committee (Committee) discussed the proposed amendment of Rule 1658, Vesting of Title to Claimed Horse. The amendment would allow a claim to be void if a claimed horse suffered a fatality during the running of the race or if the horse was injured so severely that in the opinion of the official racing veterinarian it may not survive. Chairman Brackpool said one issue was placing the track veterinarian in the position of deciding where the claimed horse had to be euthanized. However, it appeared that at the time the track veterinarian attended the horse, he would not know if the horse were claimed. Commissioner Rosenberg said he was opposed to the amendment. He stated it was not clear

what official may be making a decision about the horse's injury. Dr. Rick Arthur, CHRB Equine Medical Director, said there were two veterinarians who might make such a decision. One was the official veterinarian and the other was the racing veterinarian. He asked if there were legal issues in requiring the veterinarians to decide if the horse would survive. Dr. Arthur said he spoke with a gentleman who did a lot of veterinary professional liability work, and his opinion was that the proposed amendment was defensible in terms of professional liability. It was usually quite clear whether a horse would be euthanized. In addition, track veterinarians were always encouraged to remove horses from the track so the private veterinarian could make the final decision regarding euthanasia. Track veterinarians were currently authorized to scratch horses and to make decisions regarding euthanasia, so it was consistent with their duties to make the decisions required under the proposed amendment. Commissioner Rosenberg asked what happened in practice when a horse went down. Dr. Arthur stated the Board's regulations and the stall applications gave the track veterinarian control over the decision on the racetrack. The trainer and the owner were not supposed to be on the track, but if they did come out, it was the veterinarian's decision. Commissioner Choper asked if a horse went down and the track veterinarian went to the horse, would the official veterinarian also go onto the track? Dr. Arthur said sometimes the official veterinarian may not be at the track; it depended on the track. Sometimes the official veterinarian was able to look at the horse. Commissioner Choper asked what the track veterinarian was supposed to do if he made a decision to van the horse off the track and he was asked about the horse surviving. Dr. Arthur stated the stewards made the decision to void the claim. If there was a claim on a horse that was being put in the ambulance, the stewards would call the track veterinarian and ask if it was his opinion that it was possible the horse might not survive. The veterinarian would answer "yes" or "no" and the stewards would

make their decision about the standing of the claim. Commissioner Moss commented he did not support the proposed amendment. Claiming a horse was an art. Trainers who wished to claim a horse watched it for at least a couple of weeks. They looked at the works and asked questions about the horse. Horses that were in claiming races usually had something wrong with them, but there was enough well that they could compete on a level for that claiming race. Commissioner Moss stated he believed the language of the proposed amendment was faulty because it could lead to liability, and lawsuits, and it cluttered the whole aspect of a claiming race. Claiming races were about "buyer beware." There were horses on their way up and horses on their way down and even healthy horses could have unfortunate accidents. Commissioner Derek stated the rule allowing the return of the horse currently existed, and the proposed amendment was an improvement on that rule. The amendment was proposed because a horse was vanned off the track and the stewards did not void the claim – even though the original intent was to cover such instances. Commissioner Derek stated she hoped the current rule would not be suspended or changed, and that the proposed amendment would be accepted. The various parties vetted the amendment at the Committee meeting, and the stewards were satisfied. Chairman Brackpool asked what would be the administrative process to amend the rule. Jacqueline Wagner, CHRB staff, said the Board would have to direct staff to initiate a 45-day public comment period. The existing rule would stay in place during that time. Vice-Chairman Israel asked if it were possible to suspend the rule and go back to the old claiming rule. Ms. Wagner stated the Board had the ability under Rule 1406, Suspension of Rule, to temporarily suspend all or part of a rule; however, that action would have to be on the agenda of a future Regular Meeting. Commissioner Derek stated she would like to leave the rule as it was – because it at least covered catastrophic break downs on the track. Commissioner Choper spoke at length about the various

opinions that had been expressed regarding the existing rule and proposed amendment. He added the original amendment had been much contested. The proposed amendment was plainly an improvement and the Board ought to act in favor of changing the rule. Alan Balch of the California Thoroughbred Trainers (CTT) stated his organization believed the European claiming model was one the Board might consider. It provided a way for claiming to take place after the race, so all parties ended up with live horses. Some have stated it would be impractical in the United States, but he did not believe it was. Dr. Arthur stated official veterinarians and racing veterinarians did not make personal opinions when faced with an injured horse on the track. The veterinarians were trained to make professional opinions about whether a horse was sound enough to race. Such decisions were made within the Board's regulations, which were within the veterinarian's professional responsibility. Chairman Brackpool stated some were not comfortable with the wording of the proposed amendment and would like additional time to work towards a satisfactory conclusion. Additional input from the industry and others would be accepted, and afterwards, the item would return for the full Board to determine whether it would initiate a rulemaking process for the proposed amendment.

DISCUSSION AND ACTION BY THE BOARD REGARDING THE PROPOSED AMENDMENT OF CHRB RULE 1843.3, PENALTIES FOR MEDICATION VIOLATIONS, TO CHANGE THE TIME PERIOD FOR IMPOSING A CATEGORY "B" SECOND OFFENSE PENALTY FROM A 365 DAY PERIOD TO TWO YEARS; AND FOR A THIRD OFFENSE PENALTY FOR A CATEGORY "B" VIOLATION FROM A 365 DAY-PERIOD TO FIVE YEARS.

Dr. Rick Arthur, CHRB Equine Medical Director, stated the proposed amendment of Rule 1843.3 would change the time period for imposing a Category "B" second offense penalty from 365 days to a two year period. The third offense penalty for a Category "B" violation would also

be changed from a 365 day period to five years. The amendment was a response to situations where there were multiple violations over a long period of time. It was possible for a licensee to have a Class "B" violation every year and still only be eligible for a minimum 30-day suspension. The proposed amendment would increase the penalty if one has a second Class "B" violation within a two year period. If there were three violations over five years, the penalties would again be increased. Dr. Arthur commented very few trainers would be subject to the increases, but it strengthened the Board's ability to respond. Alan Balch of the California Thoroughbred Trainers (CTT) said his organization agreed the issue was serious. However, the CTT believed the drug classifications needed to be looked at to ensure the consequences of the proposed amendment would be as intended. The concern was cheating drugs versus accidental medication violations. Many drug positives were the result of accidental situations, so there needed to be differentiation between accidents and willful administration. Dr. Don Shields, a veterinarian, stated he was concerned about the possibility of increasing accidental administrations under the proposed amendment. He said there should be a way to look at commonly used medications. Chairman Brackpool commented that the administrative law judge or hearing officer could take numerous factors into consideration. The proposed amendment was not stating three strikes and one was out, it merely allowed the Board to issue a severe and appropriate penalty for repeat offenders. However, it was not guaranteeing that repeat offenders got the maximum fine regardless of mitigating circumstances. Dr. Shields said he understood, but within a three year period it was possible for there to be multiple accidental overages of substances that were therapeutic and not really a problem. There were only a handful of drug substances that the Board needed to worry about. Commissioner Moss asked if Dr. Shields was suggesting the Board reclassify certain drug substances. Dr. Shields stated he was not suggesting

reclassification. He thought the Board might wish to place certain commonly used medications outside the parameters of the proposed amendment. Chairman Brackpool stated that seemed like giving somebody carte blanche to use such substances. Dr. Arthur stated he understood where Dr. Shields was coming from. The Association of Racing Commissioners International was considering looking at the more common therapeutic drugs. Most medication violations were accidental, but since the penalty guidelines were put in place, such accidents were down dramatically. The stewards were very sympathetic and in some instances trainers received no penalty for a Class "B" violation under appropriate circumstances. However, the proposed amendment would work so that a person who clearly did not have mitigating circumstances would no longer get a slap in the wrist. Mr. Balch stated the proposed amendment did not take into consideration small stables versus large stables. The text relied on yearly periods rather than the number of starts. A trainer starting a large number of horses per year was a different situation than a small trainer. Dr. Arthur stated large stables, by necessity, were better managed and made fewer mistakes. In addition, a trainer could always use the size of his operation as a mitigating circumstance in a hearing. Commissioner Derek motioned to direct staff to initiate a 45-day public comment regarding the proposed amendment of Rule 1843.3. Commissioner Moss seconded the motion, which was unanimously carried. Chairman Brackpool stated the Board intended to hear the draft regulations for exchange wagering at its February 2012 Regular Meeting. A committee of the Board was formed and would be chaired by Vice Chairman Israel. Commissioner Rosenberg would also serve on the committee. The committee would hold a hearing prior to the February 2012 Regular Meeting to hear the views of interested parties. The date and location of the committee meeting would be promulgated at a later time.

MEETING ADJOURNED AT 11:37 A.M.

A full and complete transcript of the aforesaid proceedings are on file at the office of the California Horse Racing Board, 1010 Hurley Way, Suite 300, Sacramento, California, and therefore made a part hereof.

Chairman

Executive Director

CALIFORNIA HORSE RACING BOARD

FEBRUARY 23, 2012
REGULAR BOARD MEETING

There is no board package material for Item 2

STAFF ANALYSIS

February 23, 2012

Issue: APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING OF THE HOLLYWOOD PARK RACING ASSOCIATION, LLC AT HOLLYWOOD PARK APRIL 26, 2012 THROUGH JULY 15, 2012.

Hollywood Park Racing Association, LLC filed its application to conduct a thoroughbred horse racing meeting at Hollywood Park:

- April 26 through July 15, 2012, or 50 days. The association proposes to race a total of 430 races, or 8.6 per day. In 2011 they raced 8.72 races per day with an average of 7.68 runners per race. In 2011 they were allocated to race 54 days the (actual) average daily purse for the meet was \$463,756.
- The race dates proposed are the dates the Board allocated.

Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1	2			
	7	8	9			
13	14	15	16			
20	21	22	23		25	26
27	28	29	30			

Sun	Mon	Tue	Wed	Thu	Fri	Sat
						2
	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

Sun	Mon	Tue	Wed	Thu	Fri	Sat
	2	3				
	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

- Racing 4 days per week, Thursday through Sunday, with 8 races on Thursdays and Fridays. 9 or 10 races on a selected basis on Saturdays, Sundays and holidays, with 11 races on May 5, 19 and June 9 (Triple Crown). Hollywood Park will be the Southern California host for simulcast only wagering July 16 and 17th.
- First post 1:00 p.m. daily.
 - 7:05 p.m. post Fridays with the exception of May 4.
 - 11:00 a.m. post Saturday, May 5th Kentucky Derby, May 19th Preakness and June 9th Belmont Day.
 - May 5, 19 and June 9th post times will be adjusted to coordinate with Triple Crown races.
- Specific changes from the 2011 license application:
 - Programs (on-track) – from \$2.25 to \$2.50
 - Programs (off-track) – from \$2.25 to \$2.50
 - Sauna and massage table were added to the jockey quarters
- Business and Professions Code section 19464(b) specifies no application for license to conduct a horse racing meeting shall be granted unless the applicant has deposited with the Board a surety bond in the amount of \$100,000, or a greater amount, as determined

by the Board, which is sufficient to ensure payment of employees wages and benefits including, but not limited to, health, welfare and pension plans. The surety bond shall be maintained during the period of the meeting that all payments are made. In the event of a dispute over the amount owed, the dispute shall be resolved through the grievance procedures set forth in the labor agreement of the union representing the class of employees affected.

This subdivision does not apply to any person or association licensed to operate a horse race meeting prior to January 1, 2001, which has conducted a race meeting in each of the immediate three previous consecutive calendar years.

- Hollywood Park Racing Association, LLC's initial race meeting was conducted after 2001. Therefore, it is subject to the provisions of the Business and Professions Code section 19464(b).
- Pursuant to Business and Profession Code 19464(b) Hollywood Park Racing Association is required to submit a \$100,000 surety bond payable to the Treasurer of the State of California to ensure payment of employee wages and benefits. The Hollywood Park \$100,000 surety bond on file will expire March 31, 2013.
- Request Jennifer Paige be appointed horse identifier pursuant to CHRB Rule 1525.
 - Track safety inspection has been requested and will be completed before the beginning of the race meet.
 - Business and Professions Code section 19601.01 provides a thoroughbred association or fair, upon the filing of a written notice with, and approval by, the Board specifying the percentage to be deducted, may deduct from the total amount handled in the pari-mutuel pool for any type of wager an amount of not less than 10 percent nor more than 25 percent. The written notice shall include the written agreement of the thoroughbred association or fair and the horsemen's organization for the meeting of the thoroughbred association or fair accepting the wager. The established percentage to be deducted shall remain in effect until the filing of a subsequent notice with, and approval by, the board, unless otherwise specified in the notice.

Hollywood Park requested an adjusted takeout of 14% on the \$.50 Pick 5 wager. The required written notice between the association and horsemen's organization is outstanding.

- Inspection of backstretch worker housing has been requested and will be completed before the beginning of the race meeting.
- Wagering program will use CHRB and ARCI rules.
 - Early wagering 8:30 a.m. on the day of and advance-day wagering.
 - \$.50 Pick 5 will be offered on the first five races with a 14% takeout. The major share of the pool will be designated as 100%.
 - Pick 6 on last 6 races - 70% of net pool to be retained for the jackpot and no cap be set.
 - Pick 4 on traces 2 through 5 and on the last 4 races - designate the major share of pool as 0%.
 - Offering option of an alternate selection in the place Pick all, Pick 5, Pick 6 and Pick 4.

- Super High Five on the last race in accordance with ARCI Pick(n) Position(x) pools rules.
- The Advance Deposit Wagering (ADW) providers are TVG, Xpressbet and Twinspires the television provider will be TVG.

Pursuant to Business and Profession Code section 19604, specific provisions must be met before an ADW provider can accept wagers.

Summary of B&P code 19604

To accept wagers on races conducted in California from a resident of California.

- The ADW provider must be licensed by the Board.
- A written agreement allowing those wagers exists with the racing association or fair conducting the races on which the wagers are made.
- The agreement shall have been approved in writing by the horsemen's organization responsible for negotiating purse agreements for the breed on which the wagers are made.

To accept wagers on races conducted outside of California from a resident of California.

- The ADW provider must be licensed by the Board.
- There is a hub agreement between the ADW provider and one or both of (i) one or more racing associations or fairs that together conduct no fewer than five weeks of live racing on the breed on which wagering is conducted during the calendar year during which the wager is placed, and (ii) the horsemen's organization responsible for negotiating purse agreements for the breed on which wagering is conducted.

Documents received in compliance with Business and Professions code 19604:

- ODS Technologies, L.P. d/b/a TVG Network has submitted all documents required in compliance with Business and Professions code 19604.
- XpressBet LLC. dba XpressBet.com, has submitted all documents required in compliance with Business and Professions code 19604.
- Churchill Downs Technology Initiatives Company, dba Twinspires, has submitted all documents required in compliance with Business and Professions code 19604.
- Simulcasting conducted with out-of-state racing jurisdictions pursuant to Business and Professions Code Section 19602; and with authorized locations throughout California.
- Outstanding application items will be discussed at the March 2012 Board meeting.

Specific information still needed to complete this application includes:

1. Horsemen's Agreement
2. CTT Agreement
3. 2011 Audited Financials
4. Fire clearance
5. Written notice required for takeout
6. Promotional and Marketing Plans

RECOMMENDATION:

If the application is considered for approval, staff recommends a contingent approval upon the submission of outstanding items.

Application is hereby made to the California Horse Racing Board (CHRB) for a license to conduct a horse racing meeting in accordance with the California Business and Professions Code, Chapter 4, Division 8, Horse Racing Law, and the California Code of Regulations, Title 4, Division 4, CHRB Rules and Regulations.

1. APPLICANT ASSOCIATION

A. Name, mailing address, telephone, fax numbers, and the email address for associations contact person: **Hollywood Park Racing Association, LLC**
1050 South Prairie Avenue
Inglewood, California 90301
(310) 419-1500 phone (310) 671-4460 fax
jackliebau@yahoo.com

B. Breed of horse: TB QH H

C. Racetrack name: Hollywood Park

D. Attach a certified check payable to the Treasurer of the State of California in the amount of \$10,000 as deposit for license fees pursuant to Business and Professions Code section 19490. On File

E. Was the association licensed to operate a race meeting prior to January 1, 2001?

Yes No

If no, attach a surety bond in the amount of one hundred thousand dollars. On File

NOTICE TO APPLICANT: No application for a license to conduct a race meeting shall be granted unless the applicant has deposited with the Board a surety bond in the amount of one hundred thousand dollars (\$100,000), or a greater amount, as determined by the board, which is sufficient to ensure payment of employee wages and benefits including, but not limited to, health, welfare, and pension plans. The surety bond shall be maintained during the period of the meeting and for an additional period, as determined by the board, sufficient to assure that all payments are made. This subdivision does not apply to any person or association licensed to operate a horse race meeting prior to January 1, 2001, which has conducted a race meeting in each of the immediate three previous consecutive calendar years. The \$100,000 surety bond amount maybe increased to an amount determined by the Board at the time the application is scheduled for hearing pursuant to Business and Professions Code section 19464(b).

NOTICE TO APPLICANT: Application must be filed not later than 90 days before the scheduled start date for the proposed meeting pursuant to CHRB Rule 1433.

2. DATES OF RACE MEETING

A. Inclusive dates allocated for the entire meeting: April 25 through July 15, 2012.
Hollywood Park Racing Association will be the Southern California host for simulcast only wagering to be offered on July 16 & 17, 2012.

B. Actual dates racing will be held: April 26, 27, 28, 29, May 3, 4, 5, 6, 10, 11, 12, 13, 17, 18, 19, 20, 24, 25, 26, 27, 28, 31, June 1, 2, 3, 7, 8, 9, 10, 14, 15, 16, 17, 21, 22, 23, 24, 28, 29, 30, July 1, 4, 5, 6, 7, 8, 12, 13, 14, 15

CHRB CERTIFICATION	
Application received: 1/25/12	Hearing date: 2/23/12
Deposit received: On File	Approved date:
Reviewed: apb	License number:

- C. Total number of days or nights of racing: 50
- D. Days or nights of the week races will be held:
 Wed - Sun Tues - Sat Other (specify) Thursday through Sunday with
 racing on Monday May 28th and Wednesday July 4th. Simulcast only wagering to be offered
 on all days when live racing is not being conducted.
- E. Number of days or nights of racing per week: 4 Except as noted above.

3. RACING PROGRAM

- A. Total number of races: 430
- B. Number of races for each day or night: 8 races on Thursdays and Fridays;
 9 or 10 races on a selected basis on Saturdays and Sundays and Holidays, 11 races on
 Saturdays May 5, May 19, June 9 (Triple Crown days).
- C. Total number of stakes races: Stakes 33 Overnight Stakes 16 - for a total of 49
- D. Attach a listing of all stakes races and indicate the date to be run and the added money or
 guaranteed purse for each. Note the races that are designated for California-bred horses.
 Attached.
- E. Will provisions be made for owners and trainers to use their own registered colors?
 Yes No If no, what racing colors are to be used:
- F. List all post times for the daily racing program:

<i>Race</i>	All days except (Friday nights, Saturdays May 5, 19, & June 9)	Friday Nights (May 4 is day racing)	**Saturday May 5 (Kentucky Derby Day) Saturday May 19 (Preakness Day) Saturday June 9 (Belmont Day)
1 st	1:00 pm	7:05 pm	11:00 am
2 nd	1:30 pm	7:35 pm	11:30 am
3 rd	2:00 pm	8:05 pm	12:00 noon
4 th	2:30 pm	8:35 pm	12:31 pm
5 th	3:00 pm	9:05 pm	1:02 pm
6 th	3:30 pm	9:35 pm	1:34 pm
7 th	4:00 pm	10:05 pm	2:06 pm
8 th	4:30 pm	10:32 pm	2:44 pm
9 th *	5:00 pm		3:40 pm
10 th *	5:30 p.m.		4:11 pm
11 th *			4:40 pm

* When applicable

** May 5, May 19 & June 9 post times will be adjusted to coordinate with the Triple Crown
 tracks races

HOLLYWOOD PARK
2012 SPRING/SUMMER STAKES SCHEDULE

<u>DATE</u>	<u>STAKE</u>	<u>PURSE/DISTANCE</u>
Thur. April 26	HARRY HENSON STAKES Three Year Olds	\$70,000 Added Six Furlongs (Turf)
Saturday April 28	GREY MEMO STAKES Three Year Olds & Upward, Bred in California	\$70,000 Seven furlongs
	WARRENS THOROUGHBRED STAKES Three Year Olds & Upward, Bred in California	\$70,000 Seven furlongs
	NTRA STAKES Three Year Olds & Upward, Bred in California	\$60,000 Six & One-Half Furlongs
	ALPHABET KISSES STAKES Three Year Olds & Upward, Bred in California	\$60,000 Six & One-Half Furlongs
Saturday May 5	COOL FRENCHY STAKES Three Years Old & Upward	\$70,000 Added Five Furlongs
Sunday May 6	TIME TO LEAVE STAKES Fillies & Mares, Three Years Old & Upward	\$70,000 Added Five Furlongs
Sunday May 13	ROUND TABLE HANDICAP Four Year Olds & Upward	\$70,000 Added One Mile and One Half (Turf)
Sunday May 20	FRAN'S VALENTINE STAKES Fillies & Mares, Three Year Olds & Upward Bred In California	\$70,000 Added One Mile (Turf)
Sunday May 27	THE GREAT LADY M STAKES Fillies & Mares, Three Year Olds & Upward	\$70,000 Added Six Furlongs (Turf)
Saturday June 9	MANHATTAN BEACH STAKES Fillies, Three Years Old	\$70,000 Added Six Furlongs (Turf)
Sunday June 10	REDONDO BEACH STAKES Fillies & Mares, Three Year Olds & Upward Non-winners of a Grade I or II in 2011 at one mile or over	\$70,000 Added One Mile (Turf)
Sunday June 17	DESERT STORMER HANDICAP Fillies & Mares, Three Year Olds & Upward	\$70,000 Added Six Furlongs

June 22	Three Year Olds	One Mile (Turf)	3-7
Sunday July 1	ROBERT K. KERLAN MEMORIAL HCP. Three Year Olds & Upward	\$70,000 Added Six Furlongs (Turf)	
Sunday July 8	LE CLE STAKES Fillies, Three Years Old	\$70,000 Added One Mile (Turf)	

HOLLYWOOD PARK 2012 SPRING/SUMMER STAKES SCHEDULE

<u>DATE</u>	<u>STAKE</u>	<u>PURSE/DISTANCE</u>
Friday April 27	INGLEWOOD HANDICAP (GRADE III) Three Year Olds & Upward	\$100,000 One Mile & One Eighth (Turf)
***** GOLD RUSH *****		
Saturday April 28	SNOW CHIEF STAKES Three Year Olds, Bred in California	\$300,000# One Mile & One Eighth
	MELAIR STAKES Fillies, Three Years Old, Bred in California	\$300,000 @# One Mile & One Sixteenth
	B. THOUGHTFUL STAKES Fillies & Mares, Four Year Olds & Upward Bred in California	\$125,000@ Seven & One Half Furlongs
	TIZNOW STAKES Four-Year-Olds & Upward, Bred in California	\$125,000@ Seven & One Half Furlongs
***** ***** *****		
Sunday April 29	WILSHIRE HANDICAP (GRADE III) Fillies & Mares, Three Year Olds & Upward	\$100,000 One Mile (Turf)
Saturday May 5	MERVYN LEROY HANDICAP (GR. II) Three Year Olds & Upward	\$150,000 One Mile & One Sixteenth
	SEÑORITA STAKES (GRADE III) Fillies, Three Years Old	\$100,000 One Mile (Turf)
Saturday May 12	LAZARO S. BARRERA MEM. STKS (GIII) Three Year Olds	\$100,000 Seven Furlongs
Saturday May 19	MILADY HANDICAP (GII) Fillies & Mares, Three Year Olds & Upward	\$150,000 One Mile & One Sixteenth
	RAILBIRD STAKES (GRADE III) Fillies, Three Years Old	\$100,000 Seven Furlongs
Saturday May 26	AMERICAN HANDICAP (GR II) Three Year Olds & Upward	\$150,000 One Mile (Turf)

Monday	THE GAMELY STAKES (GRADE I)	\$250,000
May 28	Fillies & Mares, Three Years Old & Upward	One Mile & One Eighth (Turf)
	LOS ANGELES HANDICAP (GR. III)	\$100,000
	Three Year Olds & Upward	Six Furlongs
Saturday	THE CALIFORNIAN (GRADE II)	\$150,000
June 2	Three Year Olds & Upward	One Mile & One Eighth
Sunday	AFFIRMED HANDICAP (GRADE III)	\$100,000
June 3	Three Year Olds	One Mile & One Sixteenth
Saturday	CHARLES WHITTINGHAM MEMORIAL HCP (GR I)	\$250,000
June 9	Three Year Olds & Upward	One Mile & One Quarter (Turf)
	HONEYMOON HCP (GR II)	\$150,000
	Fillies, Three Years Old	One Mile & One Eighth (Turf)
Saturday	VANITY HANDICAP (GRADE I)	\$250,000
June 16	Fillies & Mares, Three Year Olds & Upward	One Mile & One Eighth
	WILLARD PROCTOR STAKES	100,000
	Two Year Olds	Five & One Half Furlongs
	CINDERELLA STAKES	100,000
	Fillies, Two Years Old	Five & One Half Furlongs
Saturday	HOLLYWOOD OAKS (GII)	\$150,000
June 23	Fillies, Three Years Old	One Mile & One Sixteenth
Sunday	BEVERLY HILLS HANDICAP (GRADE III)	\$100,000
June 24	Fillies & Mares, Three Year Olds & Upward	One Mile & One Quarter (Turf)
Saturday	SHOEMAKER MILE (GRI)	\$300,000
June 30	(Breeders' Cup "Win And Your In") Three Year Olds & Upward	One Mile (Turf)
	TRIPLE BEND HCP. (GI)	\$250,000
	Three Year Olds & Upward	Seven Furlongs
Wed.	SWAPS STAKES (GR. II)	\$150,000
July 4	Three Year Olds	One Mile & One Eighth
Saturday	HOLLYWOOD GOLD CUP (GRADE I)	\$500,000
July 7	(Breeders' Cup "Win And Your In") Three Year Olds & Upward	One Mile & One Quarter
	ROYAL HEROINE MILE (GII)	\$150,000
	Fillies & Mares, Three Year Olds & Upward	One Mile (Turf)

Saturday July 14	AMERICAN OAKS (GRADE I) Three Year Old Fillies (Invitational)	\$250,000 One Mile & One Quarter (Turf)
	A GLEAM HANDICAP (GR. II) (Breeders' Cup "Win And Your In") Fillies & Mares, Three Year Olds & Upward	\$200,000 Seven Furlongs
	LANDALUCE STAKES Fillies, Two Years Old	\$200,000* Six Furlongs
	HOLLYWOOD JUVENILE CHAMPIONSHIP (GR III) Two Year Olds	\$200,000* Six Furlongs
Sunday July 15	SUNSET HCP (GRADE III) Three Year Olds & Upward	\$100,000 One Mile & One Half (Turf)

\$105,000 from the CTBA Golden State Series Fund
@ \$25,000 from California Bred Fund.
* \$35,000 from CMC

NOTICE TO APPLICANT: Every licensee conducting a horse racing meeting shall each racing day provide for the running of at least one race limited to California-bred horses, to be known as the "California-bred race" pursuant to CHRB Rule 1813. For thoroughbred and quarter horse meetings, the total amount distributed for California-bred stakes races from the purse account, including overnight stakes, shall not be less than 10% of the total amount distributed for all stakes races pursuant to Business and Professions Code section 19568(b).

4. RACING ASSOCIATION

- A. Association is a: Corporation (complete subsection C)
- LLC (complete subsection D)
- Other (specify, and complete subsection E)

B. Complete the applicable subsection and attached Addendum, Background Information and Ownership. On File

C. CORPORATION

- 1. Registered name of the corporation:
- 2. State where incorporated:
- 3. Registry or file number for the corporation:
- 4. Names of all officers and directors, titles, and the number of shares of the corporation held by each:
- 5. Names (true names) of all persons, other than the officers and directors listed above, that hold 5% or more of the outstanding shares in the corporation and the number of shares held by each:
- 6. Number of outstanding shares in the corporation:
- 7. Are the shares listed for public trading? Yes No
If yes, on what exchange and how is the stock listed:
- 8. Name of the custodian of the list of shareholders and/or the transfer agent for the share holdings of the corporation:
- 9. If more than 50% of the shares are held by a parent corporation or are paired with any other corporation or entity, give the name of the parent and/or paired corporation or entity:

A. Is parent and/or paired corporation or entity a publically traded or privately held company that guarantees the obligation of the applicant? If no, proceed to section F.
If yes, answer questions 10-17. Yes No

- 10. Registered name of the corporation:
- 11. State where incorporated:
- 12. Registry or file number for the corporation:
- 13. Names of all officers and directors, titles, and the number of shares of the corporation held by each:
- 14. Names (true names) of all persons, other than the officers and directors listed above, that hold 5% or more of the outstanding shares in the corporation and the number of shares held by each:
- 15. Number of outstanding shares in the corporation:
- 16. Are the shares listed for public trading? Yes No
If yes, on what exchange and how is the stock listed:
- 17. Name of the custodian of the list of shareholders and/or the transfer agent for the share holdings of the corporation:

D. LLC

1. Registered name of the LLC: Hollywood Park Racing Association, LLC
2. State where articles of organization are filed: Delaware
3. Registry or file number for the LLC: 3993456
4. Attach a list of the names of all members (including individuals (true names), corporations, other LLCs and or foreign entities), titles, and the number of shares of the LLC held by each:

Terrence Fancher, Chairman & Director	0
Jack Liebau, President	0
Kristin Renaudin, Secretary	0
Charlene Kiley, Vice President	0
Eual Wyatt, Vice President	0
Barbara Helm, Vice President, Finance	0
Martin Panza, Vice President	0
Bernie Thurman, Vice President	0
Dyan Grealish, Vice President	0

5. Are the shares listed for public trading? Yes No

If yes, on what exchange and how the stock is listed:

6. If more than 50% of the shares are held by a parent corporation or are paired with any other corporation or entity, give the name of the parent and/or paired corporation or entity: Stockbridge HP Holding Company, LLC and Subsidiaries (SBHC)

A. Is parent and/or paired entity either a publically traded or privately held company that guarantees the obligation of the applicant? If no, proceed to section F. If yes, answer questions 7-12. Yes No

7. Registered name of the LLC/Corporation: Stockbridge HP Holdings Company, LLC and Subsidiaries (SBHC)

8. State where articles of organization are filed: Delaware limited liability company formed June 29, 2005

9. Registry or file number for the LLC: 3993233

10. Attach a list of the names (true names) of all members (members may include individuals, corporations other LLCs and foreign entities), titles, and the number of shares of the LLC held by each: The following entities are members of SBHC which owned 92.43% of Hollywood Park Racing Association, LLC at 12/31/2010. (percentage of membership is as of 12/31/2010)

- Bay Meadows Land Company, LLC (32.84%)
- Stockbridge Hollywood Park Co-Investors, LP (42.50%)
- Stockbridge Real Estate Fund II-B, LP (9.10%)
- Stockbridge Real Estate Fund II-C, LP (8.78%)
- Stockbridge Real Estate Fund II-A, LP (6.15%)
- Stockbridge Real Estate Fund II-T, LP (0.63%)

11. Are the shares listed for public trading? Yes No

12. If yes, on what exchange and how the stock is listed:

E. OTHER – N/A

1. Name(s) of partners/sole proprietor:
2. If a partnership, attach partnership agreement.

F. FINANCIAL INFORMATION *

1. Attach the most recent audited annual financial statement or financial report for the applicant. The financial statement or financial report shall include all relevant financial information specific to the applicant including: All items in this section will be submitted under separate cover.
 - Statement of Financial Position: also referred to as a balance sheet. Statement should report on applicant's assets, liabilities, contingent liabilities and ownership equity as of the date of the prepared statement.
 - Statement of Comprehensive Income: also referred to as Profit and Loss ("P&L") Statement. Statement should include report on applicant's income, expenses, and profits.
 - Profit and Loss statement for prior two years race meeting and Profit and Loss statement for projected year race meeting.
 - Statement of Changes in Equity: to include the changes of the applicants' equity through the reporting period.
 - Statement of Cash Flows: to include a report of the applicant's cash flow activity, particularly its operating investing and financing activities during the reporting period.
 - Copy of a report made during the preceding 12 months to shareholders in the corporation and/or the Securities and Exchange Commission and/or the California Corporations Commission.

*NOTICE TO APPLICANT: The financial information provided pursuant to subsection (F) above is exempt from disclosure pursuant to Government Code section 6254(k) and non-disclosable to the public.

G. MANAGEMENT AND STAFF

1. Name and title of the managing officer and/or general manager of the association and the name and title of all department managers and staff, other than those listed in 13B, who will be listed in the official program:
 - F. Jack Liebau, President
 - Eual G. Wyatt, Jr., Vice President & General Manager
 - Charlene Kiley, Vice President
 - Dyan Grealish, Vice President Sales & Marketing
 - Barbara Helm, Vice President, Finance
 - Martin Panza, Vice President-Racing
 - Bernie Thurman, Vice President
 - Don Barney, Director of Security & Safety
 - Benoit & Associates, Inc., Track Photographers
 - Cleon Bounds, Property Manager
 - Marcus Crunk, Director of Marketing & Sales
 - Bernie Eastridge, Turf Course Superintendent
 - Diane Hudak, Stable Superintendant
 - Russell Hudak, Timer, Morning Line Maker
 - Sandy King, Horsemen's Liaison
 - Bob Mieszerski, Director of Media Relations
 - Dennis Moore, Track Surface Consultant
 - Tami Morris, Acting Director of Pari-Mutuels
 - Roger Roman, Director of Broadcasting
 - Vic Stauffer, Track Announcer

Mark Tomes, Plant Superintendent
 Bob Vella, Quick Official
 Susan Winter, Paymaster of Purses
 Cole Younger, Operations Manager
 Kerlan-Jobe Orthopedic, Jockeys' Physician

2. Name and title of the person(s) authorized to receive notices on behalf of the association and the mailing and email address of such person(s). F. Jack Liebau, President, 1050 So. Prairie Avenue, Inglewood, CA 90301 jackliebau@yahoo.com

5. TAKE OUT PERCENTAGE

1. If this is a thoroughbred race meeting, will the percentage deducted for any type of wager be adjusted pursuant to Business and Professions Code section 19601.01? If no, proceed to subsection 6. If yes, identify the wager and the proposed takeout percentage.

Yes No

Wager(s) to be adjusted: 50¢ PnP(Pick 5) Proposed percentage: 14 %

- A. Attach copy of written notice requesting the proposed takeout adjustment, the proposed percentage and the wager(s) affected. The notice must include the written agreement of the thoroughbred association and the horsemen's organization for the meeting of the thoroughbred association accepting the wager. To be submitted under separate cover.

NOTICE TO APPLICANT: Pursuant to Business and Professions Code section 19601.01 notwithstanding any other provision of law, a thoroughbred association or fair, upon the filing of a written notice with, and approval by, the board specifying the percentage to be deducted, may deduct from the total amount handled in the pari-mutuel pool for any type of wager an amount of not less than 10 percent nor more than 25 percent. The written notice shall include the written agreement of the thoroughbred association or fair and the horsemen's organization for the meeting of the thoroughbred association or fair accepting the wager. The established percentage to be deducted shall remain in effect until the filing of a subsequent notice with, and approval by, the board, unless otherwise specified in the notice.

6. HANDLE HISTORY

1. Complete the table below providing the last five years of handle and attendance for your racing association. If your association has been operating for fewer than five years, provide information for the period of time it has been in operation. If the racing association has changed ownership include the handle information for the previous racing association.

Year	Handle		Attendance
	Total	Total excluding N. CA Handle on Hollywood Park	
2011 54 Days	499,554,063	472,094,475	678,175
2010 57 Days	540,125,931	510,714,677	722,529
2009 55 Days	580,872,742	547,944,978	778,189
2008 60 Days	708,557,165	666,560,918	838,299
2007 63 Days	755,760,352	710,627,376	926,455

7. PURSE PROGRAM (Excluding supplements, nominations, sponsorships and starter fees.):
- A. Purse distribution: Please note, there were 54 race days during the prior year race meeting compared to 50 days for the current meet.
1. All races other than stakes:

Current meet estimate:	\$15,019,835
Prior meet actual:	\$16,995,379

Average Daily Purse (7 A1 ÷ number of days):	
Current meet estimate:	\$300,396
Prior meet actual:	\$314,729

 2. Overnight stakes:

Current meet estimate:	\$1,025,500
Prior meet actual:	\$1,214,500

Average Daily Purse (7 A2 ÷ number of days):	
Current meet estimate:	\$20,510
Prior meet actual:	\$22,491

 3. Non-overnight stakes:

Current meet estimate:	\$4,740,000
Prior meet actual:	\$4,505,675

Average Daily Purse (7 A3 ÷ number of days):	
Current meet estimate:	\$94,800
Prior meet actual:	\$83,438

 4. Total Purses: (7A1+7A2+ 7A3)

Current meet estimate:	\$20,770,335	/ Avg. daily: \$415,407
Prior meet actual:	\$22,715,554	/ Avg. daily: \$420,658
- B. California-bred Stakes Races:
1. Percentage of the purse distribution for all stakes races that will be distributed for California-bred stakes races:

Current meet estimate:	11.9%
Prior meet actual:	11.6%

Average Daily Purse (7 B1 ÷ number of days):	
Current meet estimate:	\$13,750
Prior meet actual:	\$12,250
- C. Funds to be generated for all California-bred incentive awards (including breeder awards and owners premiums):
- | | |
|------------------------|-------------|
| Current meet estimate: | \$1,653,072 |
| Prior meet actual: | \$1,808,833 |
- D. Payment to each recognized horsemen's organization contracting with the association and the name(s) of the organization(s):

Recognized Horsemen's Organization	Current meet estimate:	Prior meet actual:
TOC	\$173,549	\$188,203
CTT - Pension	173,549	188,203
CTT - Admin	86,774	94,102
NTRA	<u>36,125</u>	<u>47,905</u>
Total	\$469,997	\$518,413

- E. Amount from all sources to be distributed in the form of purses or other benefits to horsemen (7 A+7 C+7 D):
- | | |
|------------------------|--------------|
| Current meet estimate: | \$22,893,403 |
| Prior meet actual: | \$25,042,799 |
- Average Daily Purse (7 E ÷ number of days):
- | | |
|------------------------|-----------|
| Current meet estimate: | \$457,868 |
| Prior meet actual: | \$463,756 |
- F. Purse funds to be generated from on-track handle and intrastate off-track handle (excluding carry-overs from prior race meet(s)):
- | | |
|------------------------|--------------|
| Current meet estimate: | \$13,983,385 |
| Prior meet actual: | \$15,525,472 |
- Average Daily Purse (7 F ÷ number of days):
- | | |
|------------------------|-----------|
| Current meet estimate: | \$279,668 |
| Prior meet actual: | \$287,509 |
- G. Purse funds to be generated from interstate handle:
- | | |
|------------------------|-------------|
| Current meet estimate: | \$6,786,950 |
| Prior meet actual: | \$7,115,482 |
- Average Daily Purse (7 G ÷ number of days):
- | | |
|------------------------|-----------|
| Current meet estimate: | 135,739 |
| Prior meet actual: | \$131,768 |
- H. Bank and account number for the Paymaster of Purses' purse account: Union Bank of CCA #
On File
- I. Name, address, email and telephone number of the pari-mutuel audit firm engaged for the meeting: Bowen & McBeth, Inc. 10722 Arrow Highway, Ste 110, Rancho Cucamonga, CA 91730 909/944/6465

NOTICE TO APPLICANT: All funds generated and retained from on-track pari-mutuel handle which are obligated by law for distribution in the form of purses, breeders' awards or other benefits to horsemen, shall not be deemed as income to the association; shall not be transferred to a parent corporation outside the State of California; and shall, within 3 calendar days following receipt, be deposited in a segregated and separate liability account in a depository approved by the CHRB and shall be at the disposition of the Paymaster of Purses, who shall pay or distribute such funds to the persons entitled thereto. All funds generated from off-track simulcast wagering, interstate wagering, and out-of-state wagering which are obligated by law for distribution in the form of purses and breeders' awards, shall also be deposited within 3 calendar days following receipt, into such liability account. In the event the association is obligated to the payment of purses prior to those obligated amounts being retained from pari-mutuel wagering for such purpose, or as a result of overpayment of earned purses at the conclusion of the meeting, the association shall transfer from its own funds such amounts as are necessary for the Paymaster of Purses to distribute to the horse owners statutorily or contractually entitled thereto. The association is entitled to recover such transferred funds from the Paymaster of Purses' account; and if insufficient funds remain in the account at the conclusion of the meeting, the association is

entitled to carry forward the deficit to its next succeeding meeting as provided by Business and Professions Code section 19615(c) or (d). In the event of underpayment of purses which results in a balance remaining in the Paymaster of Purses' account at the conclusion of the meeting after distribution of amounts due to horsemen and breeders and horsemen's organizations, the association may carry forward the surplus amount to its next succeeding meeting; provided, however, that the amount so retained does not exceed an amount equivalent to the average daily distribution of purses and breeders' awards during the meeting. All amounts in excess shall be distributed retroactively and proportionally in the form of purses and breeders' awards to the horse owners and breeders having earned purses or awards during the conduct of the meeting.

8 STABLE ACCOMMODATIONS

- A. Number of usable stalls available for racehorses at the track where the meeting is held: **1,950**
- B. Minimum number of stalls believed necessary for the meeting: **1,950**
- C. Total number of usable stalls to be made available off-site at approved auxiliary stabling areas or approved training centers: **2,000**
- D. Name and location of each off-site auxiliary stabling area and the number of stalls to be maintained at each site: **Santa Anita 1,500 / San Luis Rey Downs 500**
- E. Attach each contract or agreement between the association and the person(s) furnishing off-site stabling accommodations for eligible racehorses that cannot be provided stabling on-site. **On file.**

Complete subsections F through H if the association will request reimbursement for off-site stabling as provided by Business and Professions Code sections 19607, 19607.1, 19607.2, and 19607.3; otherwise, proceed to section 9.

- F. Total number of usable stalls made available on-site for the 1986 meeting, pursuant to Business and Professions Code section 19535(c): **2,000**
 - G. Estimated cost to provide off-site stalls for this meeting: **\$1,409,076**. Show cost per day per stall:
Average cost: \$11.18.
 - H. Estimated cost to provide vanning from off-site stalls for this meeting. Show fees to be paid for vanning per-horse: **\$270,000**
- | | | |
|------------------------|---------------------|--------------|
| Roundtrip from: | Santa Anita | \$180 |
| | San Luis Rey | \$320 |
| | Los Alamitos | \$180 |

9 PARI-MUTUEL WAGERING PROGRAM

- A. Pursuant to Business and Professions Code section 19599, and with the approval of the CHRB, associations may elect to offer wagering programs using CHRB Pari-mutuel Rules, the Association of Racing Commissioners International (RCI) Uniform Rules of Racing, Chapter 9, Pari-mutuel Wagering, or a combination of both. Please complete the following schedule for the types of wagering other than WPS and the minimum wager amount for each:

Use DD for daily double, E for exacta (special quinella), PK3 for pick three, PK4 for select four, PNP for pick (n) pool, PPN for place pick (n), Q for quinella, SF for superfecta, TRI for trifecta, and US for unlimited sweepstakes (pick 9).

	TYPE OF WAGERS	APPLICABLE RULES
Race #1*	\$2DD	CHRB 1957
	\$1E	CHRB 1959
	\$1PPN	CHRB 1976.8 (Covering Races 1 - 10)
	\$1PK3	CHRB 1977
	\$2Q	CHRB 1958
	50¢ PNP (Pick 5)	CHRB 1976.9
	\$1 Trifecta	CHRB 1979
	10¢ Superfecta	CHRB 1979.1
Race #2*	\$2DD	CHRB 1957
	\$1E	CHRB 1959
	\$1PK3	CHRB 1977
	\$2Q	CHRB 1958
	50¢ PNP (Pick 4)	CHRB 1976.9
	\$1 Trifecta	CHRB 1979
	10¢ Superfecta	CHRB 1979.1
Race #3*	\$2DD	CHRB 1957
	\$1E	CHRB 1959
	\$1PK3	CHRB 1977
	\$2Q	CHRB 1958
	\$2 PNP (Pick 6 when 8 races)	CHRB 1976.9
	\$1 Trifecta	CHRB 1979
	10¢ Superfecta	CHRB 1979.1
	Race #4*	\$2DD
\$1E		CHRB 1959
\$1PK3		CHRB 1977
\$2Q		CHRB 1958
\$2 PNP (Pick 6 when 9 races)		CHRB 1976.9
\$1 Trifecta		CHRB 1979
10¢ Superfecta		CHRB 1979.1
Race #5*		\$2DD
	\$1E	CHRB 1959
	\$1PK3	CHRB 1977
	\$2Q	CHRB 1958
	\$2PNP (Pick 6 when 10 races)	CHRB 1976.9
	\$.50 PNP (Pick 4 when 8 races)	CHRB 1976.9
	\$1 Trifecta	CHRB 1979
	10¢ Superfecta	CHRB 1979.1
Race #6*	\$2DD	CHRB 1957
	\$1E	CHRB 1959
	\$1PK3	CHRB 1977
	\$2Q	CHRB 1958
	\$2PNP (Pick 6 when 11 races)	CHRB 1976.9
	\$.50 PNP (Pick 4 when 9 races)	CHRB 1976.9
	\$1 Trifecta	CHRB 1979
	10¢ Superfecta	CHRB 1979.1
Race #7*	\$2DD	CHRB 1957
	\$1E	CHRB 1959
	\$1PK3 (when 9 or more races)	CHRB 1977
	\$2Q	CHRB 1958
	50¢ PNP (Pick 4 when 10 races)	CHRB 1976.9

	\$1 Trifecta	CHRB 1979
	10¢ Superfecta	CHRB 1979.1
Race #8*	\$2 DD (when 9 or more races)	CHRB 1957
	\$1E	CHRB 1959
	\$1PK3 (when 10 races)	CHRB 1977
	\$2Q	CHRB 1958
	50¢ PNP (Pick 4 when 11 races) ⁺	CHRB 1976.9
	\$1 Trifecta	CHRB 1979
	10¢ Superfecta	CHRB 1979.1
When 8 races:	50¢ Super High 5	ARCI 004-105 (Pick (n) position (x) pools)
Race #9*	\$1E	CHRB 1959
	\$2Q	CHRB 1958
	\$2 DD (when 10 races)	CHRB 1957
	\$1PK3 (when 11 races) ⁺	CHRB 1977
	\$1 Trifecta	CHRB 1979
	10¢ Superfecta	CHRB 1979.1
When 9 races:	50¢ Super High 5	ARCI 004-105 (Pick (n) position (x) pools)
Race #10*	\$1E	CHRB 1959
	\$2Q	CHRB 1958
	\$2 DD (when 11 races) ⁺	CHRB 1957
	\$1 Trifecta	CHRB 1979
	10¢ Superfecta	CHRB 1979.1
When 10 races:	50¢ Super High 5	ARCI 004-105 (Pick (n) position (x) pools)
Race 11*	\$1E	CHRB 1959
	\$2Q	CHRB 1958
	\$1 Trifecta	CHRB 1979
	10¢ Superfecta	CHRB 1979.1
When 11 races:	50¢ Super High 5	ARCI 004-105 (Pick (n) position (x) pools)

* The 50¢ Pick 5 will be offered on the first 5 races of the card and will have a takeout of 14%. In accordance with CHRB Rule 1976.9 we designate that the major share of the Pick 5 pool be 100%. The Pick 6 [P(n)P] will be offered on the last 6 races of the card. In accordance with CHRB Rule 1976.9 we designate that seventy percent (70%) of the net Pick 6 pool be retained for the jackpot and that no cap be set on the jackpot. A 50¢ Pick 4 (PnP) will be offered races 2 through 5 and on the last 4 races of the card. In accordance with CHRB Rule 1976.9 we designate that the major share of the Pick 4 pool be 0%. Additionally, we will offer our patrons the option of an alternate selection pick in the place Pick All, Pick 5, Pick 6 and Pick 4. We will also offer 50¢ Super High Five on the last race of the card in accordance with the ARCI Pick(n) Position(x) pools rule.

NOTE: Applicant reserves the right to offer or substitute additional wagers approved prior to or during its meeting.

- B. Maximum carryover pool to be allowed to accumulate before its distribution OR the date(s) designated for distribution of the carryover pool: Closing day, July 15, 2012
- C. List any options requested with regard to exotic wagering: B & P Code Section 19611.5
- D. Will "advance" or "early bird" wagering be offered? Yes No
 If yes, when will such wagering begin? Specify days and time for "early bird" wagering: 8:30 am on the day of.

- E. Type(s) of pari-mutuel or totalizator equipment to be used by the association and the simulcast organization, name of the person(s) supplying equipment, and expiration date of the service contract: Sportech, Inc., September, 2012

10. ADVANCE DEPOSIT WAGERING (ADW)

- A. Identify the ADW provider(s) to be used by the association for this race meeting:
TVG, Xpress Bet & Twinpires.com (Television provider will be TVG)
- B. Attach a copy of the agreement/contracts with each ADW provider to be used for this race meeting.
On file.

- C. Have the contract/agreements been approved by the respective horsemen's groups?

Yes No

If yes, attach a copy of the approval. On file.
If no, explain the status of the approval.

NOTICE TO APPLICANT: Pursuant to Business and Professions Code section 19604, ADW providers may accept wagers on races conducted in California from a resident of California if : 1) the ADW provider is licensed by the Board; 2) a written agreement allowing those wagers exists with the racing association or fair conducting the races on which the wagers are made; 3) the agreement shall have been approved in writing by the horsemen's organization responsible for negotiating purse agreements for the breed on which the wagers are made. ADW providers may accept wagers on races conducted outside of California from a resident of California if: 1) the ADW provider is licensed by the Board; 2) there is a hub agreement between the ADW provider and one or both of (i) one or more racing associations or fairs that together conduct no fewer than five weeks of live racing on the breed on which wagering is conducted during the calendar year during which the wagers are placed and (ii) the horsemen's organization responsible for negotiating purse agreements for the breed on which wagering is conducted.

11. SIMULCAST WAGERING PROGRAM

- A. Simulcast organization engaged by the association to conduct simulcast wagering: **Southern California Off-Track Wagering, Inc. (SCOTWINC)**
- B. Attach the agreement between the association and simulcast organization permitting the organization to use the association's live audiovisual signal for wagering purposes and providing access to its totalizator for the purpose of combining on-track and off-track pari-mutuel pools.
On File with CHRB
- C. California simulcast facilities the association proposes to offer its live audiovisual signal:

NORTHERN CALIFORNIA

Alameda County Fair, Pleasanton
Big Fresno Fair, Fresno
California State Fair & Exposition, Sacramento
Club One, Fresno
Golden Gate Fields, Albany
Jockey Club at San Mateo, San Mateo
Kern County Fair, Bakersfield
Monterey County Fair, Monterey
San Joaquin County Fair, Stockton
Santa Clara County Fair, San Jose
Shasta District Fair, Anderson
Solano County Fair, Vallejo
Sonoma County Fair, Santa Rosa
Stanislaus County Fair, Turlock
Tulare County Fair, Tulare

SOUTHERN CALIFORNIA

Barona Valley Ranch Resort & Casino, Lakeside
Cabazon Fantasy Springs Casino, Indio
Derby Club, Seaside Park, Ventura
Fairplex Park, Pomona
Los Alamitos Race Course, Los Alamitos
Santa Anita Park, Arcadia
Shalimar Sports Center, Indio
Sports Center, San Bernardino
Sports Pavilion at The Farmers Fair, Lake Perris
Sports Pavilion, San Bernardino Cty. Fair, Victorville
Surfside Race Place at Del Mar, Del Mar
Sycuan Gaming Center, El Cajon
Viejas Casino & Turf Club, Alpine
Watch & Wager, Antelope Valley Fgds, Lancaster

- And any other similar site that becomes duly licensed by the California Horse Racing Board
- D. Out-of-state wagering systems the association proposes to offer its live audiovisual signal:
Common Pool Sites, Separate Pool, Flat Fee Sites (Attachment "A")
- E. Out-of-state wagering systems that will combine their pari-mutuel pools with those of the association: Attachment "A", see D above.
- F. California mini-simulcast facilities the association proposes to offer its live audiovisual signal:
Commerce Casino Racebook, Commerce
OC Tavern Grill & Sports Bar, San Clemente
Original Roadhouse Grill, Santa Maria
And any similar site duly licensed by California Horse Racing Board
- G. For THOROUGHBRED racing associations, list the host track from which the association proposes to import out-of-state and/or out-of-country thoroughbred races. Include the dates imported races will be held, and whether or not a full card will be accepted. If the full card will not be imported, state "selected feature and/or stakes races": Attachment "B"

NOTICE TO APPLICANT: Business and Professions Code section 19596.2(a) stipulates that on days when live thoroughbred or fair racing is being conducted in the state, the number of thoroughbred races which may be imported by an association or fair during the calendar period the association or fair is conducting its racing meeting cannot exceed a combined daily total of 50 imported thoroughbred races statewide. The limitation of 50 imported thoroughbred races per day statewide does not apply to those races specified in Business and Professions Code section 19596.2(a)(1), (2), (3) and (4).

THOROUGHBRED SIMULCAST RACES TO BE IMPORTED

Name of Host Track	Race Dates	Full Card or Selected Feature and/or Stakes Races
--------------------	------------	---

- H. For QUARTER HORSE racing associations, list the host track from which the association proposes to import out-of-state and/or out-of-country quarter horse races. Include the dates imported races will be held, and whether or not a full card will be accepted. If the full card will not be imported, state "selected feature and/or stakes races": N/A

QUARTER HORSE SIMULCAST RACES TO BE IMPORTED

Name of Host Track	Race Dates	Full Card or Selected Feature and/or Stakes Races
--------------------	------------	---

- I. For STANDARD BRED racing associations, list the host tracks from which the association proposes to import out-of-state and/or out-of-country harness races. Include the dates imported races will be held, and whether or not a full card will be accepted. If the full card will not be imported, state "selected feature and/or stakes races": N/A

HARNESS SIMULCAST RACES TO BE IMPORTED

Name of Host Track	Race Dates	Full Card or Selected Feature and/or Stakes Races
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- J. For ALL racing associations, list imported simulcast races the association plans to receive which use breeds other than the breed of the majority of horses racing at its live horse racing meeting. Include the name of the host track, the dates imported races will be held, and how many races will be imported: Wagering will be offered on all races conducted or imported by Los Alamitos (Quarter Horse) and Cal Expo (Harness)

OTHER BREED SIMULCAST RACES TO BE IMPORTED

Name of Host Track	Breed of Horse	Race Dates	Number of Races to be Imported
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Attachment A --

Hollywood Park Spring/Summer Meeting 2012

Commingled Locations

AmWest Entertainment	Delta Downs	Meadows The	Scioto Downs
Amwest Accounts	Dover Downs	Meadows The (ADW)	Seabrook Greyhound
Greenbrier (WV)	Ebet	Millers OTB	Sol Mutuel
Riders Up (SD)	Elite Turf Club (1 to 10)	Mobile Greyhound	Southland Greyhound
Time Out Lounge (SD)	Ellis Park	Monmouth Park	Sports Creek Raceway
Triple Crown (SD)	Emerald Downs	Montana OTB	State Fair (Lincoln , NE)
Arapahoe-Mile High	Euro Wagering Services	Monticello	Suffolk District OTB
Colorado phone	Evangeline Downs	Mountaineer Park	Suffolk Downs
Arima Race Club	Fair Grounds	Mt. Pleasant Meadows	Pat's Pizza
Arlington I	Fair Grounds ADW	Nassau Regional OTB	Sunland Park
Atlantic City Racecourse	Fair Meadows	New Jersey Casino Assoc.	SunRay Park & Casino
Atokad	Finger Lakes	Nevada Pari-Mutuel Assoc.	Tampa Bay Downs
Balmoral	Fonner	Newport Jai Alai	Taunton Acct Wagering
Balmoral ADW (BETZOTIC)	Freehold	NJ Mobile	Taunton Dog Track Inc. The Downs at Albuquerque
Bangor Raceway	Gillespie County Fair	Northfield	Thistledown
Batavia	Global Wagering Solutions	Cedar Downs OTB	Tioga Downs
Bet Fair Games Limited	Bwin International Ltd.	Northville	Tri-State GH (Mardi Gras)
Beulah Park	Intl Betting Assoc. Ltd	NY OTB	Turf Paradise
Birmingham	Magna Bet	NYRA	Turfway Park
Bluffs Run Greyhound	Racebets	NYRA Account Wagering	TVG Network
Buffalo Raceway	Greenetrack	Oaklawn	TVG Yonkers
Calder Racecourse	Greyhound @ Post Falls	Ocean Downs	Twin River Greyhound
Canterbury Day	Gulf Greyhound	Panama	TwinSpires
Capital District OTB	Gulfstream	Penn National	TwinSpires High Volume
Catskills OTB	Harrington Raceway	Penn National Telebet	Venezuela OTB
Charles Town Race Course	Hawthorne Race Course	Peru	Vernon Downs
Chester Downs & Marina LLC	Hawthorne ADW	Philadelphia Park	Western OTB
Chester Downs Acct Wagering	Hazel Park	Philly Park Phone Bet	Wheeling Downs
Churchill Downs	Hoosier Park	Phumelela	Will Rogers Downs
Club Hipica InTurf	Horseman's Park	Pinnacle Race Course	Wyoming
Coeur d' Alene Casino	Indiana Downs	Plainridge Race Course	XpressBet
Coeur d' Alene Account	Evansville OTB	Plainridge Telephone Wagering	Yavapia Downs
Colonial Downs	Clarkesville OTB	Player Management Group	Yonkers Raceway
Colonial Downs Phone Bet	Intermountain Racing	Pocono Account Wagering	Yonkers Account
Columbus Raceway	Keeneland	Pocono Downs and OTB	Youbet Group 1
Connecticut OTB	Keeneland Select ADW	Portland Meadows	Youbet Illinois
Bradley Teletheater, Bristol	Kentucky Downs	Potawatomi Casino/ OTB	Zia Park
New Britain, Norwalk, Milford	Kentucky OTB	Prairie Meadows	
East Haven, Hartford, Putnam	Lebanon	Premier Turf Club	
Shoreline Star, Sports Haven	Les Bois (Treasure Valley)	Presque Isle Downs	
Torrington, Waterbury	Lewiston OTB's	Raceway Park	
Manchester, New London	Lien Games	Racing2Day LLC	
Willimantic	Chips Lounge and Casino	Racing2Day Intl. (Stan James)	
John Martin's Manor Restaurant	Howard Johnsons OTB	Remington Park	
Connecticut OTB ADW	Rumors OTB	Remington OTB Network	

Attachment A -- Section ID and
E Page 2

Paragon Casino	Skydancer Casino OTB	Retama	
Ho-Chunk Casino and Racebook	BetAmerica and Win2wager	Racing & Gaming Services	Separate Pool Locations
Mohegan Sun Casino	Lone Star	Ripley de Venezuela (Caliente)	Caymanas Park, Jamaica Hippodromo Camarero, PR
Oneida Bingo and Casino	Louisiana Downs	River Downs	MIR Books (Caliente)
Pony Bar Simulcast Center	LVDC	Rockingham Park	LVDC
Tote Investment Racing	Atlantis Paradise Casino	Ruidoso Downs	
Randall James Racetrack	Avatar Ventures	Running Aces Harness Park	
Millenium Racing	Pojoaque Cities of Gold	Sam Houston	
Royal Beach Casino	Foxwoods Resort Casino	Valley Greyhound Park	
Divi Carina Bay Casino	Meskwaki Bingo & Casino	Saratoga Harness Raceway	
Fair Chance	The Stables	Saratoga Bets (ADW)	
Corpus Christi Greyhound	Maronas (South America)	Scarborough	
Cypress Bayou OTB	Maryland Jockey Club		
Delaware	Maywood		
	Meadowlands		

Attachment A

Commingled Canadian Locations	
Assiniboia Downs	Kawartha Downs
Barrie Raceway	Marquis Downs
Charlottetown	Mohawk Racetrack
Clinton Teletheatre	New Brunswick
Dresden	Northlands Park - Edmonton
Elmira Raceway	Picov Downs
Evergreen Park Grande Prairie	Quinte Raceway
Exhibition Park	Rideau Carlton
Flamboro Downs	Rocky Mountain Turf Club
Fort Erie	Royal Britiana Hub
Fraser Downs	St. John's
Fredericton Raceway	Sudbury Downs
Georgian Downs	Summerside - PEI
Grand River	TBC Sandown
Hanover Raceway	TBC Teletheaters
Hastings Park	Truro Raceway
Hiawatha	Western Fair Raceway
Hippodrome De Montreal	Windsor Raceway
Hippodrome De Quebec	Woodbine
Hippodrome De Trois-Rivieres	Woodstock - Ontrario
Inverness Raceway	

Attachment B - Section F

2012 Import Tracks

Track	Race Dates	Full or Partial Cards and Stakes
Arlington	April 25 to July 17, 2012	Full or Partial Cards
Assiniboia	April 25 to July 17, 2012	Full or Partial Cards
Australia Racing	April 25 to July 17, 2012	Full or Partial Cards
Beulah	April 25 to July 17, 2012	Full or Partial Cards
Calder	April 25 to July 17, 2012	Full or Partial Cards
Churchill Downs	April 25 to July 17, 2012	Full or Partial Cards
Colonial Downs	April 25 to July 17, 2012	Full or Partial Cards
Delaware Park	April 25 to July 17, 2012	Full or Partial Cards
Ellis Park	April 25 to July 17, 2012	Full or Partial Cards
Emerald	April 25 to July 17, 2012	Full or Partial Cards
Evangeline	April 25 to July 17, 2012	Full or Partial Cards
Finger Lakes	April 25 to July 17, 2012	Full or Partial Cards
Fort Erie	April 25 to July 17, 2012	Full or Partial Cards
Gulfstream	April 25 to July 17, 2012	Full or Partial Cards
Hastings Park	April 25 to July 17, 2012	Full or Partial Cards
Hawthorne	April 25 to July 17, 2012	Full or Partial Cards
Indiana Downs	April 25 to July 17, 2012	Full or Partial Cards
Keeneland	April 25 to July 17, 2012	Full or Partial Cards
LARC (Latin America)	April 25 to July 17, 2012	Full or Partial Cards
Lone Star	April 25 to July 17, 2012	Full or Partial Cards
Louisiana Downs	April 25 to July 17, 2012	Full or Partial Cards
Monmouth	April 25 to July 17, 2012	Full or Partial Cards
Mountaineer Park	April 25 to July 17, 2012	Full or Partial Cards
Northlands	April 25 to July 17, 2012	Full or Partial Cards
NYRA - Aqueduct	April 25 to July 17, 2012	Full or Partial Cards
NYRA - Belmont	April 25 to July 17, 2012	Full or Partial Cards
Penn National	April 25 to July 17, 2012	Full or Partial Cards
Philadelphia Park (Parx)	April 25 to July 17, 2012	Full or Partial Cards
Pimlico	April 25 to July 17, 2012	Full or Partial Cards
Prairie Meadows	April 25 to July 17, 2012	Full or Partial Cards
Presque Isle	April 25 to July 17, 2012	Full or Partial Cards
River Downs	April 25 to July 17, 2012	Full or Partial Cards
Suffolk Downs	April 25 to July 17, 2012	Full or Partial Cards
Sunray Park	April 25 to July 17, 2012	Full or Partial Cards
Tampa Bay	April 25 to July 17, 2012	Full or Partial Cards
Thistledown	April 25 to July 17, 2012	Full or Partial Cards
Turf Paradise	April 25 to July 17, 2012	Full or Partial Cards
Will Rogers Downs	April 25 to July 17, 2012	Full or Partial Cards

- K. For ALL racing associations, if any out-of-state or out-of-country races will commence outside of the time constraints set forth in Business and Professions Code sections 19596.2 and 19596.3, attach a copy showing the agreement by the appropriate racing association(s). N/A

NOTICE TO APPLICANT: All interstate wagering to be conducted by an association is subject to the provisions of Title 15, United States Codes, which require specific written approval of the CHRB and of the racing commission having jurisdiction in the out-of-state venue. All international wagering to be conducted by an association is subject to the provision of Business and Professions Code sections 19596, 19596.1, 19596.2, 19596.3, 19601, 19602, and 19616.1, and will require specific written approval of the CHRB.

Every association shall pay over to the simulcast organization within 3 calendar days following the closing of wagering for any day or night racing program, or upon receipt of the proceeds, such amounts that are retained from off-track simulcast wagering, interstate and out-of-state wagering, and which are obligated by statute for guest commissions, simulcast operator's expenses and promotions, equine research, local government in-lieu taxes, and stabling and vanning deductions. Every association shall pay to its Paymaster of Purses' account within 3 calendar days following the closing of wagering for each day or night racing program, or upon receipt of the proceeds, such amounts that are retained or obligated from off-track simulcast wagering, interstate and out-of-state wagering for purses, breeders' awards or other benefits to horsemen. (See Notice to Applicant, Section 7.)

12. CHARITY RACING DAYS

- A. Name and address of the distributing agent (charity foundation) for the net proceeds from charity racing days held by the association: **Hollywood Park Racing Association, 1050 South Prairie Avenue, Inglewood, CA 90301 310-419-1566**

- B. Names and addresses of the trustees or directors of the distributing agent:

**Hollywood Park Racing Association
 F. Jack Liebau, President
 1050 South Prairie Avenue
 Inglewood, CA 90301**

- C. Dates the association will conduct races as charity racing days OR:

- D. Will the association pay the distributing agent an amount equal to the maximum required under B&P Code Section 19550(b)? Yes

NOTICE TO APPLICANT: Net proceeds from charity racing days shall be paid to the designated and approved distributing agent within 180 days following the conclusion of the association's race meeting in accordance with the provisions of Business and Professions Code section 19555. Thereafter, the distributing agent shall distribute not less than 90% of the aggregate proceeds from such charity racing days within 12 calendar months after the last day of the meeting during which the charity racing days were conducted and shall distribute the remaining funds as soon thereafter as is practicable. At least 50% of the distribution shall be made to charities associated with the horse racing industry in accordance with the provisions of Business and Professions Code section 19556(b) and (c).

13. RACING OFFICIALS, OFFICIALS, AND OFFICIATING EQUIPMENT

- A.

Racing officials nominated:	
Association Veterinarian(s)	Dana Stead, D.V.M.
Clerk of Scales	Ruben Hernandez
Clerk of the Course	Melanie Stubblefield
Film Specialist	Ruben Hernandez
Horse Identifier	Jennifer Paige
Horseshoe Inspector	Louis Damore
Paddock Judge	Ken Goldberg
Patrol Judges	Lisa Jones

Placing Judges	Bob Moreno Kevin Colosi
Starter	Gary Brinson
Timer	Russell Hudak

B. Management officials in the racing department:

Director of Racing	N/A
Racing Secretary	Martin Panza
Assistant Racing Secretary	Richard Wheeler and Daniel Eidson
Paymaster of Purses	Susan Winter
Others (identify by name and title)	Charles McCaul (Asst. Clerk of Scales)

C. Name, address, email and telephone number of the reporter employed to record and prepare transcripts of hearings conducted by the stewards: Weinstein Court Reporters, 9582 Hamilton Avenue, Suite 265 Huntington Beach, California 92646 (714) 964-7102

D. Photographic device to be used for photographing the finish of all races, name of the person supplying the service, and expiration date of the service contract: Plusmic, USA 12/31/12

E. Photo patrol video equipment to be used to record all races, name of the person supplying the service, and expiration date of the service contract. Specify the number and location of cameras for dirt and turf tracks. Association provides its own service and equipment. Equipment utilized is described in Attachment "C"

F. Type of electronic timing device to be used for the timing of all races, name of the person supplying the service, and expiration date of the service contract: American Teletimer, 12/31/12

14. SECURITY CONTROLS

A. Name and title of the person responsible for security controls on the premises. Include an organizational chart of the security department and a list of the names of security personnel and contact telephone numbers. Donald Barney, Director of Security 310-419-1395 – organizational chart attached.

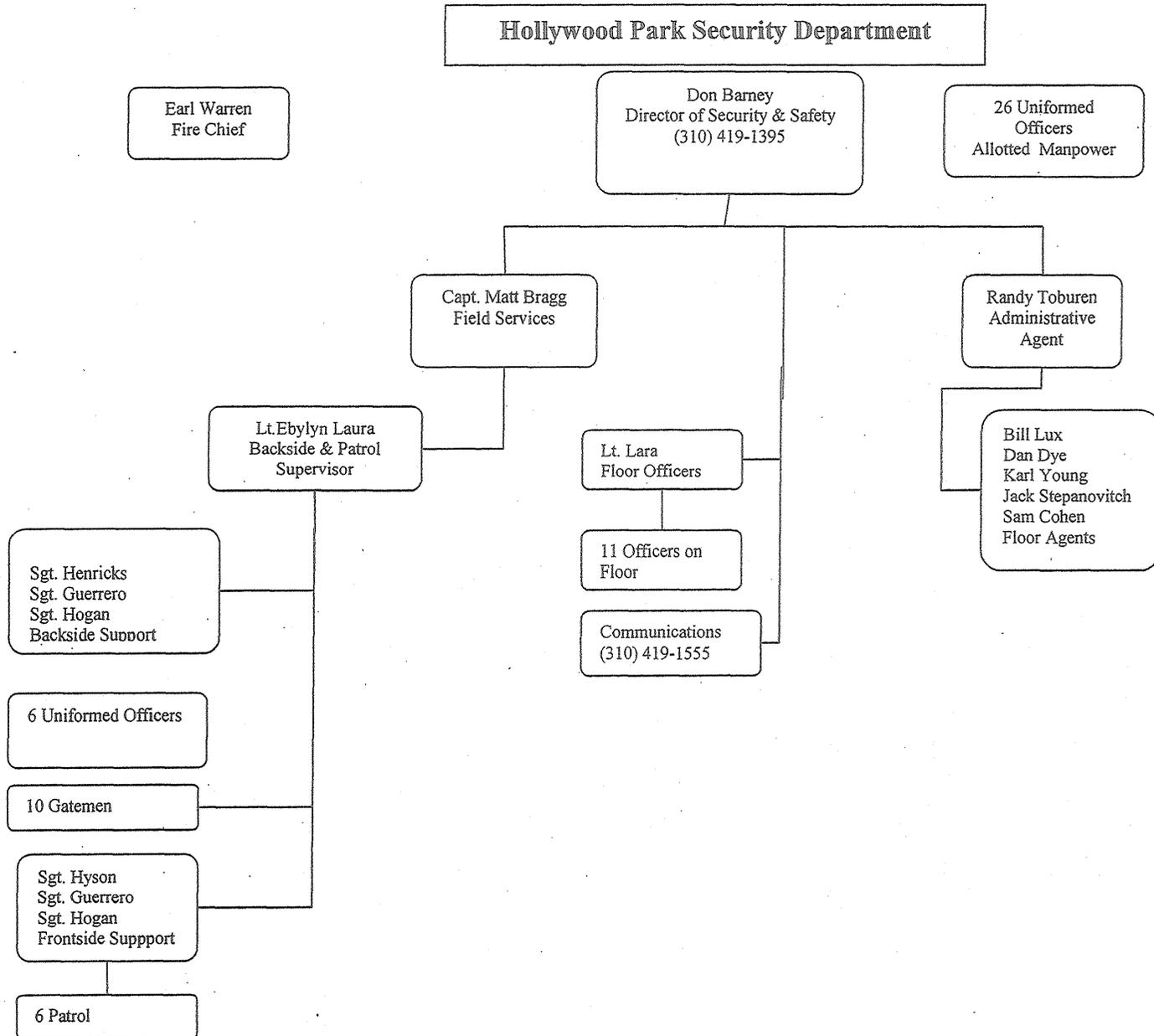
B. Estimated number of security guards, gatemen, patrolmen or others to be engaged in security tasks on a regular full-time basis:

- 26 Uniformed Officers
- 3 Agents
- 1 Firemen
- 10 Gatemen
- 3 Communication Operators

1. Attach a written plan for enhanced security for graded stakes races, and races of \$100,000 or more, to include the number of security guards in the restricted areas during a 24-hour period and a plan for detention stalls. The security for stakes races will be deployed in accordance with our agreement with TOC.

2. Detention Stalls:

A. Attach a plan for use of graded stakes or overnight races.
Detention barn is to be used as directed by the CHRB.



Attachment C - Section E

VIDEO EQUIPMENTCAMERAS

Eight DXC-35 Sony Cameras
 Six DXC-637 Sony Cameras
 One BRC-H700 Sony remote control camera
 Pan (Wide) w/44X1 Fuji Lens
 Pan (Close up) w/55X1 Fuji Lens
 7/8 Dirt Tower w/45X1 Canon Lens
 7/8 Turf Tower w/22X1 Fuji Lens
 1/4 Tower w/26X1 Angenieux Lens
 3/16 Sony robo cam 16x1 Lens
 3/8 Dirt Tower w/45X1 Canon Lens
 3/8 Turf Tower w/33X1 Canon Lens
 One Autodome PTZ Day/Night Color Camera 23X 1 lens for Turf Chute Backside
 Winner's Circle w/18X1 Canon Lens
 Paddock view Camera w/18X1
 Ground Level Finish w/18X1 Canon Lens
 Gate Start Camera w/15X1 Fuji Lens
 Horse Tunnel Camera w/15X1 Canon Lens
 Studio Camera w/15X1 Canon Lens
 Paddock view Camera w/15X1

VIDEO TAPE RECORDING EQUIPMENT

12 - Channels Leitch 300 Video Servers
 2 - BVW - 75 Beta SP (slo-mo)
 4 - PVW - 2800 Beta Sp
 1- DPS Velocity video edit system

DISTRIBUTION/SWITCHING EQUIPMENT

Utah 132X132 A/V Router
 Ross Synergy 3 Production Switcher
 Ross "Squeeze & Tease" four Channel Digital Video Effects Unit

OTHER

Four "Autotote" VGS Units - Betting Screens
 Data links wagering system
 Dekocast Graphic System with Pegasus Datalinks software
 Clear-com "Matrix" Intercom System
 Approximately 1,100 Color Televisions

- B. Number of security guards in the detention stall area during a 24-hour period.
As needed at the direction of the CHRB.
- C. Describe number and location of surveillance cameras in detention stall area.
There are currently 10 cameras over the stalls and 2 covering the shedrow.

3. TCO2 Testing:

- A. Number of races to be tested, and number of horses entered in each race to be tested.
Will follow CHRB staff directives.
- B. Plan for enhanced surveillance for trainers with high-test results.
Will follow CHRB directives.
- C. Plan for detention stalls for repeat offenders.
Will follow CHRB directives.
- D. Number of security personnel assigned to the TCO2 program.
As needed per the advise of CHRB staff.

C. Describe the electronic security system:

- 1. Location and number of video surveillance cameras for the detention stall and stable gate.
Camera at each of our two stable gates, also see 2C above

- D. For night racing associations. Describe emergency lighting system: The track lighting system, which is used primarily for Friday night racing is on a preferred electrical current provided by Southern California Edison. Additionally we have an emergency lighting system powered by two karolite 125 k.w. 277/480 volt generators which are activated and placed on line during the running of every race run after dark.

15. EMERGENCY SERVICES

- A. Name, address and emergency telephone number of the ambulance service to be used during workouts and the running of the races: Westmed/McCormick Ambulance Service 13933 Crenshaw Blvd., Hawthorne, CA 888-349-8944 (ALS - Paramedic staffed)

- 1. Attach a certification from the ambulance service(s) listed in 15A, certifying that the paramedic staff are licensed with the California Emergency Medical Services Authority. On file.

- B. Name, address and emergency telephone number of the ambulance service to be used during workouts at auxiliary sites: Santa Anita- AmbuServe, Inc. 15105 S. Broadway Ave., Gardena, CA 90248 310-644-0500; San Luis Rey Downs- North County Fire Protection District, Fallbrook, California-760/723-2006

- 1. Attach a certification from the ambulance service (s) listed in 15B, certifying that the paramedic staff are licensed with the California Emergency Medical Services Authority. On file.

- C. Describe the on-track first aid facility, including equipment and medical staffing: Our first aid facility is located on the ground level in the hallway between the paymaster of purses and the track photographer offices. The rear entrance to the first aid facility opens to tunnel 1A and is approximately 12ft from the Jocks' room entrance. During training hours two certified Paramedics are stationed in an ambulance located on the backstretch just off the main track. They have access to the first aid facility should the need arise. During racing

hours a certified EMT staffs and maintain the first aid facility with an additional team of two Paramedics stationed in an ambulance on the race track. Also during racing hours there is a medical doctor on duty who is provided through Kerlan-Jobe clinic.

The facility is equipped with the following: beds, stethoscope, otoscope, flash light, forceps, clamps, scissors, scalpel, tourniquet, sterile syringes, blood pressure kit, oxygen, eye flushes, splints, bandages, trauma dressing, hydrogen peroxide etc., nasal packing, topical anesthetic, thermometer, Silver nitrate sticks (AgNO3), ice packs, backboards for spinal precautions, cervical collars, immobilization straps hare traction splints for closed femur fractures, KED splints, bag valve mask for CPR, Automated external defibrillator., oxygen masks, cannula tubing and a variety of addition supplies and over the counter drugs (aspirin etc.)

D. Name and emergency telephone number of the licensed physician on duty during the race meeting: (If quarter horse racing association see D (1) : Dr. John Goff 310/419 1562 There will be other doctors who will be pre scheduled to relieve Dr. Goff from time to time during the race meeting . That schedule will be provided to the CHRB when it becomes available.

1. Name address and emergency telephone number of hospital located within 1.5 miles of the racetrack, which whom an agreement is in place to provide emergency medical services, pursuant to Business and Professions Code section 19481.3(a):

E. Name, address and emergency telephone number of the hospital to be used for admittance and treatment of emergency injuries in the event of an on-track injury to a jockey: Centinela Hospital, 555 East Hardy Street, Inglewood, CA- Dr Lee Wise - Chief of staff 310/697-9180

F. Attach, in English and Spanish, the emergency medical plan procedures that will be posted in each jockey's room to be used in the event of an on-track injury to a jockey: Refer to Attachment "D"

G. Name of health and safety manager and assistant manager responsible for compliance of health and safety provisions pursuant to Business and Professions Code section 19481.3(d): Don Barney Safety Manager- Sam Cohen, Assistant Safety Manager

H. Attach a fire clearance from the fire authority having jurisdiction over the premises. Inspection has been requested.

I. Name of the workers' compensation insurance carrier for the association and the number of the insurance policy (if self-insured, provide details): Sea Bright Insurance Company BB 1114259

J. Attach a Certificate of Insurance for workers' compensation coverage. The CHRB is to be named as a certificate holder and given not less than 10 days' notice of any cancellation or termination of insurance that secures the liability of the association for payment of workers' compensation. Attached

NOTICE TO APPLICANT: Every licensee conducting a horse racing meeting shall pursuant to Business and Professions Code section 19481.3 maintain, staff, and supply an on-track first aid facility, that may be either permanent or mobile, and which shall be staffed and equipped as directed by the board. A qualified and licensed physician shall be on duty at all times during live racing, except that this provision shall not apply to any quarter horse racing at the racetrack if there is a hospital situated no more than 1.5 miles from the racetrack and the racetrack has an agreement with the hospital to provide emergency medical services to jockeys and riders. An ambulance licensed to operate on public highways provided by the track shall be available at all times during live racing and shall be staffed by two emergency medical technicians licensed in

Attachment D - Section 13

MEMORANDUM

From: Don Barney, Director of Security & Safety

Subject: Emergency Medical Action Plan for Injured Jockeys

Since May 1, 2003 we at Hollywood Park have had in place an emergency medical action-plan for injured jockeys. There is now a new law requiring such an action plan. Pursuant to the Business and Professions Code section 19481.3 (b) each racing association shall adopt and maintain an emergency medical action plan for injured jockeys and shall be posted in English and Spanish within the jockeys room.

The system we have in effect follows the exact guidelines required by the above statute. The emergency action plan we deploy goes as follows:

“Upon the observed or reported injury of a jockey, medical assistance will be immediate. The responding medical technician, track doctor or security will contact communications (via hand held radio or calling 310 4191555). Security will then activate the emergency contact procedure. This procedure will be the responsibility of the Safety Director or his designee. The Safety Director will contact the Chief of Medical Staff at Centinela Hospital and prepare for the injured jockeys arrival. The phone number of Centinela Hospital is 310- 4198636 and is located at 555 East Hardy Street, Inglewood.

The Chief of Staff will ensure that his personnel are standing by to receive the injured jockey. The Chief of Staff will also contact any specialists who are contracted for the care of an injured jockey. This will lay the foundation for a rapid admittance and treatment of the injured Jockey. A Security Agent will also be dispatched to respond to the emergency room to assist family members of the injured jockey and to also maintain the integrity of the injured jockeys needs. It will also be the responsibility of the Security Agent to keep the Director of Safety informed as to the condition and progress of the injured jockey. It will be the responsibility of the Security Agent to obtain a copy of the accident from the T.V. department. The Security Agent will prepare a report as to the accident and treatment. The agent will also ensure that all workers compensation information pertaining to the jockey is accurate and current.”

From: Don Barney, Director of Security & Safety

Subjecto: Emergencia Medica Accion de plan para el Jinete Lastimado

Desde Mayo 1, 2003 Hollywood Park a tenido un plan de Emergencia Medica para los jinetes lastimados. Hay nueva ley que requiere accion de plan. Siguiendo las leyes del negocio y Profesion Codigo seccion 19481.3(b) cada asociado de carrera tiene que adaptar y mantener el plan de emergencia en el cuarto de los jinetes.

El sistema en efectivo que tenemos sigue exactamente todas las reglas y guias. El plan de emergencia

se dirige asi:

“Asistencia medica sera inmediata al observar o reportar un jinete lastimado. El medico tecnico, el doctor de hipodromo o seguridad se comunicara via radio o llamara (310)419-1555. Seguridad activara el proceso de el contacto de emergencia. Este proceso sera la responsabilidad de el Director de Seguridad o su designado. El Director de Seguridad contactara al Jefe Medico de Centinela Hospital localizado en la 555 East Hardy Street, Inglewood.

El Jefe de Estafa se asegurara que su personal se encargue de recibir al jinete herido y contactar a otros especialistas en el contrato y cuidado de el jinete. Este fundamento sera rapido para admitir y tartar al jinete herido. Un agente de seguridad sera despachado al cuarto de Emergencia para asistir a la familia y mantener la integridad y necesidades de el jinete herido. Sera la responsabilidad del agente, reportar e informar al Director de Seguridad de la condicion y el progreso de el jinete. Es la responsabilidad del agente de obtener copia del accidente de el Departamento de Television. El agente se asegurara que toda la informacion de compensacion de trabajo que pertenezca a el jinete sea fija y corriente.”

accordance with Division 2.5 (commencing with Section 1797) of the Health and Safety Code, one of whom may be an Emergency Medical Technician Paramedic, as defined in section 1797.84 of the Health and Safety Code. (b) Each racing association and racing fair shall adopt and maintain an emergency medical plan detailing the procedures that shall be used in the event of an on-track injury. The plan shall be posted in each jockey room in English and Spanish. (c) Prior to every race meeting, the racing association or racing fair shall contact area hospitals to coordinate procedures for the rapid admittance and treatment of emergency injuries. (d) Each racing association or racing fair shall designate a health and safety manager and assistant manager, who shall be responsible for compliance with the provisions of this section and one of whom shall be on duty at all times when live racing is conducted. The health and safety manager may, at the discretion of the racing association, be the person designated to perform risk management duties on behalf of the association.

16. CONCESSIONAIRES AND SERVICE CONTRACTORS

Names and addresses of all persons to whom a concession or service contract has been given, other than those already identified, and the goods and/or services to be provided by each: See Attachment "E"

Does the association provide its own concessions? Yes No

17. ON-TRACK ATTENDANCE/FAN DEVELOPMENT -- To be submitted under separate cover.

- A. Attach a copy of the promotional and marketing plans for the race meeting:
- B. Promotional/ Marketing budget for this race meeting:
Promotional/Marketing budget for prior race meeting:
- C. Number of hosts and hostesses employed for meeting:
- D. Describe facilities set aside for new fans:
- E. Describe any improvements to the physical facility in advance of the meeting that directly benefit:
 - 1. Horsemen
 - 2. Fans
 - 3. Facilities in the restricted areas

18. SCHEDULE OF CHARGES

A. Proposed charges, note any changes from the previous year:

Admission (general)	\$10.00
17 years old & under	Free
Thursday Senior Citizens	\$5.00
Admission (clubhouse)	N/A
Admission (Turf Club)	\$20.00
Reserved seating (general)	\$2.00
Reserved seating (clubhouse)	N/A
Parking (general)	Free
Parking (preferred)	\$5.00
Parking (valet)	\$10.00
Programs (on-track)	\$2.50
(off-track)	\$2.50

Attachment E -Concessionaires and Service Contractors

Hollywood Park Catering, Inc.
1050 S. Prairie Ave.
Inglewood, CA 90301

Food, Beverage, Liquor

Harry Aqurarelli
Duke Racing Selections
6632 West 87th Street
Los Angeles, California 90045

Tip Sheet

Winners
Toby Turrell
14112 Enfield Circle
Westminster, California 92683

Tip Sheet

Bob's Card, Inc.
Tiffany Boland
6288 Highland Meadows
Medina, Ohio 44256

Tip Sheet

Today's Racing Digest
P. O. Box 85007
San Diego, California 92138

Thorograph
541 Hudson Street
New York City, New York 10014

New World Service, Inc.
1050 South Prairie
Inglewood, California 90301

Janitorial

Miscellaneous

Ann Roper Silks
c/o Ann Roper
P. O. Box 3547
Lennox, CA 90304

Western Saddlery
c/o A. Liederman
206 E. Hillsdale Blvd.
San Mateo, CA 94403

B. Describe any "Season Boxes" and "Turf Club Membership" fees:

Box Seats	*Turf Club Membership		
4 seat Box	\$1,280	Single Turf Club	\$ 640
6 seat Box	\$1,600	Double Turf Club	\$ 1,000
8 seat Box	\$2,080	Corporate Membership	\$ 1,920
8 seat SuperBox	\$2,400		

*Includes Spring/Summer, Fall Meets and Simulcast

C. Describe any "package" plans such as combined parking, admission and program: Admission includes parking and program.

19. JOCKEYS/DRIVERS' QUARTERS

A. Check the applicable amenities available in the jockeys/drivers' quarters:

<input checked="" type="checkbox"/> Corners (lockers and cubicles)	How many	<input type="text" value="80"/>
<input checked="" type="checkbox"/> Showers	<input checked="" type="checkbox"/> Steam room, sauna or steam cabinets	<input checked="" type="checkbox"/> Lounge area
<input checked="" type="checkbox"/> Masseur	<input checked="" type="checkbox"/> Food/beverage service	<input checked="" type="checkbox"/> Certified platform scale

B. Describe the quarters to be used for female jockeys/drivers: Separate quarters, including restroom, facilities, showers, cubicles, scale, televisions, couch, sauna, massage table, etc.

20. BACKSTRETCH EMPLOYEE HOUSING

A. Inspection of backstretch housing was completed by CHRB Investigator Phil Miyazaki on February 7, 2012.

B. Number of rooms used for housing on the backstretch of the racetrack: 450

C. Number of restrooms available on the backstretch of the racetrack: 77 including: 155 toilets, 81 urinals and 167 sinks.

D. Estimated ratio of restroom facilities to the number of backstretch personnel: Minimum of 1 to 10 including non-resident personnel.

21. TRACK SAFETY

A. Total distance of the racecourse - measured from the finish line counterclockwise (3' from the inner railing) back to the finish line: Main Track - 1 mile & 1/8 - 5,940 feet; Turf Track - 1 mile 165 feet - 5,445 feet

B. Describe the type of track surface at the facility, including the specific track surface composition: Cushion track - sand, fibers, rubber and wax.

C. The percent of cross slope in the straight-aways is: 3%
The percent of cross slope in the center of the turns is: 5 1/2%

D. Describe the type(s) of materials used for the inner and outer railings of the race course, the type of inner railing supports (i.e., metal gooseneck, wood 4" x 4" uprights, offset wood 4" x 4"

supports, etc.), the coverings, if any, on the top of the inner railing, and the approximate height of the top of the inner railing from the level of the race course. Main Track – aluminum gooseneck post, aluminum railing, as well as aluminum safety panels covering the gooseneck post. Turf Course – inner rail – Fontana turf rail 40” in height, outer rail – metal uprights.

- E. Name of the person responsible for supervision of the maintenance of the racetrack safety standards pursuant to CHRB Rule 1474: **Dennis Moore**
- F. Attach a Track Safety Maintenance Program pursuant to CHRB Rule 1474. **On file**
- G. If the association is requesting approval to implement alternate methodologies to the provisions of Article 3.5, Track Safety Standards, pursuant to CHRB Rule 1471, attach a Certificate of Insurance for liability insurance which will be in force for the duration of the meeting specified in Section 2. The CHRB is to be named as a certificate holder and given not less than 10 days’ notice of any cancellation or termination of liability insurance. Additionally, the CHRB must be listed as additionally insured on the liability policy at a minimum amount of \$3 million per incident. The liability insurance certificate must be on file in the CHRB headquarters office prior to the conduct of any racing. **N/A**

22. DECLARATIONS

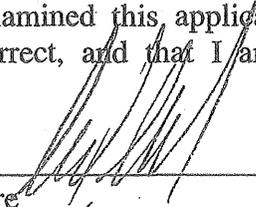
- A. All labor and lease agreements and concession and service contracts necessary to conduct the entire meeting have been finalized except as follows (if no exceptions, so state): **No exceptions**
- B. Attach each horsemen's agreement pursuant to CHRB Rule 2044. **To be submitted under separate cover.**
- C. Attach a lease agreement permitting the association to occupy the racing facility during the entire term of the meeting. (In the absence of either a lease agreement or a horsemen’s agreement, a request for an extension pursuant to CHRB Rule 1407 shall be made). **On File.**
- D. All service contractors and concessionaires have valid state, county or city licenses authorizing each to engage in the type of service to be provided and have valid labor agreements, when applicable, which remain in effect for the entire term of the meeting except as follows (if no exceptions, so state): **No exceptions**
- E. Absent natural disasters or causes beyond the control of the association, its service contractors, concessionaires or horsemen participating at the meeting, no reasons are believed to exist that may result in a stoppage to racing at the meeting or the withholding of any vital service to the association except as follows (if no exceptions, so state): **No exceptions**

NOTICE TO APPLICANT: Pursuant to CHRB Rules 1870 and 1871, the CHRB shall be given 15 days’ notice in writing of any intention to terminate a horse racing meeting or the engagements or services of any licensee, approved concessionaire, or approved service contractor.

23. CERTIFICATION BY APPLICANT

I hereby certify under penalty of perjury that I have examined this application, that all of the foregoing statements in this application are true and correct, and that I am authorized by the association to attest to this application on its behalf.

Eual G. Wyatt
Print Name


Signature

Vice President & General Manager
Print Title

JANUARY 25, 2012
Date

STAFF ANALYSIS
DISCUSSION AND ACTION BY THE BOARD REGARDING A REPORT FROM
THE CALIFORNIA MARKETING COMMITTEE (CMC) REGARDING ITS 2012
MARKETING AND PROMOTION PLANS PURSUANT TO BUSINESS AND
PROFESSIONS CODE SECTION 19605.73(b)

Regular Board Meeting
February 23, 2012

BACKGROUND

Business and Professions Code section 19605.73(b) requires the California Marketing Committee (CMC) to annually, on November 1, submit a written report to the Board on a statewide marketing and promotion plan for the upcoming calendar year. In addition, the organization shall annually present to the Board at the Board's November meeting a verbal report on the statewide marketing and promotion plan for the upcoming year. The plan shall be implemented as determined by the organization. In addition, Business and Professions Code section 19605.73(b) states that from the amount that would normally be available for commissions and purses, an amount not to exceed 0.25 percent of the total amount handled by each satellite wagering facility shall be distributed to the CMC. The amounts initially distributed to the CMC shall be 0.2 percent of the total amount handled by satellite wagering facilities for thoroughbred and fair meetings only. The amount distributable to the CMC may be adjusted by the Board, in its discretion. However, the adjusted amounts may not exceed an aggregate of 0.25 percent of the total amount handled by satellite wagering facilities for thoroughbred and fair meetings only. The promotion funds that are not expended in the year in which they are collected may be expended in the following year. If promotion funds expended in any one year exceed the amount collected for that year, the funds expended in the following year shall be reduced by the excess amount. The current board approved rate is 0.25 percent.

Business and Professions Code section 19605.73(c) also requires the CMC on a quarterly basis, to submit to the Board a written report that accounts for all receipts and expenditures of the promotion funds for the previous three months.

ANALYSIS

The CMC made its required yearly presentation to the Board at the December 15, 2011 Regular Board Meeting. At the time, the Board had questions regarding the CMC's marketing and promotional plans and requested that the CMC's return and update the Board in greater detail of its marketing and promotional plans for the 2012 year.

The Board received the 2010 CMC's audited financial statements. The CMC's financial statements show that revenue decreased by 18 percent and expenses decreased by 31 percent compared to the prior year. The law requires CMC have its 2011 audited

financial statements by April 30, 2012.

The 2012 CMC's budget includes new categories of expenditures and eliminated others from the 2011 budget. The new categories in the 2012 budget include satellite marketing, branding and new media, product enhancement, and minisatellite support. The categories eliminated from the 2012 budget include public relations and branding campaign, race results line, fair marketing, cal racing website, and the racing kiosks. In addition, the CMC plans to reduce the significant player reward by 29 percent compared to the prior year and increase the administration category by nine percent.

The table 1 and table 2 below show the 2012 and 2011 CMC budgets accordingly.

Table 1. CMC's 2012 Budget

Significant Player Reward	500,000
Satellite Marketing	270,000
Branding and New Media	180,000
Product Enhancement	500,000
Mini Satellite Support	29,000
Administration	175,000
Total	<u><u>1,654,000</u></u>

Table 2. CMC's 2011 Budget

Significant Player Reward	700,000
Public Relations and Branding Campaign	500,000
Race Results Line	200,000
Fair Marketing ¹	250,000
Cal Racing Website	88,500
Racing Kiosk	10,000
Administration	160,000
Total	<u><u>1,908,500</u></u>

RECOMMENDATION

Staff recommends the Board hear from the CMC representatives and other interested parties on its marketing and promotion, and its receipts and expenditures plans.

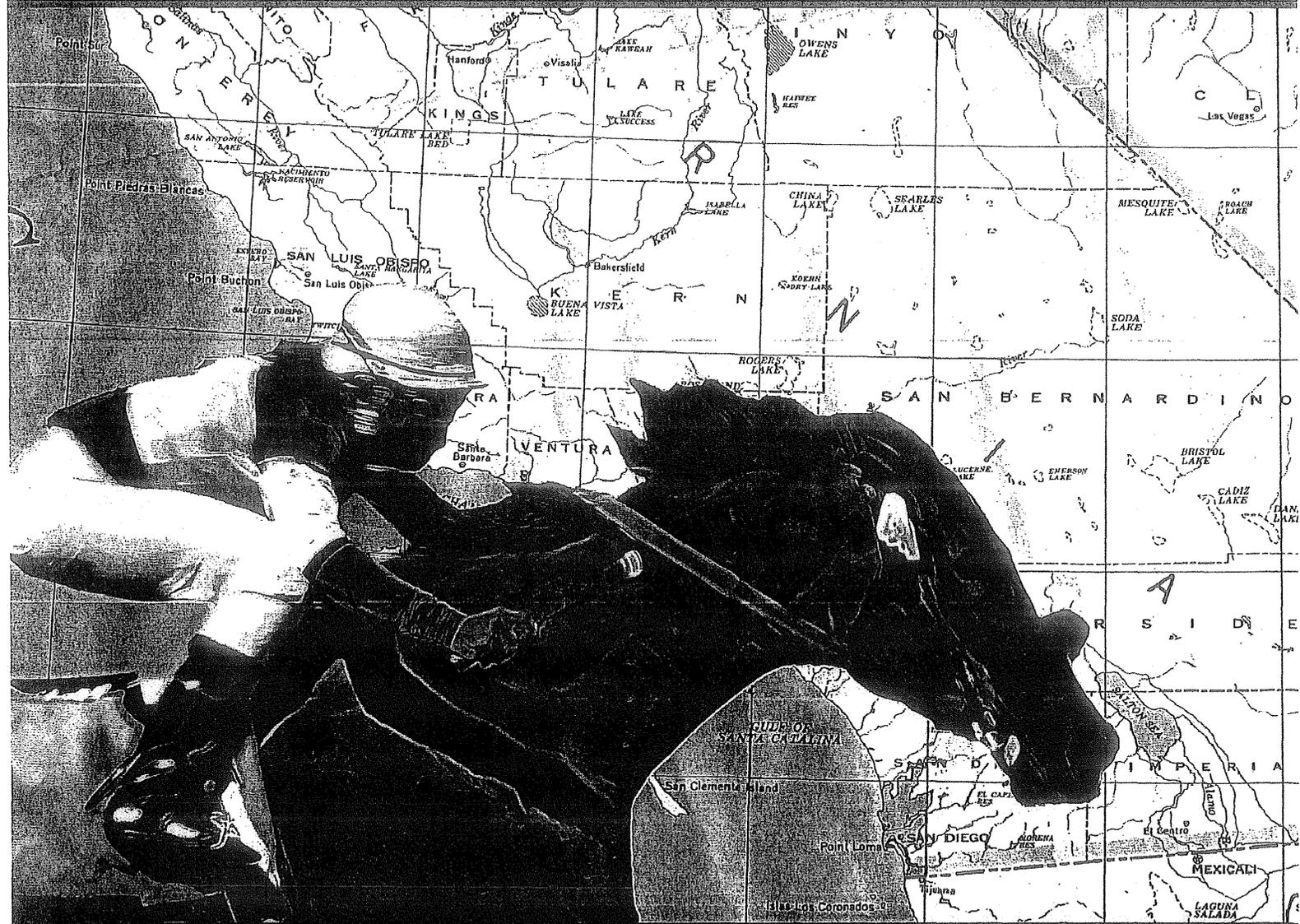
¹ Also referred as Satellite Marketing

CMAC

CALIFORNIA MARKETING COMMITTEE

*California Marketing Committee
Report to the California Horse Racing Board*

Programs • Budgets • Financials



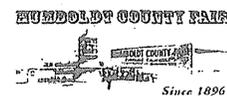
February 2012

Major Participating California Racing Entities

Associations



Fair Tracks



Horsemen's Organizations



Fair Satellites



Casino Satellites



Mini-Satellites





Honorable Keith Brackpool, Chairman
California Horse Racing Board

Dear Chairman Brackpool,

In accordance with California statute, the California Marketing Committee respectfully offers this report to the Board and to the California racing industry.

CMC continues to provide a forum in which it receives input from all interested industry participants as it considers allocation of available funding for marketing and promotion of Thoroughbred racing. This report describes the CMC plan for 2012, encompassing all geographical zones in California, and the manner in which funds were expended in the implementation of its programs in 2011.

Revenues available for CMC programs have declined in recent years because of economic conditions and changes in legislation. This trend has resulted in fewer, more targeted programs with an emphasis on measurable results. While CMC strives to ensure that its programs achieve the greatest positive impact for dollars spent, on-going industry discussions may include an evaluation of the utility of continuing CMC in its present form.

CMC will continue to fund its popular Calracing.com Website which offers streaming video and replays for CA racing fans. Starting this year, CMC programs will seek to enhance our racing product through targeted stakes supplements for Cal-breds and two-year-olds and, additionally, through structured recruitment programs. A Paddock Sale, planned for Del Mar in July, is intended to offer California racing fans an entertaining and educational insight into the exciting world of Thoroughbred ownership.

It is CMC's desire that this Report contribute to an on-going and constructive discussion of how best to assure a secure and sustainable future for Thoroughbred racing in California.

Respectfully submitted,

California Marketing Committee
February 2012

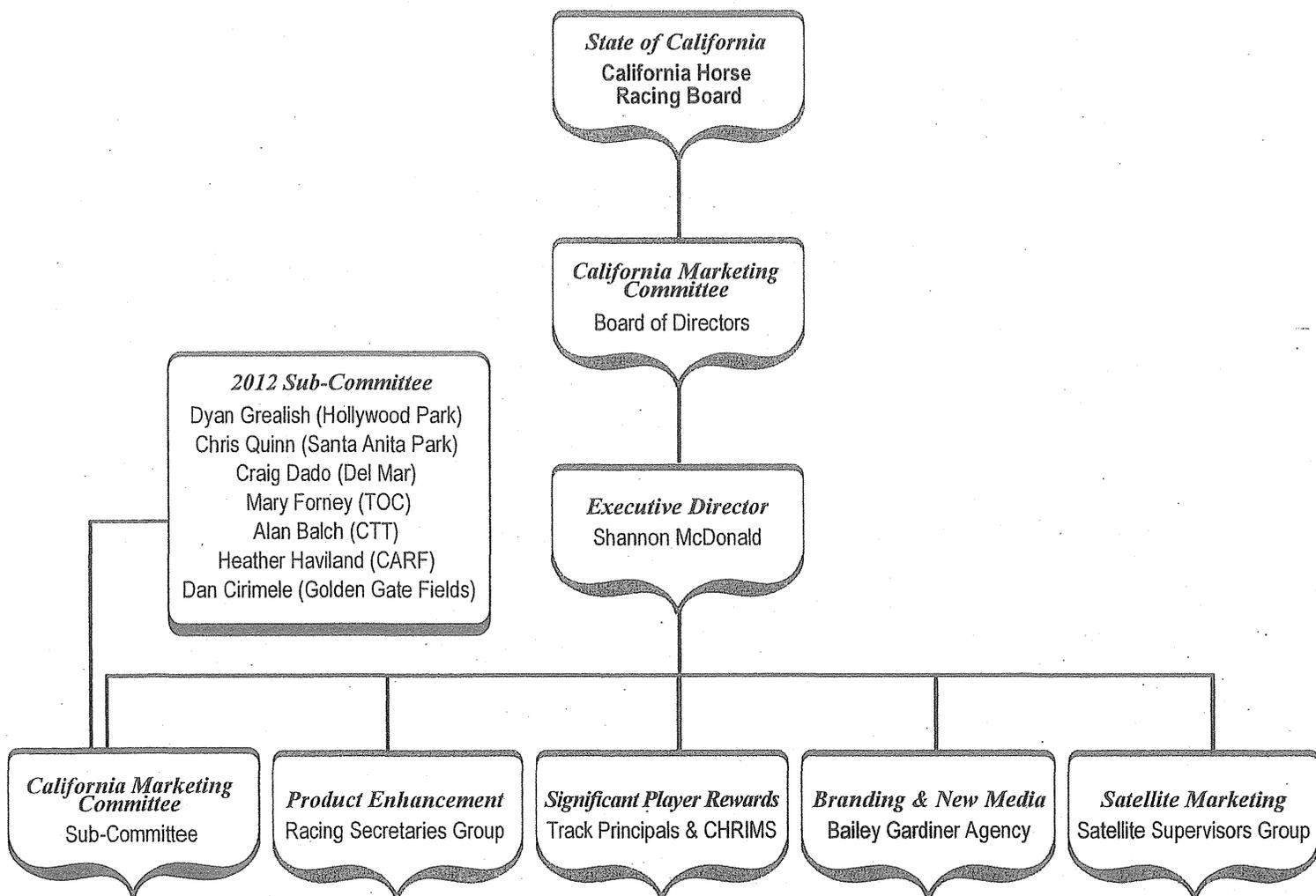
Board & Committee Structure

CMC 2012 Co-Chairs: Christopher Korby (CARF) and Dyan Grealish (Hollywood Park)



2012 Board of Directors

- Thoroughbred Racing Associations: Dyan Grealish (Hollywood Park)
Greg Avioli (Santa Anita Park)
- Thoroughbred Horsemen: Lou Raffetto (TOC)
Billy Koch (TOC)
- Live Racing & Satellite Fairs: Christopher Korby (CARF)
Kelly Violini (Monterey County Fair)



Overview & Structure

CMC SEES AS ITS PURPOSE THE ALLOCATION OF RESOURCES AT A STATEWIDE LEVEL TO COMPLEMENT AND SUPPLEMENT, NOT SUPPLANT, THE MARKETING EFFORTS UNDERTAKEN BY INDIVIDUAL RACE TRACKS AND FAIRS

The California Marketing Committee (CMC) is a statewide marketing organization formed to market and promote Thoroughbred horse racing pursuant to Business and Professions Code Section 19605.73. Statute requires that CMC voting members include two representatives each from Thoroughbred racing associations, Thoroughbred horsemen and from Fairs.

The CMC Board currently consists of the following members:

- Dyan Grealish and Greg Avioli representing Thoroughbred racing associations
- Lou Raffetto and Billy Koch representing Thoroughbred horsemen
- Kelly Violini and Christopher Korby representing Fairs

Dyan Grealish and Christopher Korby are the current CMC Co-Chairs.

Programs currently funded by CMC include promotion of California Thoroughbred and Fair racing through the establishment and maintenance of an Internet Web site; marketing and promotion of our product using social media sites; enhancement of our racing product through recruitment efforts and purse incentives; promotional funding and support for new mini-satellites; the establishment and administration of players incentive programs for those who wager on Thoroughbred races; and promotional activities at satellite wagering facilities to increase their attendance and handle.

The California Marketing Committee meets not less than four times per year. A Subcommittee of CMC meets monthly and acts as a second, more informal forum to encourage further participation and seek input from key industry participants. Subcommittee members currently include Dyan Grealish (Hollywood Park Marketing Department), Chris Quinn (Santa Anita Marketing Department), Craig Dado (Del Mar Marketing Department), Heather Haviland (CARF Director of Marketing), Mary Forney (TOC), Alan Balch (CTT) and Dan Cirimele (Golden Gate Fields).

In addition, the CMC works collaboratively and in tandem with many additional industry groups and representatives to solicit and vet ideas and concepts that will promote California Thoroughbred racing and enhance our product. These groups and representatives include all Thoroughbred racing associations, California Authority of Racing Fairs, (CARF), Thoroughbred Owners of California (TOC), California Thoroughbred Trainers (CTT), California Thoroughbred Breeders' Associations (CTBA), Racing Secretaries and facility marketing personnel, CHRIMS, SCOTWinc, NCOTWinc. and others.



Overview & Structure

HISTORICAL PERSPECTIVE

Since its inception in 1999, the CMC has served as an industry forum and funding source for a wide variety of statewide marketing initiatives and programs designed to promote and enhance Thoroughbred racing in California. Many of these initiatives and programs would not have been possible to launch or maintain without the CMC. Equally important the CMC has been a strategy incubator and catalyst for marketing and promoting our product. The CMC has facilitated open communication and collaboration, across stakeholder interests, CMC has always worked to support and promote marketing initiatives and programs for the benefit of California Thoroughbred racing, whether conducted private associations or by Fairs. CMC sees as its purpose the allocation of resources at a statewide level to complement and supplement, not supplant, the marketing efforts undertaken by individual race tracks and Fairs.

In this context, it's important to note that recent changes in legislation substantially reduced the funding available to CMC. For example, in 2010, the CMC budgeted revenues of \$3.4 million; the 2012 budget reflects projected revenues of \$1.8 million. The reductions in funding and limited resources have made it increasingly important that CMC use available funds for targeted programs designed to have specific impacts.

2011 Budget

	BUDGET	PROJECTED YEAR-END
SIGNIFICANT PLAYER PROGRAM		
Same Description as 2012 budget. Incentive payments declined in 2011 leaving a \$350,000 budget surplus.	700,000	349,487.89
SATELLITE MARKETING		
Same Description as 2012 budget.	250,000	250,000.00
PUBLIC RELATIONS & BRANDING CAMPAIGN		
Analysis from the R&D phase will be leveraged to inform the marketing and branding efforts. Comparing perceptions from horsemen and the general public will enable Bailey Gardiner and CMC to further understand the insider vs. outsider differences in opinions about leading issues and potential solutions. This will drive strategy in creating brand positioning, identity, experience, and ongoing brand management for the creation of new Cal Racing campaign. The research and branding will guide the public relations program which will support two goals. One will be to increase awareness with the consumer about Cal Racing and all the positive attributes attached to it. The other will be to monitor, participate and correct the critical and often negative conversation going on in the industry about Cal Racing.	500,000	550,067.00
CALRACING.COM WEBSITE		
Calracing.com appeals to owners, trainers and fans alike and provides a place to host free live video and free replays of California races. Feedback regarding the website continues to be overwhelmingly positive from all segments of the industry. The site also continues to be a strong vehicle for posting positive stories on California racing to combat some negative stereotypes, such as medication issues and workers compensation concerns. On average, there are 7,500 visits to the site each weekend day, with 5,800 on average per weekday. In the last eleven months, over 1.7 million visits to the site have been captured.	88,500	106,888.75
RACE RESULTS LINE		
To provide better service to our customers, a statewide free race results line was launched in 2007. For 2010, on average, the line handles over 55,000 calls per week, with nearly 2.8 million in estimated total annual calls.	200,000	192,619.55
RACING KIOSKS		
Funding toward the creation of two mobile kiosks that will promote California racing. One each will be placed in Northern and Southern California. This is a collaborative project between the tracks and Local 280.	10,000	15,061.80
ADMINISTRATION		
Directors and Officers insurance, accounting audit, office expenses, meeting expenses, business and legal expenses, staff salary and benefits.	160,000	188,129.06
CAL-BRED PROGRAM ACCRUAL		
CMC decided to include an accrual for Cal-bred stakes payable in 2012 and 2013. Please see page 12 for additional information.	0	800,000.00
TOTAL	1,908,500	2,452,254.05
FUND GENERATION - PROJECTED	1,846,529	1,952,695.00
(OVER) / UNDER	(61,971)	(499,559.05)
PRIOR YEAR ACCUMULATED SURPLUS	315,415	315,415.18
FUND BALANCE	253,444	(184,143.87)

2012 Budget

BUDGET

SIGNIFICANT PLAYER PROGRAM

Significant Player rewards is an incentive program for players who wager a minimum of \$20,000 per month. Players receive a tiered reward based on their play - varying from 1% to 3%. Players participate under a variety of track frequent fan programs by using a designated club card to place their wagers. This program allows us to identify and stay connected with our most valuable players. The program, often in conjunction with local track programs, also helps attract players to our pools who may be wagering elsewhere. Through Oct. 2011, over 72 unique players participated and qualified under the program, wagering over 17 million in California handle.

500,000.00

SATELLITE MARKETING

Satellite Marketing allocation will be used for marketing efforts to promote the California Off-Track Satellite Network, a network of twenty-seven satellite facilities made up of Fairs, tribal casinos and mini-satellites throughout the state. Satellite Marketing programs include the following: CalRacing Club, a card-based satellite customer retention program, which currently consists of 12,500 of California's core horseplayers; statewide giveaways, coordinated closely with tracks; e-mail campaigns and collaborative promotions, such as the current Free Form Fridays during Hollywood Park's Fall meeting. These programs are designed to reward existing customers while generating incremental increases on targeted days at a cost of less than \$10,000 per facility. In 2010, these satellite facilities generated over \$405 million in handle; from that \$405 million in handle, \$1.57 million was distributed to the CMC Promotional Fund and over \$20.7 million was distributed to purses.

270,000.00

BRANDING & NEW MEDIA

Branding and New Media allocation will support calracing.com, Public Relations and Social Media outreach and the Race Results Line. Calracing.com appeals to owners, trainers and fans alike and provides a place to host free live video and free replays of California races. The site also continues to be a vehicle for posting positive stories on California racing to combat some negative stereotypes. Public Relations outreach will focus on lifestyle events at the tracks while Social Media will continue to focus on Facebook and the 'Inner Jockey' micro site. Race Results Line support will continue in 2012 at a marked reduction in operating cost. The line will change from a toll free call to a caller paid call. The objective will be to transition many of those patrons who do have internet access from the race results line to calracing.com for free replays.

180,000.00

BREEDING ENHANCEMENT

A new program designed to bolster two-year-old stakes races in both Northern and Southern California. Since the Breeders' Cup added several two-year-old championship season-end events, California was lacking in providing necessary preparatory events to support those new races. CMC funding will be used to support existing two-year-old stakes sprints, as well as aid in the creation of several new two-year-old route turf stakes. This new program will encourage the breeding and importation of young horses to California. Additionally, some funding will be allocated to financially assist the importation of other horses to California.

500,000.00

NEW MINI-SATELLITE SUPPORT

A co-op budget, with funds derived from new mini-satellites, Sportech and CMC, has been established for 2012 to advertise and promote new locations. Based on five startups, \$75,000 would be earmarked for advertising and promotion of the new locations through print, outdoor, radio and direct mail media as well as database farming and localized promotions such as handicapping contests, betting vouchers and special events. In addition \$20,000, funded by Sportech and CMC, has been earmarked for mini-satellite awareness advertising, reaching potential new locations primarily through targeted direct mail.

29,000.00

ADMINISTRATION

Directors and Officers insurance, accounting audit, office expenses, meeting expenses, business and legal expenses, staff salary and benefits.

175,000.00

*CMC Board approved \$800,000 accrual on 11/18/2011 for Cal-Bred program disbursements in 2012 (\$400,000) and 2013 (\$400,000). Please see page 12 for additional information.

	TOTAL	1,654,000.00
FUND GENERATION - PROJECTED	1,800,000.00	
(OVER) / UNDER	146,000.00	
PRIOR YEAR ACCUMULATED SURPLUS	(182,910.46)	
BALANCE	(36,910.46)*	

Miscellaneous Budget Notes

SIGNIFICANT PLAYER PROGRAM - Annual CMC Budget Allocation to Pre-Fund Potential Liabilities for Incentive Rewards

During the annual CMC budget preparation, CMC staff formulates projections of the potential financial liabilities that might be paid out for incentive rewards under that year's Significant Player Program. CMC has elected to use a conservative fiscal approach in its projection of potential liabilities in order to ensure that the Significant Player Program remains solvent. In some years, when awards are paid at a lower amount than projected in the budget, this conservative approach results in an unpaid balance ("surplus accrual") at the end of the year. From time to time, and with formal approval from the Committee, this accrual is used to fund other CMC programs, such as the Cal-Bred Stakes Program described below.

CAL-BRED STAKES PROGRAM - 2011 \$800,000 CMC Accrual for 2012 and 2013

Racing in California is highly dependent on Cal bred horses in that over time Cal bred horses have represented 50% of the horses racing in California. From 2003 to 2011, the California foal crop has declined 53% from 3,867 to an estimated 1,800. This decline must be blunted in order to preserve California racing.

In order to stimulate the breeding of Cal bred horses, the CMC and the CTBA jointly undertook the supplemental funding of purses for 18 Cal bred stakes races for two and three year olds in both 2012 and 2013. Because horses will be nominated for these races early in 2012, yearlings purchased in 2011 and future breeding commitments made in reliance on the existence of these races in 2012 and 2013, the funding of these races had to be in place in 2011 even though their actual funding would be postponed until 2012 and 2013.

When the accrual was authorized, it was estimated the CMC at 2011 year end would have a surplus of \$700,000 and it was recognized that any 2011 shortfall in revenue would have to be covered in 2012 and/or 2013. Section 19605.73 specifically contemplates revenue in a later year being available to cover a shortfall in an earlier year. The \$800,000 accrual in 2011, as required by Section 19605.73, will be formally disclosed in CMC's fourth quarter report to the Board.

STAFF ANALYSIS
DISCUSSION AND ACTION BY THE BOARD REGARDING
A REQUEST FROM CALIFORNIA EXPOSITION AND STATE FAIR
TO AMEND ITS CURRENT
DECEMBER 26, 2011 THROUGH JUNE 30, 2012 RACE MEETING APPLICATION
TO REDUCE THE NUMBER OF LIVE HARNESS RACE DATES
AND THE CONCERNS FROM
THE CALIFORNIA HARNESS HORSEMEN'S ASSOCIATION (CHHA)
REGARDING THIS REQUEST

Regular Board Meeting
February 23, 2012

BACKGROUND

Business and Professions Code section 19420 provides that jurisdiction and supervision over meetings in this State where horse races with wagering on their results are held or conducted, and over all persons or things having to do with the operation of such meetings, is vested in the California Horse Racing Board. Business and Professions Code section 19440 provides that the Board shall have all powers necessary and proper to enable it to carry out fully and effectually the purposes of this chapter. Responsibilities of the Board shall include, but are not limited to, licensing of each racing association and all persons, other than the public at large, who participate in a horse racing meeting with pari-mutual wagering, as well as allocation of racing dates to qualified associations in accordance with the law. Business and Professions Code section 19530 states the Board shall have the authority to allocate racing weeks to an applicant or applicants pursuant to the provisions of this article and to specify such racing days, dates and hours for horse racing meetings as will be in the public interest, and will subserve the purposes of this chapter. The decision of the Board as to such racing days, dates and hours shall be subject to change, limitation or restriction only by the Board.

In November 2011 the Board approved the application for license to operate a horse racing meeting of the California Exposition and State Fair Harness Association at Cal-Expo (Cal-Expo). The approved license period was from December 26, 2011 through June 30, 2012, inclusive. Cal-Expo proposed to run three nights per week, Thursday through Saturday. At the hearing Commissioner Rosenberg asked if the Cal-Expo fair board had made any decisions regarding the future of harness racing at Cal-Expo. Mr. Dave Elliott of Cal-Expo stated the fair board may make a decision about the future of harness racing at Cal-Expo sometime between December 2011 and February 2012. Mr. Elliott stated there had been enquiries from parties that may be interested in becoming the harness operator at Cal-Expo, but there were no concrete proposals. Mr. Elliott also stated that Cal-Expo had to give the California Harness Horsemen's Association (CHHA) at least 180 days notice if it were not going to operate. He said the date for such notice would be February 24, 2012 for the fall 2012 meeting. The Board approved the Cal-Expo application.

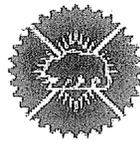
On January 10, 2012 Cal-Expo submitted a request to reduce its weekly racing schedule to Fridays and Saturdays only beginning January 23, 2012. The request was made due to the decrease in the available number of ready horses and that under current circumstances; the herd size was unlikely to increase. In addition, Cal-Expo indicated they had no commitments from any out of state/county trainers, and were currently racing a three day schedule without the adequate number of horses. Cal-Expo was informed such a request would require a decision of the Board, as it represented a substantial modification of the approved Cal Expo application.

Subsequent to Cal Expo's January 10th request to reduce its live racing days, the CHHA in its January 11, 2012 letter expressed its objection to any request made by Cal-Expo to reduce the number of race dates from three to two. While acknowledging a recent decline in the number of racehorses currently available for harness nightly races, CHHA argued that (1) a unilateral decision by Cal-Expo management is contrary to Section 1(b)"Harness Racing Dates" under the current Horsemen's Agreement with Cal-Expo (Exhibit A attachment to January 11th letter), (2) seeks to eliminate the only nightly racing program, Thursday, that has been supported by an active promotional effort by Cal-Expo in concert with TVG, and (3) will significantly diminish the exposure of Cal-Expo harness racing, both in California and nationally, at a critical time when harness racing in California is seeking a new operator for racing.

On February 1, 2012, Cal-Expo submitted a request to the Board for approval to amend its application for license to cancel Thursday race days for the remainder of the Cal-Expo harness meeting from March 1, 2012 through June 14, 2012. Cal-Expo stated it did not have enough horses to card a three day per week racing schedule without financial losses and overpayment to the purse accounts. If approved, Cal-Expo is willing to consider returning to a three day race week schedule, if the available number of horses reaches a consistent 270 horses per week. On February 8, 2012 the CHHA submitted a letter requesting that the Board consider discussing the CHHA's objections to Cal Expo's request for reduction of race days. The CHHA stated that such action is in violation of major provisions of the current Multiyear Horsemen's Agreement.

RECOMMENDATION

This item is presented for Board discussion and action.



CAL EXPO

January 10, 2012

Mr. Kirk Breed
 Executive Director
 California Horse Racing Board
 1010 Hurley Way, Suite 300
 Sacramento, CA 95825

Dear Mr. Breed,

On behalf of the California Exposition & State Fair, we respectfully request your approval to reduce our weekly racing schedule to Fridays and Saturdays only beginning January 23, 2012. We are making this request because the available amount of race ready horses has decreased and we do not see any circumstance whatsoever that the herd size may increase. We do not have any commitments from any out of state/country trainers. We are currently racing a 3 day schedule without the adequate number of horses to support it.

We offer the following information as it relates to the recently concluded race meet:

<u>Week</u>	<u>Number of Races</u>	<u>Starters</u>	<u>Average Per Race</u>	<u>Week</u>	<u>Number of Races</u>	<u>Starters</u>	<u>Average Per Race</u>
10/20	38	271	7.13	11/25	30	235	7.83 (2 day week)
10/27	38	263	6.92	12/1	35	253	7.23
11/3	35	266	7.60	12/8	35	252	7.20
11/10	33	247	7.48	12/15	32	242	7.56
11/17	37	259	7.00				

We offer the following information related to the current race meet:

<u>Week</u>	<u>Number of Races</u>	<u>Starters</u>	<u>Average Per Race</u>
12/31	30	225	7.50 (2 Day Week)
1/7	30	224	7.46 (2 Day Week)
1/14	34	233	6.85 (3 Day Week- does not include scratches)

As noted, when we went to a three day race week on October 20, there were 271 horses that raced in 38 events for an average field size of 7.13. During the last week of the meet which concluded on December 17, the amount of horses that raced was 242 in 32 events for a field size average of 7.56. With 240 available starters, we can fill 30 races (15 each on Friday and Saturday) with an average field size of 8 starters per race. We know from experience the Cal

Mr. Kirk Breed
January 10, 2012
Page 2

Expo harness fans appreciate the value provided with larger field sizes. Obviously the larger fields create more handle, purses, and commissions.

Also, as noted, the race meet beginning December 30 has shown the available number of racehorses has not increased enough to support a three day race week. If our request is approved, we are willing to address going back to a 3 racing day per week schedule if the amount of available racehorses reaches 280 horses. This amount of race ready horses will allow us to card 35 races weekly with an average field size of 8 per race. We are striving, as mentioned in paragraph 12a of our current agreement with the CHHA, to maintain a field size average of eight horses per race.

We sincerely appreciate your consideration and approval of our request.

Respectfully,
CALIFORNIA EXPOSITION & STATE FAIR



David Elliott,
Assistant General Manager, Racing Events

cc: Jackie Wagner
Norb Bartosik
Alan Horowitz

California Harness Horsemen's Association
P.O. Box 254767
Sacramento, CA 95865
(916) 263-7888; fax (916) 263-7887

January 11, 2012

Ms. Jackie Wagner
Assistant Executive Director
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95825

Dear Ms. Wagner:

This letter is to again put on record with the California Horse Racing Board the objection of the California Harness Horsemen's Association (CHHA) for any request that is made by the Cal Expo Harness Racing Asssocation to reduce the number of nights per week of harness racing from three nights to two. While we acknowledge a recent decline in the number of racehorses currently available for our nightly races, we would argue that (1) a unilateral decision by the Cal Expo management is contrary to Section 1 (b) "Harness Racing Dates" of our current Horsemen's Agreement with Cal Expo (see Exhibit A), (2) seeks to eliminate the only nightly racing program, Thursday, that has been supported by an active promotional effort by Cal Expo in concert with TVG, and (3) will significantly diminish the exposure of Cal Expo harness racing, both in California and nationally, at a critical time when harness racing in California is seeking a new operator for racing.

Our CHHA Board of Directors is fully cognizant of the need to keep any overpayment of purses in check, and have and will continue to work with Cal Expo to rein-in any overpayment as it may come about. We have had a long and successful history of paying off overpayments.

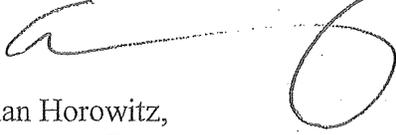
Finally, with regard to the current number of racehorses, we know from conversations with several Canadian horsemen that additional horses to bolster our racing program are available and can join us at Cal Expo if some incentive program can be set up (as we did last Fall and in previous years). It seems that the Cal Expo management is just less ambitious than it has been in the past.

While I don't have a crystal ball, and these type of decisions are difficult to make, I can tell you that if harness racing goes to two nights per week, it will not return to three nights per week for the remainder of Cal Expo's harness racing operation. It is still too early to support such a request.

Thank you for your consideration of this important racing issue for California harness horsemen. Please let me know if I can provide you with any additional information pertaining to this matter.

Sincerely,

CALIFORNIA HARNESS HORSEMEN'S ASSOCIATION

A handwritten signature in black ink, appearing to read 'Alan Horowitz', with a large, stylized flourish extending to the right.

Alan Horowitz,
Executive Director

Cc: David Elliott, Assistant General Manager, Racing Events, Cal Expo Harness Racing
Norb Bartosik, General Manager/CEO, California State Fair
Cynthia Bryant, Chairperson Racing Committee, California State Fair

Exhibit AAGREEMENT

CALIFORNIA EXPOSITION & STATE FAIR
and
CALIFORNIA HARNESS HORSEMEN'S ASSOCIATION

Agreement No. 09-0153

THIS AGREEMENT is entered into between California Exposition & State Fair, an independent entity of the State of California ("Cal Expo"); and California Harness Horsemen's Association, a California corporation ("CHHA"). For convenience herein, Cal Expo and CHHA may be referred to as the "Parties."

Recitals

- A. Whereas, Cal Expo desires to operate harness racing meets at its facility in Sacramento, California.
- B. Whereas, CHHA is comprised of a majority of owners, trainers, drivers, and breeders of harness/standardbred race horses which will participate in all harness racing meets conducted at Cal Expo and has been acknowledged by the California Horse Racing Board (CHRB) to be the organization to represent horsemen at California harness racing meetings.
- C. Whereas, the CHRB allocates harness racing dates for specific periods during the calendar year.

Now, therefore, the parties agree as follows:

1. HARNESS RACING DATES:

- a) The CHRB has allocated harness racing dates to Cal Expo for the period December 26, 2009, through June 19, 2010, and for the period from August 13, 2010, through December 18, 2010, for a harness racing meet to be conducted at Cal Expo in Sacramento, California. It is acknowledged and understood by both parties that harness racing dates are allocated by the CHRB and harness racing dates for each year of this Agreement beyond December 18, 2010, will be requested by Cal Expo.
- b) Cal Expo agrees to request from the CHRB the allocation of and operate a minimum of 130 racing days each calendar year at Cal Expo during the term of this Agreement, with racing weeks consisting primarily of three (3) racing days each week. Changes in racing dates can be made with the consent of both parties, and neither party will unreasonably withhold this approval.
- c) "Race meet" or "racing meet" is defined as the entire period under the conduct of an association within the enclosure of the designated grounds for which the CHRB has granted a license.



February 1, 2012

Commissioners
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95825

Dear Commissioners,

On behalf of the California Exposition & State Fair, we respectfully request your approval to cancel Thursday racing days for the remainder of the Cal Expo harness meet from March 1 through June 14, 2012.

Simply, we do not have an adequate number of available racehorses to card a three day per week racing schedule without experiencing financial losses and overpayments to the commissions and purse accounts. If this request is approved, we are willing to consider returning to a three racing day per week schedule with CHRB approval if the available racehorse population reaches a consistent 270 horses per week.

We offer the following information as it relates to starters and field size average for the current meet:

<u>Week</u>	<u>Number of Racing Days</u>	<u>Number Of Races</u>	<u>Starters</u>	<u>Field Size Average</u>
12/30-31	2	30	219	7.30
1/6-1/7	2	30	232	7.73
1/12-1/14	3	34	225	6.62
1/20-1/21	2	29	203	7.00
1/27-1/28	2	30	212	7.06
2/3-2/4	2	30	211	7.03
2/10-2/11	2	28	220 (Before Scratches)	7.85

As noted, the field size per race average decreased when we raced a three day race week in January.

Based upon the average operating expense of \$36,000 per day and the average daily purses paid since December 30 of \$35,000 per day, we offer the following information.

<u>Dates</u>	<u>Number Of Days</u>	<u>Number Of Races</u>	<u>Gross Commissions</u>	<u>Commissions Over/(Underpaid)</u>	<u>Gross Purses</u>	<u>Purses Under/(Overpaid)</u>
12/30-31	2	30	64,435	(7,565)	70,913	913
1/6-1/7	2	30	58,634	(13,366)	64,541	(5,459)
1/12-1/14	3	34	71,006	(36,994)	78,210	(26,790)
1/20-1/21	2	29	62,138	(9,862)	68,649	(1,351)
1/27-1/28	2	30	60,253	(11,477)	65,840	(4,160)
2/3-2/4	2	30	66,492	(5,508)	75,335	(5,335)

California Exposition & State Fair

P.O. Box 15649 * Sacramento, CA 95852-1649 * State of California * Jerry Brown, Governor

Harness Racing in California-

It is imperative we provide a product "on the field" that will entice our players to wager. We know from experience that offering races with short fields has a direct and immediate impact on our handle. We do not have the statutory authority and benefit of relying upon the importation of approximately 75 out of state/out of country races per day and the revenue those races produce as the thoroughbred industry enjoys. We are only statutorily authorized to import 8 races per racing program. As an example, we offer the following as it relates to the percentage of import handle vs. live handle.

	<u>California January Total Handle</u>	<u>California Live Handle</u>	<u>Total Import Handle</u>	<u>California Live Handle %</u>
Golden Gate Fields	30,262,725	7,984,888	22,277,837	26%
Cal Expo Harness	4,731,264	2,776,979	1,954,285	59%

These figures are provided only to further explain the importance of our live product. It must be the primary focus and support of our racing program.

Your consideration and support of our request will allow us to further concentrate on providing the best product possible.

Respectfully,
CALIFORNIA EXPOSITION & STATE FAIR



David Elliott
Assistant General Manager, Racing Events

cc: Mr. Kirk Breed
Ms. Jacqueline Wagner
Cal Expo Board of Directors
Mr. Norb Bartosik
Mr. Alan Horowitz

California Harness Horsemen's Association
P.O. Box 254767
Sacramento, CA 95865
(916) 263-7888; fax (916) 263-7887

February 8, 2012

Mr. Kirk Breed
Executive Director
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95825

RE: Request by CHHA to place the follow item on the CHRB's Agenda for the upcoming February Meeting on February 23rd 2012 -- Discussion of violations by the Cal Expo Management of the Multiyear Horsemen's Agreement between Cal Expo and the California Harness Horsemen's Association.

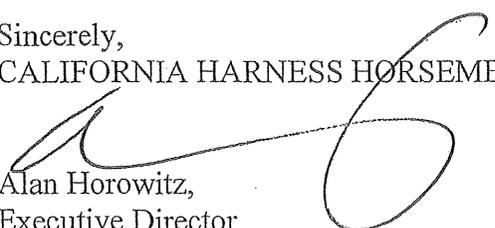
Dear Mr. Breed:

This letter is a request by the California Harness Horsemen's Association (CHHA) to have the California Horse Racing Board place an item on the Agenda for its upcoming monthly meeting on February 23, 2012 to discuss specific actions by the Cal Expo Management (Cal Expo) that are in violation of major provisions of the Multiyear Horsemen's Agreement (Cal Expo Agreement No. 09-0153, currently on file with the Racing Board).

Two of the key provisions that appear in breach by the actions of Cal Expo are Section 1 – HARNESS RACING DATES: Subsection (b), and Section 3 – HORSEMEN'S PURSE POOL: Subsection (g). In particular, Cal Expo has continued to reduce the number of racing dates without the consent of CHHA (the horsemen), and will be unable to meet the minimum number of 130 race nights as specified under the Horsemen's Agreement and to provide CHHA and the Horsemen's Purse Pool with funds that are essential to the satisfactory operation of the race meet.

Representatives of CHHA would appreciate the opportunity to present these issues to the Board for consideration at the February meeting. Thank you.

Sincerely,
CALIFORNIA HARNESS HORSEMEN'S ASSOCIATION


Alan Horowitz,
Executive Director

AGREEMENT

CALIFORNIA EXPOSITION & STATE FAIR
and
CALIFORNIA HARNESS HORSEMEN'S ASSOCIATION

Agreement No. 09-0153

THIS AGREEMENT is entered into between California Exposition & State Fair, an independent entity of the State of California ("Cal Expo"); and California Harness Horsemen's Association, a California corporation ("CHHA"). For convenience herein, Cal Expo and CHHA may be referred to as the "Parties."

Recitals

- A. Whereas, Cal Expo desires to operate harness racing meets at its facility in Sacramento, California.
- B. Whereas, CHHA is comprised of a majority of owners, trainers, drivers, and breeders of harness/standardbred race horses which will participate in all harness racing meets conducted at Cal Expo and has been acknowledged by the California Horse Racing Board (CHRB) to be the organization to represent horsemen at California harness racing meetings.
- C. Whereas, the CHRB allocates harness racing dates for specific periods during the calendar year.

Now, therefore, the parties agree as follows:

1. HARNESS RACING DATES:

- a) The CHRB has allocated harness racing dates to Cal Expo for the period December 26, 2009, through June 19, 2010, and for the period from August 13, 2010, through December 18, 2010, for a harness racing meet to be conducted at Cal Expo in Sacramento, California. It is acknowledged and understood by both parties that harness racing dates are allocated by the CHRB and harness racing dates for each year of this Agreement beyond December 18, 2010, will be requested by Cal Expo.

- b) Cal Expo agrees to request from the CHRB the allocation of and operate a minimum of 130 racing days each calendar year at Cal Expo during the term of this Agreement, with racing weeks consisting primarily of three (3) racing days each week. Changes in racing dates can be made with the consent of both parties, and neither party will unreasonably withhold this approval. 

- c) "Race meet" or "racing meet" is defined as the entire period under the conduct of an association within the enclosure of the designated grounds for which the CHRB has granted a license.

2. TERM OF AGREEMENT

- a) The term of this Agreement is December 20, 2009, through December 21, 2013. This Agreement may be extended for two additional one-year terms, exercised independently, provided that the Parties reach a mutually acceptable agreement.
- b) This agreement shall be considered null and void prior to the expiration date listed above if another operator, other than Cal Expo, is operating the race meet, or if another organization, other than CHHA, is representing the owners, trainers, drivers, and breeders, pursuant to CHRB approval at Cal Expo.

3. HORSEMEN'S PURSE POOL:

- a) The amount to be paid by Cal Expo to horsemen participating in the race meet as purses shall be determined and computed in accordance with the California Business & Professions Code regulations. Said amounts are derived from wagering handle on all live harness races emanating from Cal Expo and all imported out-of-state races that are hosted by Cal Expo from On-Track Handle, California off-Track Handle, Out-of-State Handle on Cal Expo live races, Advance Deposit Wagering handle in California on Cal Expo live and Cal Expo hosted events, and Exported Advance Deposit Wagering (ADW) handle on Cal Expo live handle through out-of-state ADW providers.
- b) The parties agree that this Agreement shall constitute the written agreement contemplated in Business & Professions Code section 19605.7(c) and that fifty percent (50%) of the one-half of one percent (0.5%) of unused funds identified in said section 19605.7(c), commonly referred to as a "promotion fund," shall be deposited into the horsemen's purse pool account at the conclusion of the race meet.
- c) Nothing in this Agreement is intended to alter the requirement of the law (Bus. & Prof. Code § 19619) with regard to the funding of the California Standardbred Sires Stakes Program.
- d) Cal Expo and CHHA mutually agree that any subsidy of California Sires Stakes Program races shall come from the horsemen's purse pool. ~~Cal Expo and CHHA may negotiate a higher or lower amount of subsidy to the California Sires Stakes Program races should the subsidy amounts be available without creating an overpayment of the entire purse pool.~~ All Sires Stakes supplemental purse monies shall be paid by Cal Expo directly to the California Standardbred Sires Stakes Committee (CSSSC) administrator. The parties hereby agree that the purse pool will continue to fund the Sires Stakes races on a supplemental basis at a minimum of \$3,000. 25
add
2/18/10
- e) The parties will endeavor to estimate the amount of purses to be paid at the race meet, separately and singularly so as to avoid the overpayment or underpayment of purses to the horsemen by Cal Expo. Cal Expo and CHHA shall provide to each other, an estimate of the purse pool generated during the period covered in this agreement.

Any underpayments or overpayments of purses shall be carried over to subsequent meets that are operated by Cal Expo.

In the event an overpayment exists at the end of a scheduled race meet and the subsequent race meet is operated by an entity other than Cal Expo, then CHHA shall make every effort to include, in their agreement with the new operator, to have purse funds directed and paid to Cal Expo in the exact amount of the purse overpayment no later than six (6) months after the last scheduled racing day of a race meet operated by Cal Expo. If an underpayment of purses exists at the end of a scheduled race meet and the subsequent race meet is operated by an entity other than Cal Expo, then the two parties shall meet and mutually agree to a method to distribute any underpayments in a manner that will benefit the harness horsemen who had participated in the race meet.

- d) Representatives of each party shall meet bimonthly to discuss any issues related to the purse pool or any other matter. The parties agree that they will meet on a regular basis to determine if the purse levels are being met by the handle and to determine if a purse increase or decrease is necessary to be placed in effect for the current meet or subsequent meets.
- g) Cal Expo will provide the following amounts as an investment to the purse pool if overpayments exist at the conclusion of any race meet or as funding for other benefits to the horsemen participating at the race meet when agreed to by both parties.

<u>Investment Amount</u>	<u>Racing Year</u>
\$150,000	2009-10
\$175,000	2010-11
\$200,000	2011-12
\$200,000	2012-13

- h) As of November 16, 2009, there is an overpayment balance of \$66,604.06 that is owed to Cal Expo by CHHA from the 2005 State Fair harness racing meet. These repayments as referenced in the CHHA/Cal Expo Horsemen's Agreement for 2009 in paragraph 2G. Cal Expo agrees to redirect the reimbursement or repayment of these funds and agrees that the parties will agree to a method to expend these funds by December 18, 2010, for the specific and sole benefit to the horsemen participating in the racing meet. A proposed plan to expend these funds, which shall come from the CHHA, may include but will not be limited to purse supplements, early/late closer purses, incentive programs, starter bonuses, etc. Cal Expo shall not unreasonably withhold its approval of this plan.
- i) Southern California Off Track Wagering, Inc. (SCOTWINC) receives payments from harness operators for expenses related to the harness race meet and thereafter refunds excess amounts collected by SCOTWINC from the operator. In estimating the amount of money available for the payment of purses, Cal Expo shall also estimate that the

purse pool shall receive, on a retroactive basis, one-half of all of the SCOTWINC refunds paid as a result of the race meet.

For example, if during the race meet(s) covered by this Agreement, Cal Expo pays \$4,000,000 to SCOTWINC, of which \$2,000,000 is refunded to Cal Expo after the race meet concludes, one-half of the refund shall be deemed to have been the property of the horsemen in the form of advanced distributions to the purse pool. In estimating purses throughout the meet, so as to avoid to the extent possible overpayments and underpayments of purses, Cal Expo may consider the future receipt of SCOTWINC refunds of money paid during the current race meet (in which event Cal Expo shall advance those sums to the purse pool). In the event there is an overpayment of purses as a result of considering the future receipt of refunds from SCOTWINC, Cal Expo shall be entitled to recoup from the horsemen's share of the SCOTWINC refund such sums as may be required to reduce or repay the overpayment.

- j) Pursuant to Business & Professions Code section 19601(1), when Cal Expo is required to pay to Los Alamitos an impact fee, fifty percent (50%) of the impact fee paid to Los Alamitos shall be paid from commissions and fifty percent (50%) shall be paid from the purse pool.
- k) Pursuant to Business & Professions Code section 19605.77.(a), by signing this Agreement, CHHA approves the deduction of an additional one percent (1%) of the total amount handled in conventional pari-mutuel pools of the Cal Expo harness meet and hosted events for the defraying of workers' compensation costs for the trainers that are represented by CHHA.
- l) CHHA shall provide to Cal Expo a listing of all current committees and subcommittees of the CHHA.
- m) CHHA shall pay to Cal Expo \$175.00 per month for utility costs for the CHHA office trailer and the CSSSC office located in the Cal Expo grandstand. Utility costs are subject to increase should Cal Expo's utility provider's rates increase during the term of the Agreement. Cal Expo shall notify CHHA if utility rates are increased. Cal Expo shall invoice CHHA monthly, and payment by CHHA will be due within 15 days of receiving the invoice.

4. PURSE SCHEDULE:

- a) Distribution of purse money to the various classes of horses competing at Cal Expo's race meets will be in accordance with the provisions set forth herein.
- b) Purses shall not be increased during any meet except by written agreement of the CHHA Purse Committee and/or the CHHA Executive Director, as executed by the CHHA Executive Director or President and Cal Expo. The Purse Committee shall be comprised of two (2) representatives from CHHA and shall meet on a regular basis as requested by either party with the designated representative(s) of Cal Expo. All purse

increases shall apply only to overnight races and may be distributed proportionately among all classes or races in accordance with the initial purse structure of any meet. Purses shall not be decreased without the written agreement of the CHHA Purse Committee and/or the CHHA Executive Director, as executed by the CHHA Executive Director or President and Cal Expo. Cal Expo must state facts upon which the decrease is warranted. CHHA shall not withhold consent of a purse decrease.

- c) After each racing week during the race meet, Cal Expo shall make every effort to provide to CHHA, by facsimile, e-mail, or hard copy, a report indicating the weekly total amount of monies wagered (total handle), when available; estimated commissions (Cal Expo's share); estimated purses generated (horsemen's share); estimated purses paid; breeders and owners awards; the balance of the horsemen's purse account; and whether the horsemen are overpaid or underpaid. Within thirty (30) days of the conclusion of any meet, Cal Expo shall furnish to CHHA the final statement containing all of the above information for the entire meet. CHHA acknowledges that some reports are not directly provided in a timely manner to Cal Expo; however, Cal Expo shall make every effort to keep CHHA apprised of all handle related data on a weekly basis.
- d) No purse pool money shall be used for match races, exhibition races, or special racing events unless the terms, conditions, and purses are expressly agreed upon in writing by the CHHA Purse Committee and/or the CHHA Executive Director, as executed by the CHHA Executive Director or President and Cal Expo prior to the scheduling or announcement of such races.
- e) No race shall be placed on the condition sheet or carded for horses with a claiming price of less than Two Thousand Five Hundred Dollars (\$2,500). Claiming prices may only be reduced below this level if agreed to in writing by Cal Expo and the CHHA Executive Director or President.
- f) Purse distribution shall be in accordance with the practice in the industry and rules of the CHRB. If, due to an accident or other circumstance approved by the CHRB Stewards, fewer than five (5) horses finish in an overnight race, United States Trotting Association (USTA) Rule 19 shall apply. If fewer than five (5) horses earn money in an overnight race, unpaid monies will revert to the horsemen's purse account. Cal Expo and CHHA may agree, in writing, to provide starter fees from the purse account for any horses starting in any races.
- g) The Paymaster of Purses shall: (1) pay driver's fees in accordance with CHRB Rules; (2) pay programmed trainers five percent (5%) of the purses earned by horses under their care; and (3) pay out breeder awards and Cal-bred Owner's bonuses within fourteen (14) calendar days of each race. Breeders without an owner's account shall be paid no later than the last day of each calendar month.

- h) Cal Expo and CHHA may agree to be joint participants in a Horse Incentive Program. Terms set forth in writing for any Horse Incentive Program must be agreed to by both parties.
- i) The parties acknowledge the creation of the Diamond Horse Alliance (DHA). The parties agree to work together and cooperate in implementing and undertaking the DHA program and to take no action which is inconsistent with that program. Cal Expo and CHHA may agree, in writing, to abolish the DHA program and agree that horses that have participated at Cal Expo as a recognized participant of the DHA program will not be negatively affected by the cancellation of the program.

5. CHHA ADMINISTRATIVE FUNDING:

- a) The amount to be paid from the purse pool to CHHA for the purpose of defraying the cost of administration and services by CHHA for the benefit of horsemen shall be six percent (6%) of any and all purse moneys generated from sources as defined in paragraph 2(a) of this Agreement.
- b) All accrued and unpaid amounts required to be paid to CHHA pursuant to this paragraph shall be paid to CHHA no later than the fifteenth (15th) day of each month for purse moneys generated the prior month. For example, if \$500,000 was generated to the purse pool as defined in paragraph 2(a) of this Agreement in March 2010, six percent (6%) of that amount shall be paid to CHHA on or before April 15, 2010.
- c) Cal Expo receives funds from the pari-mutuel handle from various sources for commissions and purses. Cal Expo may choose to provide to CHHA their administrative fees by the fifteenth (15th) day of each month based on funds that Cal Expo has received. For example, if the ADW providers do not pay to Cal Expo specific funds generated through the ADW providers in a timely manner, Cal Expo shall pursue those late funds and shall pay to CHHA any outstanding administrative fees owed upon receipt of funds. To clarify, Cal Expo may choose to not pay six percent (6%) administrative fees to CHHA using the calculation of funds that Cal Expo has not received and Cal Expo shall advance funds to the purse pool but shall not advance unpaid funds to CHHA for administrative fees. Cal Expo will make every effort by negotiation to receive the historical "slow pay" funds in a timely manner so that it can pay to the CHHA the required administrative fees. CHHA, as required by current statute, shall provide to the CHRB an annual audit and shall provide a copy to Cal Expo.

6. USE OF TRACK AND BARN AREA:

- a) The track will be closed to standardbred horses after the last race of each race program during the race meet. Cal Expo shall ensure that the race track, training track, and barn areas meet standardbred racing standards.

- b) The parties shall cooperate in developing a plan and implementing a program to facilitate the stabling and training of horses during the break between the two race meets when Cal Expo conducts its summer fair.
- c) All dogs maintained in the barn area shall conform to the requirements of Exhibit A, Cal Expo's rules governing dogs on the backstretch, as amended June 2005, attached hereto and made a part of this Agreement.

7. TRACK CONDITION:

- a) Cal Expo management shall supervise the planning and proper preparation of the race track prior to the opening of the race meet, including resurfacing of the track or reconditioning of the soil if necessary, and shall consult with the CHHA Track Committee to review plans for preparation. The track is to be approved by the CHHA Track Committee no later than two (2) days prior to the opening day of racing. Cal Expo agrees to abide by all safety rules promulgated by the CHRB with regard to track maintenance and safety.
- b) Cal Expo shall obtain the approval of CHHA's Track Committee regarding the condition of the track for racing, training, and safety. An emergency meeting may be scheduled on two (2) hours notice when the safety of the track is at issue. The decision as to track safety shall be at the discretion of the Stewards for purposes of racing, based upon recommendations from CHHA Track Committee and Cal Expo management. The condition of the track for training purposes shall be maintained by Cal Expo to the satisfaction of the CHHA Track Committee, keeping in mind the health and welfare of the horses and all individuals participating in the training and racing of horses. In the event the CHHA Track Committee determines the racetrack to be inadequate for training or racing purposes, it shall promptly advise Cal Expo management, and Cal Expo shall promptly effectuate such repairs or remediation as may be necessary. If, in the determination of the CHHA Track Committee the racing surface is determined to be unsafe for training or racing purposes, no owner, trainer, driver, groom, or horse shall be required to participate in any event on that racing surface.
- c) The main track shall be open from 6:30 AM until 12:30 PM six (6) days per week during the term of this Agreement or other times as necessary as determined by Cal Expo management. Cal Expo shall not withhold consent to have the racetrack open during specific periods if a majority of the horsemen agree on suitable times for the racetrack to be opened and maintained.
- d) Cal Expo shall, at its expense, provide an experienced outrider to be on the track each day during the hours when the track is open for jogging and/or training.

8. SERVICES AND CONDITIONS OF OTHER FACILITIES

- a) Cal Expo shall maintain the Driver's Locker Room in a clean, presentable condition.

- b) Horsemen participating in the Cal Expo race meet have stated their desire to clean and level all of their stalls upon the conclusion of any Cal Expo harness race meet in order to minimize the amount of time for the annual racing break period. Cal Expo shall provide to the CHHA and horsemen a schedule depicting the days that the barn area and racetrack will close and open for harness horses.
- c) In connection with all matters affecting horsemen at the meet, Cal Expo recognizes CHHA and its respective working committees as being the duly-designated representatives of the horsemen as recognized by the CHRB. Upon the request of Cal Expo or any of the above committees, representatives of both parties shall meet as expeditiously as possible to discuss and resolve any problems or matters affecting horsemen or Cal Expo or the conduct of the meet. All agreements reached with any such committee or representatives shall be reflected in writing and signed by a representative of Cal Expo, the CHHA Committee involved, and/or the CHHA Executive Director or President.
- d) No deduction, other than driver's and trainer's fees, fees for registration and eligibility papers, entry fees, and claims with the owners approval, fines levied by the CHRB, deductions ordered by any court, shall be made from any owner's purse account without the authorization of the owner or his/her authorized agent. An exception to this shall be that CHHA authorizes Cal Expo to deduct from any paymaster account amounts equal to the amount of checks cashed by an account holder at Cal Expo that have been returned to Cal Expo because of non-sufficient funds and payments that are in excess of 30 days late of those account holders who rent space in the Cal Expo Horsemen's RV Park. Fees for photos, videos, and other services provided by or at the track will be deducted upon agreement of the owner and the vendor with notice given to the Paymaster of Purses. Any disputes as to the propriety of any such deduction must be resolved between the owner and the vendor.

9. SECURITY

- a) Detention Barn: Trainers who, by stewards or association order, are serving in the detention barn will be charged the reimbursable fee for security and cleaning in the detention barn for each racing period that they are relegated to the detention barn.
- b) Cal Expo shall provide randomly scheduled night security patrol in the barn area.
- c) Cal Expo, at its own expense, shall provide a breathalyzer as well as a qualified operator thereof to administer breathalyzer tests for each card to all drivers participating in the program, pursuant to U.S.T.A. Rule 5, Section 16.
- d) With respect to TCO2 testing and detention barn policies, Cal Expo and CHHA agree to abide by all laws, regulations, rules, and policies of the CHRB.

10. QUALIFYING RACES

- a) Cal Expo shall conduct qualifying races before a designated nightly racing program with a maximum of eight (8) horse fields unless larger fields are agreed to in writing by Cal Expo and the CHHA Executive Director or President. If cancelled because of extenuating circumstances, qualifying races shall be held the next racing day, conditions permitting. To qualify a horse as a starter, the following requirements shall be met: (1) the horse shall be identified by the horse identifier; (2) the horse shall be approved by the Stewards for conduct and safety; (3) Cal Expo management and the Stewards shall set time standards for particular gait and age of horses and for track condition; and (4) timing and equipment check procedures for each qualifying race will be consistent with those used for pari-mutuel races.
- b) In the event any horses have not started within thirty (30) days immediately preceding a race in which they are to be entered, those horses shall be required to qualify. This requirement may be waived by Cal Expo and the CHHA upon agreement by both parties for any reason deemed necessary.

11. LATE CLOSERS AND ENTRIES

- a) Early or late closing events shall be conducted only upon a written agreement of terms for such races between Cal Expo and the CHHA. Some examples of items that may be included in the agreements for early or late closing events are condition of race, purse amounts, guarantees, entry fees, added purse monies, number of betting interests, etc.
- b) It is agreed that in all claiming races, Cal Sired and DHA horses will be given a base claiming price allowance of fifty percent (50%) in addition to normal age and sex allowances.
- c) All entries in any race must be given the option to withdraw with no date penalty and to enter another race in the event of a condition change after the normal time for close of entries. If a race does not fill, the Racing Secretary may cancel the race and write a new condition(s) as a substitute race. Such new race shall be announced. Any horses having entered an unfilled race shall be given preference over late entries.
- d) The preference rule to be in effect for the meet shall enable all independently-owned horses to be eligible for a given race regardless of: (1) whether they are trained by the same trainer, or (2) the number of other horses entered for that race. In all cases, except where common ownership or interest exists or where a coupled entry is necessitated, all horses eligible for a race shall have their respective preference dates used to determine their eligibility for that race.
- e) When a minimum of eight (8) separate betting interests are entered for a race, the race shall be considered filled and no late entries shall be accepted by the Racing Secretary. In no event shall any race be drawn with less than five (5) separate betting interests except by mutual written agreement of Cal Expo and the CHHA Executive Director or

President. If a race is not filled, the Racing Secretary may call for additional entries or may cancel the race and add a substitute race which adds conditions to any original condition.

- f) When a horse is scratched prior to the announced scratch time, the number one also eligible shall draw into the post position vacated by the scratched horse. Once the announced scratch time has passed, all horses which have drawn into a race are obliged to race unless scratched due to one of the reasons set forth in CHRB rules. Cal Expo shall make available to CHHA, each day after the draw, the list of entries.
- g) Unless agreed otherwise between Cal Expo and CHHA Purse Committee and/or CHHA Executive Director or President, the taking of daily entries shall be at a minimum of 72 hours prior to race time and scratch time shall be at a minimum of 48 hours prior to race time.
- h) The parties agree that a maximum of three (3) 12-horse fields per racing night may be used if available. These 12 horse fields will be carded and used as, in priority order, Super High 5 Race, 2nd Leg of the Pick 6 race, and a leg of a Pick 4 race.
- i) The condition sheet for each racing program shall contain conditions for as many races as are scheduled on the program. In addition, the Racing Secretary may write conditions for substitute races; however, substitute races that are generally equal in quality should be used in place of an originally carded race that did not fill.

12. RACING CONDITIONS

- a) Cal Expo, with the written consent of CHHA, executed by its Executive Director or President, may apply to the CHRB for permission to conduct three (3) to five (5) racing programs during each scheduled week of its meeting based upon the availability of race ready horses. Racing weeks of less than three (3) days may be granted if mutually agreed upon by both parties and provided there are sufficient racehorses available. Cal Expo and CHHA shall strive to achieve an average starter per race amount of eight (8) horses per race in all instances.
- b) When submitting an application to conduct a horse racing meeting to the CHRB, Cal Expo shall apply to the CHRB for a minimum of nine (9) live races per program during the meet, provided there is an adequate number of racehorses to support the race meet. Cal Expo and CHHA agree to strive to maintain an average of eight starters per race. Cal Expo shall not schedule any stakes during the meet except for those stakes mutually agreed to in writing by Cal Expo and CHHA. The stakes schedule may be modified with the mutual written consent of the CHHA Purse Committee/ Executive Committee/Executive Director and Cal Expo, executed by the CHHA Executive Director or President.
- c) Recalls shall be made for reasons that are considered acceptable under the standards maintained by the USTA and the CHRB Stewards. Under all other circumstances, all horses shall be considered starters.

- d) Horses competing in races conducted as part of the California Standardbred Sires Stakes during the meet shall be required to be stabled in a designated detention barn before their respective race events, in accordance with CHRB rules, and adhere to the other conditions in the posted detention barn policy. Upon violation of detention barn policies, the stewards shall be notified.

13. CALIFORNIA BRED RACES

- a) Pursuant to Business & Professions Code Section 19568, Cal Expo shall offer on the condition sheet at least one race per day restricted to Cal Bred horses. These races will be subject to all provisions of overnight races. The owner of a registered California bred horse that wins any race (excluding stakes, late/early closers, or restricted races) shall be paid by the Paymaster of Purses a bonus equal to ten percent (10%) of the winner's share of the posted purse from the horsemen's purse account. The Racing Secretary shall weekly place on the condition sheet a California Bred Open Race if a minimum of six (6) competitive California Bred Open horses enter and the race will be carded and will carry a purse equal to the Preferred 1 Class. The California Bred Open will be carded as a pari-mutuel race if there are seven (7) separate wagering betting interests. If there are fewer than seven (7) separate wagering interests entered, but more than four (4), it will be at the discretion of Cal Expo management whether to card the race. If there are four (4) or fewer entries, the race will not be carded. All California bred races shall split divisions after twelve (12) or more entries have been accepted.
- b) Cal Expo management shall be available to meet with the CHHA Purse Committee to discuss the schedule of races and purses. Cal Expo management shall take into consideration the number and classification of California bred horses on the grounds and shall write conditions that will insure full fields. The Racing Secretary shall maintain a list of all California bred horses on the grounds and shall make this list available to the CHHA Executive Director on a weekly basis upon request. CHHA will cooperate with the Racing Secretary in an effort to identify such California horses.
- c) Cal Expo shall make available to CHHA the daily report from the Paymaster of Purses listing winners of California bred and California sired races and purses upon request.
14. USE OF IMAGE AND SIMULCASTING: Cal Expo agrees to obtain the written approval of CHHA concerning any publicity opportunities which may be available to the parties hereto involving the use of videotapes and/or the transmission of live or delayed audio-visual signals of harness racing from the premises. In the event the parties agree that such opportunities are in their best interests, the parties shall negotiate in good faith concerning the terms and conditions of the use of said tapes and/or transmissions. Cal Expo shall not transmit live or delayed audio-visual signals of the meet without the written consent of CHHA, executed by its Executive Director or President. Consent shall not be unreasonably withheld by CHHA.
15. GENERAL LIABILITY INSURANCE: At all times CHHA shall maintain at its own cost and expense commercial general liability insurance coverage with minimum limits of at least \$1,000,000 per occurrence combined single limit for bodily injury and property

damage and cover damages for bodily injury, property damage, personal injury liability, and products and completed operations liability.

The general liability insurance coverage shall include the following provisions:

- a) State of California, California Exposition & State Fair, its agents, officers, directors, employees, and servants are made additional insured but only insofar as the operations under this agreement are concerned.
 - b) The coverage will not be cancelled or reduced in coverage without 30 days prior written notice to Cal Expo.
 - c) Cal Expo shall not be responsible for the payment of any premiums or assessments on the policy.
 - d) CHHA shall submit insurance certificates to Cal Expo for approval by appropriate agencies prior to the commencement of operation on the premises. At least thirty (30) days prior to the expiration of any policy, a new insurance certificate with renewal information shall be filed with Cal Expo. CHHA shall furnish Cal Expo a certified copy of the policy within ten (10) days upon request.
 - e) Certificate of Insurance and/or policy must cover each annual term of the agreement including the period described as set-up and clean-up period, if any.
 - f) CHHA agrees that the liability insurance herein provided shall be in effect at all times during the term of this agreement. In the event said insurance coverage expires at any time or times during the term of this agreement, CHHA agrees to provide the California Exposition & State Fair, PO Box 15649, Sacramento, CA 95852, a new certificate of insurance evidencing insurance coverage as provided for herein for not less than one year or the remainder of the term of this agreement. New Certificates of Insurance are subject to the approval of the California Exposition & State Fair and CHHA agrees that no activity by CHHA contemplated by this agreement be performed after the insurance expires and prior to the giving of such approval. In the event CHHA fails to keep in effect at all times during the term of this agreement the insurance coverage as herein provided, Cal Expo may, in addition to any other remedies it may have, terminate this agreement upon the occurrence of such event.
16. WORKERS' COMPENSATION INSURANCE: CHHA certifies that it is aware of the provisions of Section 3700 of the Labor Code which requires every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that Code, and CHHA affirms to comply with such provisions before commencing the performance of the work of this agreement.
17. PROPERTY INSURANCE: At all times CHHA shall maintain at its own cost and expense all-risk property insurance coverage on the buildings, improvements, fixtures, furnishings,

equipment and all other personal property, including supplies of the CHHA on the premises, on replacement of the property in event of loss.

18. AUTOMOBILE LIABILITY INSURANCE: At all times CHHA shall maintain at its own cost and expense automobile liability insurance coverage with limits not less than \$1,000,000 combined single limit per accident.
19. CAL EXPO INSURANCE: Cal Expo shall obtain, without cost to the horsemen, driver and trainer accident and disability insurance with the following coverages at a minimum: Two Hundred Fifty Thousand Dollars (\$250,000) medical; Thirty Thousand Dollars (\$30,000) accidental death and dismemberment; and Three Hundred Fifty Dollars (\$350) per week disability for a period of up to 24 months. This insurance shall cover death, accident or injury to participants during activities related to jogging, training, the warm-up for, and conduct of any race or qualifying race at the Cal Expo harness/standardbred meet, or any other personal injury suffered while working on the backstretch or on the racing surface. Prior to the opening of each race meet, Cal Expo shall provide CHHA with evidence of compliance with this provision, including a copy of the insurance policy obtained and premiums paid. If CHHA is able to purchase this same coverage at a lower rate than Cal Expo, CHHA shall make arrangements to do so and Cal Expo shall reimburse CHHA for any premiums paid.
20. INDEMNIFICATION
 - a) CHHA agrees to indemnify, defend and hold harmless the State of California, California Exposition & State Fair, its officers, employees, directors and agents from and against any liability, loss, expense (including reasonable attorneys' fees) or claim for injury or damages arising out of the performance of this Agreement, but only to the extent caused by or resulting from the negligence or willful misconduct of CHHA, its employees, contractors, or agents.
 - b) Cal Expo agrees to indemnify, defend and hold harmless CHHA, its directors, officers, employees and agents, from and against any liability, loss, expense (including reasonable attorneys' fees) or claim for injury or damages arising out of the performance of this Agreement, but only to the extent caused by or resulting from the negligence or willful misconduct of Cal Expo, its employees, contractors, or agents.
21. AMENDMENT: No amendment or variation of the terms of this Agreement shall be valid unless made in writing, signed by the parties and approved as required. No oral understanding or Agreement not incorporated in the Agreement is binding on any of the parties.
22. TERMINATION PRIOR TO EXPIRATION OF TERM:
 - a) Either party may terminate this Agreement and be relieved of any performance should the other party breach this Agreement in a material term. In the event of such

termination, either party may proceed in a manner consistent with available legal remedies.

b) Either party may terminate this Agreement, without cause, upon giving 180 days written notice to the other party.

23. DISPUTE RESOLUTION: The parties agree to the following dispute resolution procedure to cover any and all disputes arising under this Agreement:

a) Mediation: In the event of a dispute, claim or controversy arising out of or relating to the Agreement or the breach, termination, enforcement, interpretation or validity thereof, and such dispute, claim or controversy cannot be informally resolved by the parties, the parties agree to formally mediate the dispute. The parties will mutually agree on the mediator or service to be used. The parties agree to share equally in the costs associated with mediation. In the event one of the parties refuses to submit to mediation, then the other party shall recover all reasonable costs incurred in order to compel to submit to mediation.

b) Venue in Sacramento: The parties to this Agreement agree that any action at law or suit in equity, relating to this Agreement or any provision thereof, shall only be instituted and maintained in a court of competent jurisdiction in the County of Sacramento, State of California. Each party hereto waives the right to change of venue.

c) Notwithstanding the foregoing, in the event litigation is instituted by one party against the other, the parties agree that, in addition to any other remedies that this Agreement or the law may allow, the prevailing party in such litigation shall recover all reasonable costs, including reasonable attorney's fees.

24. In the event a change of law substantially affects any part of this Agreement, the parties shall meet, confer, and reduce to writing any provisions necessary to carry on the agreement as intended by the parties.

25. Should any part of this Agreement be declared invalid, the remaining parts of the Agreement shall remain in full force and effect, and the invalid portion shall be eliminated to the extent not inconsistent with the Horse Racing Law or the directives, rules, and regulations of the CHRB.

26. MISCELLANEOUS

a) CHHA will use its best efforts to see to it that its members and the horsemen who participate in or who have horses stabled at the meet are advised of the terms of this Agreement, and CHHA will use its best efforts to cause those persons to comply therewith in matters under the control of CHHA. Cal Expo will likewise use its best efforts to advise its officers and employees of the terms of this Agreement and to cause compliance therewith.

- b) Where mutual agreement is required, neither party shall unreasonably withhold its agreement, and all such mutual agreement shall be evidenced in a writing signed by the parties hereto, including the CHHA Executive Director or President and Cal Expo.
- c) As long as Cal Expo is not in material breach of this Agreement, neither CHHA, its officers, directors, or employees shall induce, incite or encourage a strike, boycott or refusal to participate in the meet.
- d) CHHA hereby understands, recognizes, and agrees that Cal Expo may charge a fee for the repair of any tack rooms, barns, stalls, restrooms, roofs, solar panels or any other item that is deemed to be damaged by any CHRB licensee. Owners and trainers that are assigned barns and stalls shall receive the barns and stalls in good condition and shall sign off on the condition of their assigned barns and stalls and shall only be charged a fee upon damaging the assigned barns or stalls.
- e) CHHA hereby understands, recognizes, and agrees that it will assist Cal Expo in any manner whatsoever related to the compliance of water quality issues in the backstretch area. Cal Expo may institute rules, procedures, and policies to be followed for the compliance of water quality issues by the horsemen and Cal Expo. Upon finding a repeat violation by a horseman, trainer, or other person of these rules and procedures, Cal Expo may fine or eject any persons occupying the backstretch area.

IN WITNESS WHEREOF, the parties hereto have affixed their signatures on the date first shown below.

CALIFORNIA EXPOSITION & STATE FAIR

CALIFORNIA HARNESS HORSEMEN'S ASSOCIATION

Date: 5/17/10
 By: 
 Norbert J. Bartosik
 General Manager/CEO

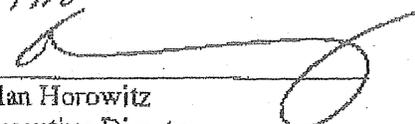
Date: 5/19/10
 By: 
 Alan Horowitz
 Executive Director

EXHIBIT A

Rules governing dogs on the backstretch:

All dogs must be kept leashed or contained at all times as described below in the confinement rules. THESE RULES SHALL APPLY TO ALL DOGS IN THE BARN AREA AND TRAILER PARK.

CONFINEMENT RULES:

All dogs must be kept on an 8 foot leash; or on a tether no more than 20 feet in length; or in an enclosure no larger than 16X20 feet; or within electronic confinement in a space no larger than 16X20 feet. Said electronic confinement must be identified with fluorescent markers and registered with the California State Fair Police Department.

In addition:

1. All dogs must be registered and a \$50 fee paid to Cal Expo no later than five days after being brought on the grounds.
2. All dog owners must provide proof of Sacramento City licensing for the dog.
3. Any unregistered and unlicensed dog will be removed and taken by animal control.
4. No dogs shall be left in a vehicle unattended for more than 10 minutes.
5. In the event of a dog-biting incident, the owner must inform California State Fair Police immediately.
6. CHHA will maintain a log book of each dog's picture, owner information and proof of local licensing. CHHA will provide "dog tags" for each dog to expedite identification.
7. A Cal Expo approved committee of horsemen has been formed to enforce these rules.
8. Cal Expo reserves the right to terminate this policy at any time should this policy present any issues that impact public safety.

STAFF ANALYSIS
DISCUSSION BY THE BOARD REGARDING
A PRESENTATION FROM
GOLDEN PEGASUS HORSE EXCHANGE RACING CORPORATION
CONCERNING ITS PROPOSAL TO SELL STOCK/SHARES IN
RACE HORSES ON AN OPEN MARKET

Regular Board Meeting
February 23, 2012

BACKGROUND

Business and Professions Code section 19420 provides that jurisdiction and supervision over meetings in this State where horse races with wagering on their results are held or conducted, and over all persons or things having to do with the operation of such meetings is vested in the California Horse Racing Board. Business and Professions Code section 19440 states that the Board shall have all powers necessary and proper to enable it to carry out fully and effectually the purposes of this chapter. Responsibilities of the Board shall include, but not be limited to, licensing of each racing associations and all persons, other than the public at large, who participate in a horse racing meeting with pari-mutuel wagering. Business and Professions Code section 19460 provides that all licenses granted under this chapter are subject to all rules, regulations, and conditions prescribed by the Board, and shall contain such conditions as are deemed necessary or desirable by the Board for the best interests of horse racing and the purposes of this chapter. Board Rule 1506, Horse Ownership by Corporation or Limited Liability Company, states that if the legal owner of any race horse is a corporation or a limited liability company (Corporations Code section 17000 et seq.), the corporation or limited liability company shall appoint one or more responsible managing employee(s) who, if qualified, may be granted a license as Horse Owner. Such employee accepts and assumes all responsibilities of an owner.

Mr. Michael Rogers, the Chief Executive Officer of Golden Pegasus Racing Incorporated (GPRI), an affiliate of The Stronach Group, has informed the Board that GPRI has organized six companies for the purpose of owning and racing thoroughbred horses. The companies are: Awesome Again Racing Corporation; Red Bullet Racing Corporation; Perfect Sting Racing Corporation; Macho Uno Racing Corporation; Ghostzapper Racing Corporation; and Ginger Punch Racing Corporation. Each of the six companies owns 20 horses. GPRI will supervise all training and racing development of the horses owned by the six companies. GPRI has stated that for each of the six companies it intends to conduct an initial public offering on the open market of its common stock.

Current practice with regards to registering a corporation as a horse owner is:

- 1) The corporation must provide a copy of its articles of incorporation, and complete the form CHRB 13, Application To Register Multiple Ownership;

- 2) If the corporation is a California Corporation, there is no registration fee, and the corporation is issued a no fee 900 series number;
- 3) If the corporation is an out-of-state corporation, the fee is \$300;
- 4) The term of registration for a corporation is three years;
- 5) The corporation shall appoint one or more responsible managing employees who must be eligible for license a Horse Owner. The person named by the corporation may be an actual employee, or a shareholder of the corporation. The person named by the corporation must receive a license as Horse Owner, and is responsible for conducting the business of the corporation at the racetrack.
- 6) There are no additional requirements for the licensing of any shareholders as a Horse Owner, regardless of ownership interest in the corporation. Unless named a responsible managing employee on the form CHRB 13, no shareholder is eligible to be licensed as a Horse Owner.

Under the Board's current rules and regulation GPRI may conduct its business, as currently stated, in California. Each company must register with the Board and appoint a responsible managing employee who must be licensed as a Horse Owner. There are no additional requirements for licensing shareholders, regardless of the amount of ownership interest.

RECOMMENDATION

This item is presented for Board discussion.

Golden Pegasus Racing Incorporated
901 S. Federal Highway
Hallandale Beach, Florida 33009

January 20, 2012

Robert Miller, Counsel
California Horse Racing Board
1010 Hurley Way
Suite 300
Sacramento, CA 95825

Dear Mr. Miller:

On behalf of the Companies (as noted below) and further to recent conversations that you have had with respect to the Companies, I am writing to address the manner in which owner notification and licensing requirements under the California Horse Racing Board's Form CHRB-13 (the "Indirect Owner Licensing Requirements") will be applied to the Companies, organized by Golden Pegasus Racing Incorporated ("Golden Pegasus"), an affiliate of The Stronach Group ("TSG"), for the purpose of owning and racing thoroughbred horses and the stockholders of the Companies. The six companies (the "Companies") are:

- Awesome Again Racing Corporation
- Red Bullet Racing Corporation
- Perfect Sting Racing Corporation
- Macho Uno Racing Corporation
- Ghostzapper Racing Corporation
- Ginger Punch Racing Corporation

Golden Pegasus has been organized to supervise all training and racing development of the horses owned by the Companies.

TSG is a privately-held consortium and a leading owner of thoroughbred horse racing tracks. It owns and operates a number of tracks, including Pimlico Race Course and Laurel Park in Maryland; Santa Anita Park and Golden Gate Fields in California; Portland Meadows in Portland, Oregon; and Gulfstream Park in Florida. Other assets of The Stronach Group include a joint venture interest in an associated retail development at Gulfstream Park; certain horseracing technology assets, including Xpressbet[®] and AmTote; and a majority joint venture interest in HRTV, a cable and satellite television network dedicated to the sport of horse racing. The companies making up The Stronach Group are owned, directly or indirectly, by trusts for the benefit of members of the Stronach family.

Mr. Robert Miller, Esq.

January 20, 2012

Page 2

Each of the six Companies owns 20 horses. The 120 horses owned, in total by the six Companies were purchased by the Companies for a total cost of approximately \$7.3 Million.

Each of the Companies has filed a registration statement on Form S-1 with the U.S. Securities and Exchange Commission pursuant to which it intends to conduct an initial public offering of its common stock. Please note that the purpose of this communication is solely to address the Indirect Owner Licensing Requirements and that our inquiry is not an offer to sell or the solicitation of an offer to purchase any securities.

Among other things, the Indirect Owner Licensing Requirements may be deemed to require that each owner of common stock of a Company be identified (the "Threshold Amount") in order for horses owned by that Company to race in the State of California. Because the stock sale will be made in connection with proposed public offerings (the "Public Offerings"), it will be practically impossible to identify any stockholder owning less than 5% of the Companies other than as of the closing date of any Public Offerings that may occur. To the extent a subscriber intends to hold 5% or more, that subscriber is required to be licensed prior to purchasing shares in the Public Offerings. However, secondary market trading in the Companies' common stock, to the extent it occurs, may result in new stockholders acquiring stock below the Threshold Amount or any stockholder exceeding the Threshold Amount without the Companies' knowledge.

Once the Public Offerings have been completed, the Companies' knowledge of the ownership positions of their stockholders will be drawn principally from the registered holders list maintained by the transfer agent for the common stock. To the extent a purchaser in the Public Offerings deposits its stock into a brokerage account, the deposited shares of stock will be held in "street name" and the owner will be anonymous from the Companies' perspective. Similarly, any shares acquired in the secondary market would be held in "street name" by the owner (unless the owner chose for some reason not to hold it through a brokerage account). In accordance with ordinary securities industry procedures, all shares held in "street name" will be reflected in a single entry on the transfer agent's registered holders list and the Companies will have no practical means for identifying who holds those shares or in what proportions. The single entry for "street name" shares will be in the name of Cede & Co. as nominee for the Depository Trust Company, which intermediates securities trades on U.S. exchanges. Securities and Exchange Commission filings will provide limited additional information about stockholders who hold more than 5% of the common stock of a Company but the filings likely would not be timely for purposes of determining compliance with the Indirect Owner Licensing Requirements, and the Companies will not be in a position to ensure that all such filings are made or are accurate.

In order to address these concerns in respect of ownership in excess of the Threshold Amount, the Companies are planning to include in their charter documents, prior to the time the Public Offerings are completed, provisions that, to the extent applicable, (i)

Mr. Robert Miller, Esq.
January 20, 2012
Page 3

prohibit beneficial ownership in excess of 5% of a given Company's shares unless the beneficial owner has complied with the Indirect Owner Licensing Requirements, (ii) divest voting and distribution rights attributable to shares in excess of 5% of a given Company's shares to the extent they are beneficially owned by an owner who is not in compliance with the Indirect Owner Licensing Requirements and (iii) give the Companies call options at a specified price with respect to shares in excess of 5% of a given Company's shares to the extent they are beneficially owned by an owner who is not in compliance with the Indirect Owner Licensing Requirements. We believe these charter provisions are reasonably designed to deter "street name" holders from failing to comply with that portion of the Indirect Owner Licensing Requirements over which the Companies have control.

In view of the foregoing, we are requesting your confirmation that:

- that Company will not be prevented from racing if the common stock ownership in that Company by a stockholder that is not in compliance with the Indirect Owner Licensing Requirements to the extent such owner's beneficial ownership interest exceeds 5% of such Company's stock, provided that such Company has made good faith efforts to enforce the charter provisions described above based on monthly monitoring of the information disclosed in the transfer agent's registered holders list (and any other information of which such Company acquires actual knowledge);
- such Company would not be subject to any fines, penalties, or other adverse regulatory action as a result of the conduct of a stockholder violating the Indirect Owner Licensing Requirements to the extent such owner's beneficial ownership interest exceeds 5% of such Company's stock, provided that such Company has made good faith efforts to enforce the charter provisions described above based on monthly monitoring of the information disclosed in the transfer agent's registered holders list (and any other information of which such Company acquires actual knowledge); and
- Cede & Co., and any other nominee for shares held in "street name," will not be subject to the Indirect Owner Licensing Requirements (which is necessary since the registered holder position of a nominee could easily exceed the Threshold Amount even if no beneficial owner of "street name" shares held shares in excess of the Threshold Amount).

The Form S-1 relating to the public offering by Red Bullet Racing Corporation is enclosed for your reference; the Form S-1s for the remaining Companies are substantially similar. Schedules of the horses acquired by each of the Companies are also enclosed herewith. For ease of reference, please note that the following information is set forth on the pages of the Red Bullet Racing Corporation Form S-1 indicated below:

- Business plan – page 28
- Discussion concerning thoroughbred selection team – page 30

Mr. Robert Miller, Esq.
January 20, 2012
Page 4

- Description of management team – page 43

We would be pleased to provide you with any additional information you may require.

Very truly yours,



Michael M. Rogers
Chief Executive Officer

cc: Michael Fuchek, Esq.
Frank Demarco, Esq.
Gregg Scoggins, Esq.

S-1/A 1 d274375ds1a.htm AMENDMENT NO.1 TO FORM S-1

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As filed with the Securities and Exchange Commission on February 9, 2012

Registration No. 333-178754

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**AMENDMENT NO. 1 TO
FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

RED BULLET RACING CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

7948
(Primary Standard Industrial
Classification Code Number)

99-0371551
(I.R.S. Employer
Identification No.)

901 S. Federal Highway
Hallandale Beach, Florida 33009
(954) 457-6997

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Jack Brothers
Chief Executive Officer
c/o 901 S. Federal Highway
Hallandale Beach, Florida 33009
(954) 457-6997

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Kenneth G. Alberstadt, Esq.
Alan H. Aronson, Esq.
Akerman Senterfitt
335 Madison Avenue, 26th Floor
New York, New York 10017
(212) 880-3800; (212) 880-8965 (fax)

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per share (1)	Proposed maximum aggregate offering price (1)	Amount of registration fee
Common stock, \$0.001 par value, to be registered by the Registrant	405,000	\$10.00	\$4,050,000	\$464.13 (2)

(1) There is no current market for the securities and the price at which the shares being offered directly to the public by us are estimated solely for purposes of calculating the registration fee pursuant to Rule 457(a) under the Securities Act of 1933, as amended (the

“Securities Act”).

(2) Previously paid.

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities, and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to completion, dated _____, 2012

Prospectus

RED BULLET RACING CORPORATION
405,000 SHARES
Common Stock, \$.001 par value

We are a recently formed corporation that has acquired 20 thoroughbred racehorses. We are offering 405,000 shares of our common stock, \$.001 par value, at \$10.00 per share on a best efforts, all or none basis. If we sell the total number of shares being offered by us, we will receive gross proceeds of \$4,050,000, less the costs and expenses related to the offering. Funds received from the offering will be deposited by us into an escrow account pending the closing of the offering. The offering will terminate within 90 days from the date of this prospectus.

If less than all of the shares offered hereby are sold during the offering period, we do not intend to conduct a closing of the offering and amounts deposited by investors will be returned promptly without interest or deduction, except that no refund will be made of any convenience fee associated with a debit card transaction. Golden Pegasus Racing Incorporated, an entity controlled by The Stronach Group, is currently our sole stockholder and, upon consummation of a previously negotiated private placement to it (which will close simultaneously with the offering), will own 45,000 shares of our common stock. Golden Pegasus Racing Incorporated, our officers or directors or one of our other affiliates (which may be an entity controlled by or included in The Stronach Group) may, but will not be required to, purchase additional shares in the offering. Shares purchased in this offering by our affiliates, including Golden Pegasus Racing Incorporated, our officers and directors and their respective affiliates, will be counted in determining whether the offering is fully subscribed.

The minimum investment in the offering is \$100. Investors tendering funds online by debit card will be required to pay a non-refundable convenience fee. Investors will be required to satisfy the suitability requirements described in the prospectus in order to invest in the offering.

Our certificate of incorporation provides that our corporate duration will end on November 2, 2013. Following such date, there will be no trading in our common stock and our activities will be limited to liquidating and winding up our business. We intend to distribute the net proceeds from the liquidation of our assets, after establishing any required reserves, no later than March 31, 2014.

There currently is no market for our securities and a public market may never develop, or, if any market does develop, it may not be sustained. Our common stock is not traded on any exchange or on the over-the-counter market. There can be no assurance that our common stock will ever be quoted on a stock exchange or a quotation service or that any market for our stock will develop. We may seek to have our shares traded on the OTC Pink market, although no assurance can be given that our shares will trade on the OTC Pink or any other market.

Investing in thoroughbred racehorses is a speculative activity and involves a high degree of risk. The most frequent financial outcome from ownership of a thoroughbred racehorse or an equity interest in a thoroughbred racehorse is the partial or total loss of invested capital. You should read the "Risk Factors" section beginning on page 17 of this prospectus before investing in our common stock.

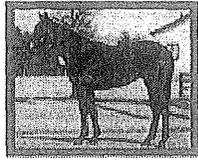
	<u>Per</u> <u>share</u>	<u>Total</u>
Common Stock Offered Hereby	\$10.00	\$4,050,000

In connection with our selling efforts in the offering, none of our officers, directors, employees or independent contractors will be compensated in connection with their participation in the offering by the payment of commissions or other remuneration based either directly or indirectly on transactions in our securities. There are no underwriters involved in the offering and no underwriting commissions will be paid in connection with the sale of the common stock to the public. However, we may engage a registered broker-dealer to sell some or all of the shares offered hereby and may pay a commission of up to ten percent (10%) in connection with such sales, which would reduce our proceeds by \$405,000 if all 405,000 shares offered hereby were sold subject to such commission.

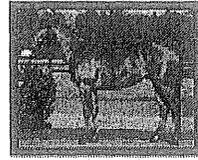
NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE DATE OF THIS PROSPECTUS IS _____, 2012

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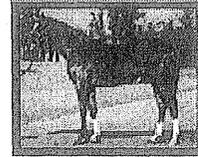
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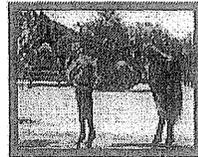
Thunder Road



Enchanted



Gridiron Great



Stars Aligned



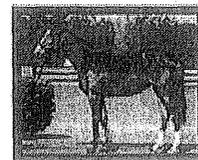
Midas Touch



Dappled Image



Eli's Gin



Proud Vixen



Oasis

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We have not authorized anyone to provide any information other than that contained in this prospectus. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We are not making an offer to sell the shares in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus, regardless of the time of delivery of this prospectus or any sale of the shares. Our business, financial condition, results of operations and prospects may have changed since the date on the front cover of this prospectus.

Through and including, _____, 2012 (the 90th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, will be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

In order to comply with the applicable securities laws of certain states, the securities will be offered or sold in those states only if they have been registered or qualified for sale or an exemption from such registration is available and with which the company has complied. In addition, and without limiting the foregoing, the company will be subject to applicable provisions, rules and regulations under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), with regard to securities transactions during the period of time when this Registration Statement is effective.

For investors outside the United States: We have not done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. You are required to inform yourselves about and to observe any restrictions relating to this offering and the distribution of this prospectus outside of the United States.

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Insofar as indemnification for liabilities arising under the Securities Act of 1933 (the "Act") may be permitted to our director, officers and controlling persons pursuant to the provisions above, or otherwise, we have been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act, and is, therefore, unenforceable.

Introduction

In this prospectus, the terms "company," "we," "us" and "our" refer and relate to Red Bullet Racing Corporation™. In this prospectus, the term "Golden Pegasus" refers to Golden Pegasus Racing Incorporated, a Delaware corporation, and the term "Alpen House" refers to The Alpen House Racing ULC, an unlimited liability company organized under the laws of Alberta that is part of The Stronach Group. The Stronach Group is a consortium of companies that owns, among other businesses, horse racetracks and other horseracing-related assets. In this prospectus, the term "Adena Springs" refers to the Adena Springs horse farms owned and operated by Alpen House.

Concurrently with this offering, other companies organized at the direction of affiliates of Golden Pegasus and having business plans substantially similar to ours are conducting public offerings of their equity securities. We refer to these other companies (Macho Uno Racing Corporation™, Ginger Punch Racing Corporation™, Perfect Sting Racing Corporation™, Awesome Again Racing Corporation™ and Ghostzapper Racing Corporation™) as our "sister companies" and, together with us, as the "Racing Companies."

Market and Industry Data

Some of the market and industry data contained, or incorporated by reference, in this prospectus are based on independent industry publications or other publicly available information that we believe is reliable.

Glossary

Throughout this prospectus, we use terms associated with the thoroughbred horseracing industry. The following glossary of terms is intended to assist prospective investors who may not be familiar with these terms.

Barn Foreman	A person who handles the grooms and hot walkers and implements the horse's day-to-day routine.
Blacksmithing	Equine hoof care, including the trimming and balancing of horses' hooves and the placing of shoes on their hooves.
Board	The term commonly used when a horse lives at a third party facility where the owner pays money to the facility owner to take care of the horse.
Breaking	To train a young horse to wear a bridle and saddle, carry a rider and respond to a rider's commands.
Broodmare	A filly or mare that has been bred and is used to produce foals.
Campaigned	To race in a number or series of competitions.
Champion	Any Eclipse Award winner is referred to as a "champion" in the United States.

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Claiming	The process by which a licensed person may purchase a horse entered in a race designated as a "claiming race" for a predetermined price. When a horse has been claimed, its new owner assumes title after the starting gate opens although the former owner is entitled to all purse money earned in that race.
Colt	An ungelded male horse four years old or younger.
Conformation	The shape and correctness of the anatomy of a horse.
Consignor	The person offering a horse for sale through an auction either as or on behalf of the owner or vendor of the horse.
Dam	The mother of a horse.
Eclipse Award	The Eclipse Award of Merit is the thoroughbred racing industry's highest honor and is co-sponsored by the National Thoroughbred Racing Association, Daily Racing Form and the National Turf Writers Association. The Eclipse Awards are year-end awards honoring the top horses in 11 separate categories; the leading owner, trainer, jockey, apprentice jockey and breeder; and members of the media who have demonstrated excellence in their coverage of the sport.
Entry Fee	The money paid to enter a horse in a stakes race.
Exercise Rider	A rider who is licensed to exercise a horse during its morning training session.
Filly	A female horse four years old or younger.
Foal	A horse of either sex in its first year of life. The term "foal" can also denote the offspring of either a male or female parent.
Full Field	When a race is filled to capacity.
Gelding	A surgical procedure to remove both testicles from a male horse.
Grade I, II and III Stake Races	The top level for stakes races is the graded stakes race, which can have no restrictions other than age or sex. There are three grades, and the grade assigned a race is controlled by the Graded Stakes Committee, which is a committee of the Thoroughbred Owners and Breeders Association that insures the equivalence of Grade I, II and III stakes races regardless of the track being run. Grade I level races are the top tier, Grade II are the second tier and Grade III are the third tier.
Groom	A person who cares for a horse in a stable.
Horseman	A racehorse owner or trainer.
Hot Walkers	A person who walks horses to cool them out after workouts or races.

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International Stud Book Committee	An international organization of stud book authorities that meets annually to establish standards of stud book operation in order to ensure the integrity and future development of the thoroughbred breed. Among other things, the International Stud Book Committee establishes standards for operating and maintaining a thoroughbred stud book, breeding and identification of thoroughbreds and the movement of thoroughbreds between stud book authorities.
Live horse races	When horses are racing live at a track.
Live Racing Day	A day when there is live racing at a track.
Mare	A female horse five years old or older.
Nomination	A fee paid to make a horse eligible to enter a stakes race.
Pari Mutuel Wagering	A form of wagering in which all money bet is divided up among those who have winning tickets after taxes and other deductions are made.
Purse winnings	The monetary amount distributed after a race to the owners of the entrants who have finished in (typically) the top four or five positions.
Racing Card	The schedule of races at a racetrack on a specific day giving information about races, particularly the horses running in each race and their riders and trainers.
Racing Secretary	The racetrack official who drafts conditions of races and assigns weights for handicap horse races, which are races in which varying amounts of weight are added to the horse saddles in an attempt to even out the competition in case some horses are clearly more dominant than others.
Runners	The horses participating in a race.
Sire	The father of a horse.
Stakes Race	A horse race in which the prize offered is made up at least in part from the stake, or entry fee, that the horse owners must pay.
Stakes Winners	Horses that have won stakes races.
Stallion	A male horse used for breeding.
Stallion Season	The right to breed a mare to a particular stallion during one breeding season.
Stud Book	A registry and genealogical record that ensures the correct pedigree and identification of every thoroughbred.
Stud Fee	The price paid by the owner of a female horse to the owner of a stallion for the right to breed to it.

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The Jockey Club	The Jockey Club is the breed registry for all thoroughbred horses in North America. It is responsible for maintaining The American Stud Book, which is a stud book that includes all thoroughbreds foaled in the United States, Canada and Puerto Rico as well as thoroughbreds imported into the United States, Canada and Puerto Rico from other nations that maintain similar thoroughbred registries.
Thoroughbred	A horse whose parentage traces back to any of three "founding sires." To be considered a thoroughbred for racing or breeding purposes, a thoroughbred must have satisfied the rules and requirements of The Jockey Club and be registered in "The American Stud Book" or in a foreign stud book recognized by The Jockey Club and the International Stud Book Committee.
Thoroughbred Owners and Breeders Association	A national trade organization formed in 1961 for thoroughbred owners and breeders. The Thoroughbred Owners and Breeders Association is based in Lexington, Kentucky and its stated mission is to improve the economics, integrity and pleasure of the sport on behalf of thoroughbred owners and breeders.
Three-Year olds	A horse between three and four years of age.
Two-Year olds	A horse between two and three years of age.
Yearling	A horse in its second calendar year of life, beginning Jan. 1 of the year following its birth.

Table of Contents**Summary**

This summary highlights information contained in this prospectus, but may not contain all of the information that may be important to you in making your investment decision. You should read the entire prospectus carefully, including the risk factors and the financial statements.

Our Company

We offer a broad range of investors the opportunity to participate in the enjoyment and excitement of an equity investment in thoroughbred racehorses at a minimum level of financial commitment that is significantly lower than ordinarily accompanies such opportunity. We currently own 20 thoroughbred racehorses, which we acquired from Alpen House in exchange for a promissory note. Each thoroughbred racehorse was a yearling when purchased. Alpen House began training our thoroughbred racehorses in the fourth quarter of 2011 and we intend to continue training them, and to race those that are determined to be suitable for racing, until November 2013. We refer to the period during which we train and race our thoroughbred racehorses as our “operating period.”

We intend to liquidate our assets following the end of our operating period and distribute the net proceeds from the liquidation to our stockholders. Only stockholders of record as of the close of business on November 2, 2013, which we refer to as our “end date,” will receive a liquidating distribution. There will be no trading in our common stock after the completion of our operating period. We intend to distribute the net proceeds from the liquidation of our assets, after establishing any required reserves, no later than March 31, 2014. We refer to the date of our liquidating distribution as the “Distribution Date.”

We and the other Racing Companies were formed at the direction of affiliates of Golden Pegasus. The decision to form six Racing Companies rather than one larger company was driven by several factors. The Racing Companies believe that a pool of 20 horses provides a degree of diversification as well as a potential for returns under scenarios where sufficient purses are won by one or more of our horses. In addition, the Racing Companies believe that racehorse investors seek the excitement and enjoyment of racehorse ownership in addition to an investment opportunity, and that a pool of 20 horses will permit investors to retain a sense of ownership and intimacy that would be lacking in a pool of 120 horses. The Racing Companies expect that the enjoyment and excitement related to an investment in the Racing Companies will be enhanced by the ability of investors to not only compare the performance of a racehorse owned by a Racing Company to other racehorses but also to compare the overall performances of the Racing Companies to one another.

We were incorporated in Delaware on November 18, 2011.

Investing in thoroughbred racehorses is a speculative activity and involves a high degree of risk. The most frequent financial outcome from ownership of a thoroughbred racehorse or an equity interest in a thoroughbred racehorse is the partial or total loss of invested capital.

The Original Horse Stock Exchange

We and our sister corporations intend to refer to ourselves collectively, and to brand ourselves for certain purposes, as “The Original Horse Stock Exchange.” We do not constitute a stock exchange and do not provide a platform for the after-market sale or exchange of shares of common stock of the Racing Companies. “The Original Horse Stock Exchange” is intended to create awareness of the Racing Companies.

Table of Contents**Competitive Considerations**

We believe the following to be our significant competitive strengths:

- *Experienced Horse Selection Team.* The thoroughbred racehorses we acquired from Alpen House were selected for purchase by Alpen House predominantly at auction by a team that included owners and veterinary professionals with extensive experience in the thoroughbred horseracing industry. This team, which we refer to as the "thoroughbred selection team," consisted of:
 - Frank Stronach, who, through various entities, has owned and raced thoroughbred horses since 1962, including approximately 380 stakes winners. The Adena Springs horse farm, which is owned by Alpen House, has been the recipient of numerous awards, including four Eclipse Awards from the Thoroughbred Racing Associations as outstanding owner;
 - Dan Hall, who has participated in the selection and purchase of prize winning horses and is a managing partner of Hidden Brook Farm, a 600-acre thoroughbred nursery specializing in the breeding, raising, breaking and rehabilitation of horses;
 - Mark Roberts, also a partner in Hidden Brook Farm, who has been involved in many facets of the thoroughbred industry over a 37-year period;
 - Dr. Robert McMartin, a thoroughbred industry veterinarian, consultant and advisor; and
 - Dr. Peter A. Kazakevicius, a full-time veterinarian for the Adena Springs horse farms.
- *Professional Management.* Golden Pegasus will supervise all aspects of the training and racing development of our horses. Michael Rogers, the chief executive officer of Golden Pegasus, has worked in virtually every significant area of the thoroughbred horseracing industry and has over 27 years of experience in the industry. Mark Roberts, a member of the thoroughbred selection team, is the President of Golden Pegasus. Jack Brothers, our chief executive officer, is a managing partner of Hidden Brook Farm and has over 36 years of experience in the industry.
- *Access to High Quality Trainers, Training Facilities and Personnel.* The day-to-day care, training and racing management of our horses will be subcontracted to Adena Springs pursuant to an agreement between Adena Springs and Golden Pegasus. Adena Springs owns approximately 900 of its own thoroughbred racehorses and has an extensive network of relationships with trainers. Because of its relationship with Adena Springs, we believe that Golden Pegasus is well positioned to seek out trainers who are favorably recognized in the thoroughbred racing industry to work with our horses (although its ultimate ability to engage such trainers will be influenced by market forces and there can be no assurance that it will be successful in doing so). We believe, based on Adena Springs' high level of recognition in the thoroughbred horseracing industry and our officers' direct experience with Adena Springs, that Adena Springs' permanent staff, and its training tracks, barns and other facilities, to which our thoroughbreds will have access when they are not being stabled at racetracks or other remote facilities, are of high quality standards within the industry.

Our Strategy

We intend to pursue opportunities to realize revenues from two principal activities: racing our horses during our operating period and selling our horses in claiming races or in connection with the liquidation of our assets or otherwise.

We expect to begin racing those of our thoroughbreds that we believe to be promising in the third quarter of 2012. We intend to train and race our horses until November of 2013 and sell the horses we own at such time as three-year olds. After the horses are sold, the net proceeds from our liquidation will be distributed to our stockholders of record as of the close of business on our end date.

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Our business plan may be considered unique because of the short duration of our expected operating period and our plan to sell our horses as three-year olds. The opportunity to receive a return of capital or any profit from an investment in us will depend on, among other factors, our ability to generate net proceeds from the sale of our horses as three-year olds. Most thoroughbred horses are sold as yearlings or two-year olds and there is no widely recognized auction market for the sale of three-year old horses (although three-year olds are included in "all ages" horse auctions). We believe this circumstances is attributable to limitations on supply and that that there is unmet market demand for three-year olds that we will have the opportunity to fill. Many owners are reluctant to sell an "in form" (i.e., trained) three-year old thoroughbred and the sales of "in form" three-year olds that do occur take place principally by way of privately negotiated sales rather than through auctions. Purchasing an "in form" three-year old horse is an attractive proposition. The risk of purchasing an "in form" thoroughbred is lower than the risk of purchasing an untrained horse because there is more certainty about future racing potential as compared to the purchase of a horse that has not been trained. At the end of a horse's three-year old status, it will have completed the major races in which it was eligible to be entered as a two- or three-year old. Prospective purchasers will therefore be in a good position to evaluate both the potential future racing performance of the horse and its potential for generating breeding fees as a broodmare or stallion, which are the most significant factors influencing sale price for a mature horse. Accordingly, we believe that the sale prices of our horses at auction at this point in their careers are likely to reflect fully informed and market-efficient valuations.

Because the ability to sell our horses is central to our business plan, we will seek to implement a racing strategy that develops our horses to a profitable sale position by November of 2013, although there can be no assurance that we will be successful in doing so. We will seek opportunities to generate racing revenues during our operating period.

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Our Organizational Structure

The following chart shows the relationship between us and our principal affiliates at February 8, 2012.

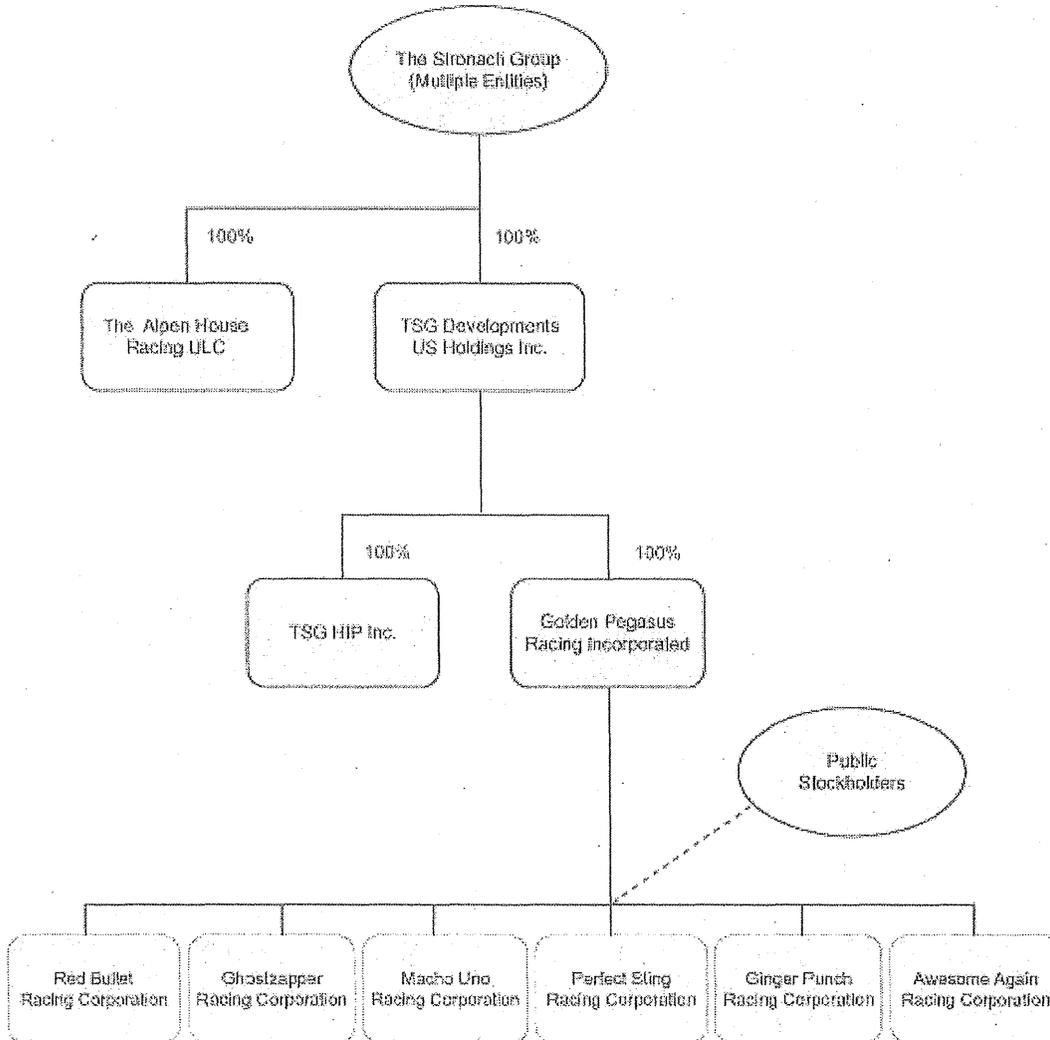


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Risk Factors

We face risks and uncertainties that may affect our business and future financial performance, including, among others, the following:

- the fact that most racehorse ownership is not profitable;
- the racing performance of our horses;
- the future value of our horses;
- estimates regarding the operating expenses of our business and the belief that upon completion of this offering, we will have sufficient funds to sustain our operations through the end of our operating period;
- our independent registered public accountants have expressed doubt about our ability to remain as a going concern;
- our status as a development stage company;
- the decline in the popularity of horse racing;
- the likelihood of realizing proceeds from horse ownership, particularly from horses whose purchase price exceeds \$100,000;
- potential periodic impairment charges;
- declines in racetrack attendance;
- our dependence on Golden Pegasus and our Chairman, officers and key employees;
- our dependence on the facilities and staff of Adena Springs;
- the limited capitalization of Golden Pegasus;
- our ability to race our horses;
- the sale of one or more of our horses entered in claiming races or otherwise;
- the physical health and condition of our horses;
- decreases in our inventory of horses;
- conflicts of interest of Golden Pegasus, Alpen House, their respective officers and directors and our officers and directors;
- certain affiliated parties' ability to exert significant influence in our corporate matters due to concentrated ownership of our common stock;
- our ability to secure insurance at adequate levels;
- state racing regulations limiting our ability to race our horses and your ability to acquire and retain our common stock;
- our vulnerability to additional or increased taxes and fees;
- the limited liquidity and trading of our common stock;
- state securities laws limiting secondary trading of our common stock;
- our ability to pay dividends or make any distributions on our common stock prior to the Distribution Date;
- potential future dilution of our share value;
- the rejection of a prospective investor's subscription; and
- our ability to complete the offering.

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See "Risk Factors" beginning on page 17.

Our principal executive offices are located at 901 S. Federal Highway, Hallandale Beach, Florida 33009, and our telephone number is (954) 457-6997.

Our corporate website will be www.horseexchange.com/redbullet. Information contained on, or accessible through, our website is not incorporated by reference in, and shall not be considered part of, this prospectus.

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Summary of the Offering	
Issuer	Red Bullet Racing Corporation.
Common Stock Offered	405,000 shares of common stock.
Offering Type	We are offering our shares to the public without the involvement of an underwriter. The offering is being conducted on a best efforts, all or none basis. If less than all of the shares offered hereby are sold during the offering period, we do not intend to conduct a closing of the offering and amounts deposited by investors will be returned promptly without interest or deduction, except that no refund will be made of any convenience fee associated with a debit card transaction.
Common Stock to be Outstanding After This Offering	450,000 shares of common stock.
Price Per Share of Common Stock	\$10.00 per share of common stock.
Minimum Investment	The minimum investment in the offering is \$100.
Maximum Debit Card Payment	The maximum amount that can be invested by debit card in the offering and the offerings being conducted simultaneously by the other Racing Companies is \$1,000 in the aggregate.
Debit Card Convenience Fee	Investors tendering funds online by debit card will be required to pay a non-refundable convenience fee.
Suitability	Investors will be required to represent that their investment in the offering, together with any investments in our sister companies, does not represent in excess of 10% of their liquid net worth, exclusive of their principal residence. California and Pennsylvania residents will in addition be required to represent that they have (i) a minimum annual gross income of \$70,000 and a minimum net worth of \$70,000, exclusive of automobile, home, and home furnishings; or (ii) a minimum net worth of \$250,000, exclusive of automobile, home, and home furnishings, plus estimated gross income of \$65,000 during the current tax year.
Duration of Offering	The offering will terminate within 90 days from the date of this prospectus.
Liquidation	We intend to liquidate our assets following the end of our operating period and distribute the net proceeds from the liquidation to our stockholders. Only stockholders of record on our end date will receive a liquidating distribution on the Distribution Date. There will be no trading in our common stock after the completion of our operating period. We intend to distribute the net proceeds from the liquidation of our assets, after establishing any required reserves, no later than March 31, 2014.

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Principal Shareholder	Golden Pegasus owns 1,000 shares of our common stock as of the date of this prospectus and has subscribed for an additional 44,000 shares of our common stock at a price of \$10.00 per share in a private placement negotiated prior to the commencement of the offering that is contingent upon the closing of the offering. Golden Pegasus, our officers or directors, one of our other affiliates, which may be an entity controlled by or included in The Stronach Group (including Golden Pegasus) or the officers and directors of one of our affiliates, may, but will not be required to, purchase additional shares in the offering. Assuming all of the shares of common stock offered by us other than the 45,000 shares that will be owned by Golden Pegasus upon completion of the offering are sold to other parties, Golden Pegasus will own approximately 10% of our outstanding common stock immediately following the completion of the offering.
Founder Share Escrow	The 1,000 shares of common stock held by Golden Pegasus as of the date of this prospectus are deemed to be founder shares under the blue sky laws of certain states and will be placed in escrow with our transfer agent pending the completion of our operating period.
Limitations on Ownership	Each of the states in which we currently intend to race our horses and many states in which we may in the future seek to race our horses require owner licenses to be obtained by holders of an equity interest above a threshold level in an entity that seeks to enter a horse in a race. We will require regulatory relief from these requirements in order to allow for secondary market trading of our common stock. We have not yet finalized a regulatory strategy in every state in which we currently desire to race our horses or in which we may consider racing our horses in the future, and we have not received confirmation of the regulatory relief sought from any state. Our restated certificate of incorporation contains provisions that limit voting and distribution rights with respect to, and provide us with the right to redeem, securities held by our stockholders in order to assure compliance with certain regulatory requirements.
Use of Proceeds	We expect to receive net proceeds from the sale of common stock being offered by us in this offering and the simultaneous private placement of common stock to Golden Pegasus, after deducting estimated expenses and assuming (i) all shares of common stock offered by us are sold, (ii) that we do not engage any registered broker-dealers to participate in the sale of shares in the offering and (iii) that the aggregate debit card convenience fees we receive are at least equal to the debit card processing fees payable by us, of approximately \$4.3 million. We intend to use the net proceeds from this offering and the concurrent private placement to repay a promissory note issued by us to Alpen House on December 16, 2011 in consideration for the sale to us by Alpen House of our 20 horses; to pay amounts due under our training and maintenance agreement with Golden Pegasus; to pay the legal, accounting and other costs associated with being a public reporting company; and for working capital and general corporate purposes. See "Use of Proceeds."

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Certain Related Party Transactions and Conflicts of Interest	The thoroughbred horses we have acquired were purchased by Alpen House during 2011 and management of Golden Pegasus determined the allocation of horses sold by Alpen House to the Racing Companies. We and our sister companies will have the same officers and directors, and these persons will only devote a portion of their time to us and each of our sister companies. In addition, certain of our officers and directors will continue to engage in the ownership and racing of thoroughbreds and other related business activities that may compete with the Racing Companies. We have entered into a training and maintenance agreement with Golden Pegasus under which substantially all of the costs of ownership of our horses will be borne by Golden Pegasus in exchange for a flat fee payment per horse per day. It is Golden Pegasus's current intention to outsource all of the products and services under this agreement to Alpen House, trainers selected and engaged by Golden Pegasus and certain third party veterinarians. See "Conflicts of Interest" and "Related Party Transactions" for a discussion of business relationships between us and related parties.
Risk Factors	You should carefully read the information set forth under "Risk Factors" and the other information set forth in this prospectus before investing in our common stock.
Trading Market	There currently is no market for our securities and a public market may never develop, or, if any market does develop, it may not be sustained. Our common stock is not traded on any exchange or on the over-the-counter market. There can be no assurance that our common stock will ever be quoted on a stock exchange or a quotation service or that any market for our stock will develop. We have not applied for listing or quotation on any public market. We intend to seek to have our common stock quoted on the OTC Pink market, although there can be no assurance that our common stock will be quoted on the OTC Pink market. See "Market Information."

Table of Contents**Questions and Answers Relating to the Offering**

The following questions and answers address certain aspects of the offering. Please review the entire prospectus for a more detailed description of the matters described below.

Q: What is the Original Horse Stock Exchange?

A: We and our sister companies intend to refer to ourselves collectively, and to brand ourselves for certain purposes, as “The Original Horse Stock Exchange.” We do not constitute a stock exchange and do not provide a platform for the after-market sale or exchange of shares of common stock of the Racing Companies. “The Original Horse Stock Exchange” is intended to create awareness of the Racing Companies.

Q: What are the six companies that make up the Original Horse Stock Exchange?

A: The six corporations are Red Bullet Racing Corporation, Macho Uno Racing Corporation, Ginger Punch Racing Corporation, Perfect Sting Racing Corporation, Awesome Again Racing Corporation and Ghostzapper Racing Corporation.

Q: What are the Racing Companies offering and what do they do?

A: We offer a broad range of investors the opportunity to participate in the enjoyment and excitement of an equity investment in thoroughbred racehorses at a minimum level of financial commitment that is significantly lower than that which ordinarily accompanies such an opportunity.

Each of the Racing Companies currently owns 20 thoroughbred racehorses. Each thoroughbred racehorse was a yearling when purchased in the fourth quarter of 2011.

Q: How will the company generate revenues?

A: We intend to pursue opportunities to realize revenues from two principal activities: racing our horses during our operating period and selling our horses in claiming races or in connection with the liquidation of our assets or otherwise.

Q: How long will the company operate for?

A: We intend to continue training our thoroughbreds, and to race those that are determined to be suitable for racing, until November 2, 2013. We refer to the period during which we train and race our thoroughbred racehorses as our “operating period.” Following the operating period, there will be no trading in our common stock and our activities will be limited to liquidating and winding up our business. We intend to distribute the net proceeds from the liquidation of our assets, after establishing any required reserves, no later than March 31, 2014.

Q: What is the offering price of the company’s common stock?

A: Our common stock is being offered for \$10.00 per share.

Q: Are there any additional charges?

A: Yes. Purchases made by debit card are subject to a convenience fee.

Table of Contents***Q: How long will the offering be open?***

A: This offering will start on the date the registration statement of which this prospectus is a part is declared effective by the SEC and continue for a period of up to 90 days.

Q: Is there a minimum investment I must make?

A: Yes. The minimum investment in the offering is \$100.

Q: Is there a limit to how much I can invest?

A: The maximum amount that can be invested by debit card in the offering and the offerings being conducted simultaneously by the other Racing Companies is \$1,000 in the aggregate. Additionally, each of the states in which we may in the future seek to race our horses require owner licenses to be obtained by holders of an equity interest above a threshold level in an entity that seeks to enter a horse in a race. We will require regulatory relief from these requirements in order to allow for secondary market trading of our common stock. We have not yet finalized a regulatory strategy in every state in which we currently desire to race our horses or in which we may consider racing our horses in the future, and we have not received confirmation of the regulatory relief sought from any state. Our restated certificate of incorporation contains provisions that limit voting and distribution rights with respect to, and provide us with the right to redeem, securities held by our stockholders in order to assure compliance with certain regulatory requirements.

Q: May I purchase shares of the company's common stock with another person?

A: You may purchase shares of our common stock with your spouse with the shares to be registered as joint tenants. You may not otherwise purchase shares with another person.

Q: Are there any registrations that are not allowed?

A: Shares cannot be registered as a Transfer on Death (TOD) registration. "Transfer on Death" or "TOD" registration is defined as a registration under a state law regarding the transfer of the shares on death of one or more holders of the security. This is not the same as the Joint Tenant registration.

Q: If I purchase shares of the company's common stock, will I be able to resell or transfer the shares to other people?

A: Yes. You may sell, assign or otherwise transfer shares of our common stock to a third party during our operating period, as further described in this prospectus. However, there currently is no market for our securities and a public market may never develop, or, if any market does develop, it may not be sustained. Our common stock is not traded on any exchange or on the over-the-counter market. There can be no assurance that our common stock will ever be quoted on a stock exchange or a quotation service or that any market for our stock will develop. We may seek to have our shares traded on the OTC Pink market, although no assurance can be given that our shares will trade on the OTC Pink or any other market.

Q: Will I receive a tax deduction for purchasing shares of the company's common stock?

A: No. Your purchase is not tax deductible.

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Q: Will I receive any special benefits for purchasing shares of the company's common stock in the offering rather than in the secondary market?

A: Individuals purchasing our common stock in the offering will receive a "Founding Investor's Card," which, among other things, may make them eligible for:

- invitations to special racing corporation events with other stockholders and our Chief Executive Officer, as well as some jockeys and trainers (subject to availability);
- backstretch and paddock tours at racetracks owned and operated by The Stronach Group (subject to availability);
- winners' circle pictures at racetracks owned and operated by The Stronach Group (subject to availability);
- the opportunity to purchase two tickets to Triple Crown events if one of our horses qualifies (tickets will be allotted based on a random draw of stockholders holding Founding Investor's Cards).

All privileges of stockholders holding Founding Investor's Cards may be withdrawn, or changed, at our sole discretion.

Q: How many votes will I receive for purchasing the company's common stock?

A: Each holder of our common stock is entitled to one vote for each share of our common stock held by him or her and registered in his or her name on our books.

Q: Is anyone prohibited from purchasing shares of Common Stock?

A: Yes. Please refer to the suitability requirements described in "—Summary of the Offering" and "Plan of Distribution—Procedures for Subscribing."

If you have additional questions regarding the prospectus, the terms of the offering or the subscription agreement, you may contact _____, toll-free at _____.

Q: Will the company's common stock continue to trade after the operating period?

A: Our by-laws provide that following the completion of our operating period, equity interests may not be transferred, as described in "Description of Capital Stock—Restriction on Transfer."

Q: When will the proceeds from the sale of the company's assets be distributed?

A: We intend to distribute the net proceeds from the liquidation of our assets, after establishing any required reserves, no later than March 31, 2014.

Q: Are there risks associated with the investment?

A: Yes. Investing in thoroughbred racehorses is a speculative activity and involves a high degree of risk. The most frequent financial outcome from ownership of a thoroughbred racehorse or an equity interest in a thoroughbred racehorse is the partial or total loss of invested capital. You should carefully read the information set forth under "Risk Factors" and the other information set forth in this prospectus before investing in our common stock.

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Q: How do I purchase shares of the company's common stock?

A: We plan to permit investors who wish to do so to review this prospectus and complete their subscriptions online at a web site we intend to establish at the internet address *www.horseexchangeipo.com*. Other than the prospectus in electronic format, the information on such website is not part of this prospectus. You may also complete your subscription by properly completing the subscription agreement and returning it with payment to

We also plan to market our common stock through roadshow presentations at Gulfstream Park in Hallandale Beach, Florida; Santa Anita Park in Arcadia, California; Golden Gate Fields in Berkeley, California; and Pimlico Race Course in Baltimore, Maryland, all of which are all owned and operated by The Stronach Group. The roadshow presentations at these locations will be open to residents of states in which the offering has been registered. We plan to maintain physical booths at these racetracks to create awareness of the roadshow presentations.

If you have additional questions regarding the Original Horse Stock Exchange, the Racing Companies, this prospectus, the terms of the offering or the subscription agreement, you may contact _____, toll-free at _____

Q: How will I know that my order placed online was received for processing?

A: You will receive a confirmation receipt after your order is successfully placed.

Q: Where do I mail the subscription agreement?

A: If you purchase by mail rather than online, you should mail the properly completing the subscription and returning it with payment to _____

Q: Can I send the subscription agreement by facsimile?

A: No. We will not accept or process subscription agreements received by facsimile.

Q: How can I pay for shares of the company's common stock?

A: Funds may be delivered in cash or by check, wire transfer or, subject to our completion of arrangements with our payment processor, debit card. Prospective investors delivering funds by debit card will be required to pay, in advance, a non-refundable convenience fee. Payments by debit card or check will be deposited directly into an account under the control of American Stock Transfer & Trust Company, LLC as escrow agent. Cash payments will be deposited by us into a segregated account and wire transferred in batch daily to the AST escrow account.

Q: Can I use more than one debit card per transaction?

A: No.

Q: Will I receive a certificate for every share of stock I order?

A: You will receive a single vanity stock certificate for each registration regardless of the number of shares purchased. The vanity stock certificates will not evidence any interest in any share and will be non-negotiable and non-transferable. We intend to begin mailing vanity stock certificates to stockholders following the closing of the offering.

Table of Contents***Q: How will the vanity stock certificates be delivered to me?***

A: We will mail the vanity stock certificates by two-day shipping so that certificates will be delivered soon after acceptance of your subscription and completion of processing. There will be no deliveries prior to the closing of the offering.

Q: Do I have to sign for the package delivery?

A: No.

Q: How can I make gifts of the company's common stock?

A: If you desire to purchase our common stock for others, you may do so online at www.horseexchangeipo.com. If ordering by mail, you should complete the section "Gifts to Others" in the subscription agreement, including the registered address to which all shareholder correspondence should be sent. If the recipient is a minor, the purchaser will need to designate a custodian for the gift share (s) until the recipient reaches the age of majority. Gift shares may be shipped to any street address in a permitted U.S. state (no P.O. boxes).

Q: Can residents of any state purchase the company's common stock?

A: No. Only residents of states where the registration of the offering has become effective will be eligible to purchase our common stock. We are seeking to register the offering in California, Florida, Illinois, Kentucky, Maryland, Michigan, New Jersey, New York, Ohio, Oregon, Pennsylvania and Texas.

Q: Can I purchase in the U.S. or in a U.S. territory and have the vanity stock certificate shipped to an international address?

A: No. At this time, we cannot ship vanity stock certificates internationally.

Q: Can a vanity stock certificate be shipped to APO/FPO addresses?

A: No. We can ship only to street addresses in permitted U.S. states.

Q: What if I receive my vanity stock certificate and it has incorrect information?

A: Please send the vanity stock certificate with a note describing the necessary correction to _____ and corrected a vanity stock certificate will be sent back to you.

Q: What happens if the company does not accept my subscription agreement?

A: We have the right to accept or reject subscriptions in whole or in part, for any reason or for no reason. All monies from rejected subscriptions will be returned promptly by us to the subscriber, without interest or deductions, except that no refund will be made of any convenience fee associated with a debit card transaction.

Q: I realized I made a mistake on the shipping address when I viewed my tracking information. Can I get the correct information to the company so the vanity stock certificate is delivered to the right address?

A: Through the shipping process, the incorrect address may be corrected automatically by UPS, however this may not occur in all instances. Undeliverable certificates will be returned to our transfer agent, American Stock Transfer & Trust Company, LLC, who will then contact the shareholder for the correct address for shipping.

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Q: Where can I get more information?

A: For any other questions, please use this toll-free number—

Call center hours:

Monday through Friday: to

Saturday: to

Sunday: to

Table of Contents**Summary Financial Data**

The following table sets forth summary financial data at December 16, 2011 and for the period from inception (November 18, 2011) to December 16, 2011. The summary financial data set forth below have been derived from our audited financial statements and the accompanying notes included in this prospectus. The summary historical financial data should be read together with "Management's Discussion and Analysis of Financial Condition and Results of Operation" and our audited financial statements and the accompanying notes included in this prospectus.

Balance Sheet Data

	<u>At December 16, 2011</u>
Cash and cash equivalents	\$ 10,000
Total assets	\$ 1,299,673.
Total indebtedness	\$ 1,116,789
Total liabilities	\$ 1,250,244
Stockholder's equity	\$ 49,429

Statement of Operations Data

Revenue	<u> </u>
Total Revenue	\$ —
Operating Expenses	
Training and Maintenance Fee (Related Party)	31,116
Accounting	12,000
Incorporation Costs	533
Legal	25,000
Marketing/Advertising	<u>5,922</u>
	<u>\$ 74,571</u>
Net Loss	<u>\$(74,571)</u>
Basic and diluted loss per common share	<u>\$ (74.57)</u>
Weighted average shares outstanding	1,000

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Risk Factors

Our business, financial condition and results of operations could be materially and adversely affected if any of the risks described below occurs. As a result, our ability to train and race our horses, sell our inventory of horses by the end of our operating period and realize net proceeds in an amount in excess of the amount raised in the offering may be adversely affected, and upon our liquidation, you may not be able to recoup any or all of your initial investment in the offering. In addition, the market price of our common stock could decline, and you could lose all or part of your investment. You should carefully consider all of the risk factors set forth below before making an investment decision regarding our common stock.

Risks Related to the Company

Most racehorse ownership is not profitable.

The business of training and racing thoroughbred racehorses is a high-risk venture and most racehorse ownership is not profitable. In particular, studies in the U.S. market have concluded that financial returns from owning racehorses are negative in the aggregate. These studies also suggest that investors pay, in effect, two premiums (which can be thought of as amounts in excess of the amount an investor would ordinarily be expected to pay on the basis of the discounted cash flow anticipated from another investment of similar risk) when investing in racehorses: a premium to enter the sport and, for higher priced horses, a premium related to the purchase of a potential champion. There is no assurance that any of our horses will generate positive returns or that we will not lose a portion or all of the capital we invest in them and that investors will not lose a portion or all of the capital they invest. Among other things, thoroughbreds are subject to injury and disease which can result in forced retirement from racing or, at the extreme, natural death or euthanasia of the animal. Even if a thoroughbred has an excellent bloodline, there is no assurance that the racing performance of the thoroughbred will conform to the bloodline. There can be no assurance that the value of our horses will not decrease in the future or that we will not incur losses on the racing careers or sale or other disposition of any or all of our horses. Any such circumstance will materially and adversely affect our business, financial condition and results of operations.

Our future success is dependent upon the racing performance of our horses and any appreciation in their value; investment in the offering is highly speculative.

We were organized for the sole purpose of acquiring our inventory of 20 horses, training them, racing them and selling them in claiming races or otherwise, or in connection with the liquidation of our assets, which is expected to commence in November of 2013.

Our only source of revenues prior to liquidation will be any racing purses won by our horses and the sale of any horses that are sold prior to liquidation. We have no intention of replacing any horses that are claimed, injured or die during the operating period (although we retain the discretion to do so where adequate resources are available). As a result, our assets available for distribution to stockholders on the Distribution Date could be substantially depleted.

The only assets potentially available for distribution on the Distribution Date will be any cash on hand from purse winnings and any proceeds on hand realized from the sale of our horses. The amounts available for distribution will be subject to reduction in respect of expenses incurred by us in connection with our organization and during our operating period, any claims made against us and any required expense or liability reserves. If our net aggregate proceeds from our racing activities and the future sale of our horses do not exceed our costs of acquiring the horses, the training and maintenance fees paid to Golden Pegasus and additional costs related to the care and racing of our horses, the other costs associated with our operations (including the costs associated with being a public reporting company), and any claims made against us, investors in the offering who hold their shares until our end date will, on the Distribution Date, receive distributions that are less than their initial investment in the offering. Without limitation of the foregoing, we estimate that approximately 12% of the proceeds from the offering and the concurrent private placement will be used to pay expenses related to the

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offering and ongoing legal, accounting and other administrative expenses, most of which would not ordinarily accompany an investment in thoroughbred racehorses. The burden of these expenses, at a minimum, will have to be overcome in order for investors to realize a return of their investment or any return thereon.

There may not be an opportunity to sell any shares of common stock acquired in the offering prior to our end date without incurring a loss. The ability of stockholders who hold their shares on our end date to realize a return of their investment in the offering or to realize any gain from an investment in the offering is highly speculative and there can be no assurance of any positive return or that there will not be a partial or total loss of funds invested in our common stock.

We do not anticipate having a predictable stream of revenue from operations, and the variability of your revenues may result in cash shortfalls, which would in turn have a material adverse effect on us

We cannot predict with any certainty the future performance of any of our horses in any given race or the value that will be realized upon the sale of any of our horses. If we are unable to achieve a sufficient level of racing revenues during our operating period, or if our operating expenses are significantly higher than we expect, we may experience cash shortfalls. If we experience a cash shortfall, we may be forced to cease operations and liquidate earlier than we have planned. We have no commitments for future debt or equity financing and we cannot be sure that any financing would be available in a timely manner, on terms acceptable to us, or at all. Any equity financing could dilute ownership of existing stockholders and any borrowed money could involve restrictions on future capital raising activities and other financial and operational matters, which could materially and adversely affect our business, financial condition and results of operations. If we were unable to obtain financing as needed, we could cease to be a going concern.

We may not have sufficient proceeds from the offering or our operations to sustain our operations through the end of our operating period.

We estimate that we will need an aggregate of approximately \$4.3 million to fully implement our business plan and cover ongoing expenses through the Distribution Date, which is equal to the net proceeds we expect to receive upon closing the offering and the concurrent private placement to Golden Pegasus. There can be no assurance that the net proceeds raised in the offering and the private placement will be sufficient to implement our business plan during our operating period. Furthermore, there can be no assurance that we will achieve the same financial stability as our sister companies or that an investment in us will not ultimately be riskier than an investment in one of our sister companies.

Working capital may prove to be insufficient, including because unanticipated operating expenses arise, our horses win fewer or less valuable purses than we anticipate, casualty events occur, our horses require major surgeries or other medical treatments that are not carried out pursuant to the training and maintenance agreement, including because of the \$100,000 limitation on extraordinary medical expenses, or for other reasons. If we do not raise enough proceeds in the offering and the private placement, if we are unable to realize sufficient future revenues or if for any other reason we do not have sufficient working capital to continue operations we may be forced to cease operations and liquidate earlier than we have planned. We have no commitments for future debt or equity financing and we cannot be sure that any financing would be available in a timely manner, on terms acceptable to us, or at all. Any equity financing could dilute ownership of existing stockholders and any borrowed money could involve restrictions on future capital raising activities and other financial and operational matters, which could materially and adversely affect our business, financial condition and results of operations. If we were unable to obtain financing as needed, we could cease to be a going concern.

The costs and burdens of being a U.S. public reporting company are substantial. Compliance with changing laws, regulations, and standards relating to corporate governance and public disclosure, including the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Sarbanes-Oxley Act of 2002 and other SEC regulations, may require significant management attention and external resources and associated costs. We expect to spend

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approximately \$350,000 complying with applicable reporting and other public company requirements. We may be unable to accurately assess the costs and demands of public reporting company status until we have commenced operations.

Our independent registered public accountants have expressed doubt about our ability to remain as a going concern which may negatively impact our ability to obtain additional funding on terms attractive to us.

Our independent registered public accountants state in their audit report dated December 23, 2011 included with this prospectus, that because we have had no net income from operations and are dependent upon the sale of its securities or related party financing to meet our cash requirements, there is a substantial doubt that we will be able to continue as a going concern. This explanatory paragraph may negatively impact our ability to obtain additional funding on terms attractive to us. If we are unable to continue as a going concern, you will lose your entire investment.

We are a development stage company.

We were incorporated on November 18, 2011. We are a development stage company and may never be able to effectively implement our business plan. There can be no assurance that there will be an opportunity to generate revenues from our contemplated business activities. The revenues and income potential of our proposed business and operations are unproven. For example, our business plan contemplates operating for approximately an 18-month period and selling all of our horses when they are three-year olds. The lack of our operating history and the unproven nature of our business strategy makes it difficult to evaluate the future prospects of our business.

The popularity of horse racing has declined.

There has been a general decline in the number of people attending and wagering on live horse races at North American racetracks, including because of increased competition from other wagering and entertainment alternatives such as spectator sports and other gaming options, and the unwillingness of customers to travel a significant distance to racetracks. Competitive gaming activities include traditional and Native American casinos, video lottery terminals, state-sponsored lotteries and other forms of legalized and non-legalized gaming in the U.S. and other jurisdictions, and we expect the number of competitors to increase.

Over the past twenty years, live attendance at horse racetracks in the U.S. and Canada has declined substantially. The total number of races declined from 81,279 in 1990 to 52,771 in 2010. Pari-mutuel wagering on thoroughbred horseracing has declined from a peak of \$15.7 billion in 2003 to \$11.9 billion in 2010. U.S. and Canadian purses, which represent the amount of available winnings in United States and Canadian thoroughbred horse races (including monies not won and returned to state breeder and other funds), declined by about 4.8% over the same period. A recent study commissioned by The Jockey Club indicated that thoroughbred horseracing's core fan base is shrinking, that fans wager less on thoroughbred horseracing than they did a year ago and that wagers, or "handle", per race has declined in most racing categories since 2000. The number of race days has also declined significantly. Since 1999, more than 25% of races, excluding major racing events such as the Kentucky Derby, the Belmont Stakes, the Preakness Stakes and the Breeder's Cup and other racing events held on the same day, have been inadequately funded, meaning that the live handle contribution from all sources to the tracks and purse account was less than the purse paid out to horsemen.

Lower interest in horse racing and a continued decline in racetrack attendance could materially and adversely affect our business, financial condition and results of operations because the number and amount of purses may decline. If the opportunity to generate revenues and profits from thoroughbred ownership declines, the value of our horses may also decline, which could have a material and adverse effect on our business, financial condition and results of operations.

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Studies have shown that the likelihood of realizing sufficient proceeds from the racing and ultimate sale of a thoroughbred racehorse to cover its purchase price and maintenance costs during the period of ownership increases with purchase price up to \$100,000 and is lower for horses costing in excess of \$100,000 than for lower priced horses; because the purchase prices of our horses were principally either at or below \$50,000 or above \$100,000, we may realize lower returns than if we had followed a different horse selection strategy.

Studies have shown that the likelihood of realizing sufficient proceeds from the racing and ultimate sale of a thoroughbred racehorse to cover its purchase price and maintenance costs during the period of ownership increases with price up to \$100,000 and is lower for horses with purchase prices above \$100,000 than for lower priced horses. A possible explanation for the latter relationship is that horses whose ancestry and athleticism suggest that they might, after training, qualify for higher level stakes races carry a premium based on prestige or other intangible factors rather than the likely economic benefits of ownership. We have acquired 14 horses that were purchased by Alpen House for \$50,000 or less, 3 horses that were purchased by Alpen House for more than \$100,000 (including one horse that was purchased for \$380,000) and 3 horses that were purchased by Alpen House for more than \$50,000 but less than \$100,000. We purchased horses above \$100,000 because we believe that prospective investors will be attracted by the potential opportunity of the company to race one or more of its horses in higher level stakes races, but there is no assurance that any of our horses will in fact qualify for such races or that any of our horses that do qualify for such races will win any purses. Investors in our stock may realize returns that are lower than if we had pursued a different horse selection strategy.

Our horses are subject to impairment testing and potential periodic impairment charges.

We intend to test our horse assets for impairment on a semi-annual basis and more frequently if there is objective evidence of impairment. The value of one or more of our horses may become impaired for a variety of reasons, including death, injury or racing losses or lack of training progress. The events and conditions leading to the recording of an impairment charge could have a material and adverse effect on our business, financial condition and results of operations. The recognition of an impairment charge could materially and adversely affect the trading price of our common stock.

Racetrack attendance can be sensitive to reductions in consumers' discretionary spending, which may result from economic conditions, unemployment levels and other changes we cannot accurately predict and for which we cannot implement mitigating business strategies.

Demand for particular entertainment and leisure activities can be sensitive to consumers' disposable incomes, which may be materially and adversely affected by recent economic conditions and the persistence of elevated levels of unemployment. Horseracing and related activities may be similar to other leisure activities in that they represent discretionary expenditures likely to decline during economic downturns. In some cases, the perception of an impending economic downturn or the continuation of a recessionary climate can be enough to discourage consumers from spending on entertainment or leisure activities. Further declines in the residential real estate market, higher energy and transportation costs, changes in consumer confidence, increases in individual tax rates, and other factors that we cannot accurately predict may reduce disposable income of racetrack customers. This could result in fewer patrons visiting racetracks, gaming and wagering facilities and online wagering sites, and may impact these customers' ability to wager with the same frequency and maintain their wagering level profiles. Reduced wagering levels and profitability at racetracks could cause certain racetracks to reduce purse sizes, cancel races or cease operations and therefore reduce the opportunity to generate revenues and profits from our horses and cause the value of our horses to decline. Accordingly, these factors could have a material and adverse impact on our business, financial condition and results of operations.

We are dependent on Golden Pegasus and its officers, our Chairman and our officers, and a loss of any of their services could have a material and adverse effect upon us.

The experience of Golden Pegasus's officers and of our Chairman and officers is of critical importance to us and if the services of any of these individuals were lost, we might not be able to adequately replace them at all or on

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comparable terms. Accordingly, the loss of the services of any of five people (Michael Rogers, the chief executive officer of Golden Pegasus; Mark Roberts, the president of Golden Pegasus; Frank Stronach, our Chairman; Jack Brothers, our chief executive officer; and Lyle Strachan, our Chief Financial Officer) could have a material adverse effect on our business, financial condition and results of operations. Under the terms of our training and maintenance agreement with Golden Pegasus, Golden Pegasus may resign without cause.

Competition for personnel with significant experience in our industry is intense, and we will compete for personnel against numerous companies, including larger, more established companies with significantly greater financial resources. Although we intend to enter into an employment agreement with each of our chief executive officer and our chief financial officer, we cannot guarantee that these individuals will remain us; nor can we guarantee that the executive officers of with Golden Pegasus will remain with it. The retention of these individuals will be affected by the competitiveness of their terms of employment.

We do not carry key person life insurance on any of our officers.

We are dependent on the facilities and staff of Adena Springs.

The day-to-day care, training and racing management of our horses is expected to take place principally at the facilities of Adena Springs and at racetracks at which our horses are stabled. We believe that our relationship, through Golden Pegasus, with Adena Springs, which owns and manages over 900 of its own thoroughbred racehorses, will afford us access to higher quality trainers than we would be able to engage directly as a new participant in the thoroughbred horseracing industry. We believe, based on Adena Springs' high level of recognition in the thoroughbred horseracing industry and our officers' direct experience with Adena Springs, that Adena Springs' permanent staff, and its training tracks, barns and other facilities, are of high quality standards within the industry.

If the services and availability to us of Adena Springs' facilities and staff were lost, we might not be able to adequately replace them at all or on comparable terms. Accordingly, a loss of these services and facilities could have a material adverse effect on our business, financial condition and results of operations.

Golden Pegasus was formed specifically to provide training and maintenance services to the Racing Companies and has limited capitalization, as a result of which neither we nor investors will have meaningful recourse against Golden Pegasus for any claims.

Golden Pegasus was formed specifically to provide training and maintenance services to the Racing Companies. Golden Pegasus' assets consist primarily of its training and maintenance agreements with each of the Racing Companies, including us, and \$100,000 contributed by Alpen House in respect of each of the Racing Companies to be used exclusively for the benefit of each Racing Company to fund extraordinary medical expenses for procedures required to be performed on the horses of the Racing Companies during the operating period. As a result, neither we nor investors are likely to have meaningful recourse against Golden Pegasus for any claims that may arise from the business relationship between the company and Golden Pegasus. Furthermore, we will not have any contractual privity with Adena Springs and may not be able to obtain recourse against Adena Springs for any claims that may arise from the business relationship between the company and Golden Pegasus.

Our ability to race our horses is dependent upon numerous factors, including the ability to successfully train our horses to run races, each racetrack's racing card, the condition and health of the horse as of the day of the race, and the condition of racetracks.

Our horses were acquired by Alpen House principally at auctions during 2011. Prior to the racing of any of our horses, each horse must be properly trained to compete. We anticipate that the earliest any of our horses will be entered into a race is approximately August 2012. No assurance can be given that any of our horses will be

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entered into a race by such date. Thoroughbreds typically require significant recovery periods between races and overall, we estimate that prior to our liquidation, our horses that we own for our entire operating period will have been entered into an average of approximately six races per horse, limiting the potential revenues that can be generated from race winnings during our anticipated operating period. No assurance can be given that any of our horses will be entered into any particular number of races.

Racing schedules vary depending upon, among other things, the available racing opportunities during a racetrack's racing schedule, the types of races being run, the condition of the racetrack and the maximum number of horses competing for each available race. Horses that are owned by entities with overlapping ownership or that are trained by the same trainer that are entered in a race may be coupled under applicable gaming regulations such that pari-mutuel wagering on the horses is combined. Consequently, racetracks may seek to limit entries from entities with overlapping ownership, which could impose a further limit on the available racing opportunities for us and our sister companies, each of which will be at least 10% owned by Golden Pegasus and its affiliates.

Racetrack conditions, such as a grass or a muddy racetrack (as opposed to a dirt racetrack or all-weather track), may further limit our ability to race a horse because we may decline a racing opportunity when we believe a horse underperforms on the surface on which the race is being run or if we believe conditions are such as to expose the horse to undue risk of injury.

The overall health and condition of our horses as of a racing date will also be considered in whether a horse is available for racing. In the event of sickness or injury, a horse may be removed from the racing card, and depending upon future available racing opportunities, may not be able to race for a significant period of time or at all.

We may be forced to sell a horse entered in a claiming race.

Certain races on a racing card at a racetrack are typically designated as claiming races. A claiming race is a race that permits any qualified person (generally, licensed owners and prospective owners) with an account established at the racetrack to buy a horse entered into the race and requires the owner of the horse to sell the horse at the specified price, irrespective of whether the horse wins the race. The claiming race price is specified in advance and is generally applicable to each horse in the race.

If we decide to enter one of our horses in a claiming race because we believe that the horse is no longer competitive in stakes or allowance categories or for other reasons, we will run the risk that if claimed, we will be forced to sell the horse at the specified price for the claiming race, which, in combination with any winnings from that race, may be below our cost of acquiring, training and caring for the horse.

Racehorses are prone to injury.

Racehorses can be susceptible to leg or other injuries, which can adversely affect, shorten or end their ability to race or otherwise adversely affect them. No assurance can be given that our horses will not sustain any injury during stabling, training, racing or transport to and from various racetracks, irrespective of the level of precaution taken. Certain of our horses have been injured or may become injured prior to the completion of the offering and there can be no assurance that the training or racing of one or more of our horses will not be so impaired. In particular, our horses have sustained the following injuries to date: (i) on December 29, 2011, our horse identified with the proposed name "Reasonable Defence" suffered a bone fracture and will be re-evaluated on March 2, 2012 for return to training; and (ii) on January 4, 2012, our horse identified with the proposed name "Thunder Road" strained its suspensory ligament and will be re-evaluated at 30 day intervals for return to training. Any injuries that our horses sustain could reduce the racing opportunities available for such horses, the value of such horses and the net proceeds received upon their sale or liquidation and may materially and adversely affect our business, financial condition and results of operations.

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Our inventory of horses may decrease, which could adversely affect our operations.

The number of horses we own could decrease as a result of the factors described above and other factors, including those due to retirement for injury or other reasons or voluntary or forced liquidation, such as for the purposes of paying operating or other expenses under circumstances where available working capital is insufficient. Any reduction in the number of horses we own will reduce the opportunity to generate racing revenues and liquidation proceeds and may materially and adversely affect our business, financial condition and results of operations.

Golden Pegasus, its officers and directors and our officers and directors are subject to potential conflicts of interest with the company which may have a material and adverse impact on our business, financial condition and results of operations.

The allocation of horses to each of the Racing Companies was determined by management of Golden Pegasus, which is controlled by a trust for the benefit of members of the Stronach family, with the objective of causing the thoroughbred ownership of the Racing Companies to be comparable to a significant degree in terms of sex, purchase prices and states where bred (which may affect the ability of a horse to benefit from state racing funds contributed to certain horses). However, there can be no assurance that such efforts were successful. The principal stockholder, officers, directors, manager and business plans of the Racing Companies are substantially similar. The officers, directors and manager will devote only a portion of their time to us and each of our sister companies. They will also control the allocation of certain resources to us and our sister companies and may exert substantial influence on the success of us and our sister companies. The key distinction among the Racing Companies is the horses that each Racing Company owns. This overlapping ownership, management and contractual structure may have given rise and may in the future give rise to a number of significant conflicts of interest. For a description of certain actual or potential conflicts of interest to which we will be subject, see "Conflicts of Interest."

Concentrated ownership of our common stock may allow Golden Pegasus and its affiliated parties to exert significant influence in corporate matters which may be adverse to public investors.

Golden Pegasus will own at least 10% of our outstanding common stock and may own (alone or together with affiliated persons and entities) a higher percentage of our common stock if the remainder of the offering is not sold to other investors. Investors in the offering may not have any effective voice in our management, which could result in decisions adverse to our stockholders.

Golden Pegasus could have the ability to control or significantly influence substantially all other matters submitted to our stockholders for approval including:

- election or removal of our directors;
- amendment of our certificate of incorporation or bylaws; and
- adoption of measures that could initiate, delay, impede or prevent a change in control or impede a merger, takeover or other business combination involving us.

The concentration of ownership of our common stock may discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us, which in turn could reduce our stock price or prevent our stockholders from realizing a premium over our stock price.

Bad weather may adversely affect our business, financial condition and results of operations.

Racetracks operate outdoors and weather conditions surrounding these events may materially and adversely affect our business, financial condition and results of operations, particularly because poor weather may injure a

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horse or cause us to remove a particular horse from a particular race. Due to weather conditions, racetracks may be required to move a race event to the next live racing day, move the race from a turf track to a dirt track (which could cause us to withdraw a horse from a race in which the type of surface selected no longer suited its running style) or cancel races altogether. These changes would increase our costs and could materially and adversely affect our business, financial condition and results of operations. Poor weather could affect successive events in future periods.

We may be unable to secure insurance for our business, and assuming we are able to obtain insurance, our insurance coverage may not be adequate.

We intend to obtain reasonable policy limits of liability insurance with financially sound insurers. We cannot guarantee, however, that our coverage will be adequate should one or multiple casualty events occur or that our insurer will have adequate financial resources to sufficiently or fully pay our related claims or damages. In addition, we cannot guarantee that adequate coverage will be available, offered at reasonable costs, or offered by insurers with sufficient financial soundness. The occurrence of a casualty event could have a material adverse effect on our business, financial condition and results of operations if company liability was to exceed insurance coverage limits or if an insurer was unable to sufficiently or fully pay our related claims or damages. We cannot assure you that future increases in insurance costs will not materially and adversely impact our business, financial condition and results of operations.

We do not intend to purchase medical insurance covering our horses. Non-routine veterinary services in excess of \$100,000 in the aggregate during our operating period are not included in the services provided to us by Golden Pegasus pursuant to our training and maintenance agreement with Golden Pegasus. If the cost of non-routine veterinary services exceeds \$100,000 during our operating period, we may not have sufficient funds to obtain those services and may be unable to provide required veterinary care, resulting in a reduction in racing opportunities for our horses or the need to sell or euthanize one or more horses prior to the end of our operating period, any of which could materially and adversely impact our financial condition and results of operations.

State racing laws and regulations may limit our ability to race our horses in certain states.

We are subject to considerable federal, state and local government regulation relating to the ownership of racehorses and other related matters. Many of these regulations are subject to differing interpretations that may, in certain cases, result in unintended consequences that could materially and adversely impact the effective operation of our business. We will be required to obtain licenses in certain states in order to race our horses in such states. We may not be able to obtain necessary licenses or other approvals on a cost effective and timely basis in order to operate our business. Furthermore, we will depend on continued state approval of legalized thoroughbred horseracing in states where we race our horses. The failure to attain, loss of or material change in our licenses, registrations, permits or approvals may materially limit the number of races we enter, and could have a material and adverse impact on our business, financial condition and results of operations.

We may be limited in our ability to race our horses against horses owned by our sister companies or other entities in which there is a commonality of direct or indirect ownership interest, or against horses that are trained by the same trainer, due to so-called "coupling rules" arising under state laws and regulations and rules and conventions used by racing secretaries, as described under "Conflicts of Interest" below. Coupling rules may result in one or the other of the coupled horses being eliminated from a race, either on a mandatory basis or because the racing secretary desires to preserve a full field of horses and can do so by replacing a coupled horse with another eligible horse that is not coupled. Although we have adopted a conflicts policy, circumstances could arise that are not fully addressed by the conflicts policy and we could be disadvantaged as a result. Moreover, the application of the policy as intended could result in one of our horses being eliminated from a major race such as The Kentucky Derby or another race in which a large purse is available to be won.

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Racing laws and regulations in some of the states in which we intend to race our horses limit your ability to acquire and retain our common stock without being licensed as a thoroughbred owner and a violation of those laws and regulations could prevent our horses from racing in those states .

Existing regulations governing thoroughbred racing in various states may limit the ability of individuals and entities to acquire and retain our common stock. Such provisions are designed to regulate ownership and control of corporations engaged in thoroughbred racing. Such statutes provide that ownership of a substantial portion of common stock, generally greater than 3%, 5% or 10% of the outstanding equity in a corporation, must be approved by the racing commission in those jurisdictions and submit to background checks regarding financial history and criminal record. In some states, the identity of every owner of our equity is required to be disclosed and certain owners of our equity may be required to submit to background checks. The effect of the foregoing provisions may be to discourage acquisition of our common stock, either at all or in significant blocks, and to depress the price of our common stock in any market which may develop.

Because we may be unable to directly confirm the identities of persons holding shares in brokerage accounts (or otherwise in "street name") at levels requiring them to be licensed as owners, we are seeking regulatory interpretations and/or relief in certain states from the owner licensing requirements as they apply to shares held in street name. We have not yet finalized a regulatory strategy in every state in which we currently intend to race our horses or in which we may consider racing our horses in the future. If we are not able to conclude that the laws and regulations of any such state permit us to race our horses without direct confirmation that there are no street name holders who have not obtained required owner licenses, we may not be able to race our horses in that state. Any inability to race our horses in a particular state would limit our potential revenue opportunities and could materially and adversely impact our business, financial condition and results of operations.

We are vulnerable to additional or increased taxes and fees.

We believe that the prospect of raising significant additional revenues through taxes and fees is one of the primary reasons that certain jurisdictions permit horse racing. As a result, horse racing activities are typically subject to significant taxes and fees in addition to the normal federal, state, provincial and local income taxes, and such taxes and fees may be increased at any time. From time to time, legislators and officials have proposed changes in tax laws, or in the administration of such laws, affecting the horse racing industry. Moreover, certain states and municipalities, including ones in which we intend to race our horses, may be experiencing budgetary pressures that may make it more likely they would seek to impose additional taxes and fees on the operations of the racetracks in those states and municipalities. It is not possible to determine with certainty the likelihood of any such changes in tax laws or fee increases, or their administration; however, if enacted, such changes could make the operation of such racetracks less profitable, requiring owners to reduce purse sizes and, therefore, having a material and adverse effect on our business, financial condition and results of operations.

Our restated certificate of incorporation, amended and restated bylaws and Delaware law may discourage takeovers and business combinations that our stockholders might consider in their best interests.

A number of provisions in our restated certificate of incorporation and amended and restated bylaws, as well as anti-takeover provisions of Delaware law, may have the effect of delaying, deterring, preventing or rendering more difficult a change in control of us that our stockholders might consider in their best interests. These provisions include:

- the ability of our board of directors to designate and issue one or more series of preferred stock without stockholder approval, the terms of which may be determined at the sole discretion of the board of directors;
- prohibition on stockholders from calling special meetings of stockholders;
- prohibiting our stockholders from acting by written consent; and

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- establishment of advance notice requirements for stockholder proposals and nominations for election to the board of directors at stockholder meetings.

These provisions may prevent our stockholders from receiving the benefit from any premium to the market price of our common stock offered by a bidder in a takeover context. Even in the absence of a takeover attempt, the existence of these provisions may adversely affect the prevailing market price of our common stock if they are viewed as discouraging takeover attempts in the future.

Our restated certificate of incorporation and amended and restated bylaws may also make it difficult for stockholders to replace or remove our management. These provisions may facilitate management entrenchment that may delay, deter, render more difficult or prevent a change in our control, which may not be in the best interests of our stockholders.

See "Description of Capital Stock" for additional information on the anti-takeover measures applicable to us.

Our forward-looking statements are only plans and objectives.

The statements contained in this prospectus that are not historical fact are "forward-looking statements," which can be identified by the use of forward-looking terminology such as "believes," "expects," "may," "should," or "anticipates," the negatives thereof or other variations thereon or comparable terminology, and include statements as to the intent, belief or current expectations with respect to the future operations, performance or position. These forward-looking statements are predictions. We cannot assure you that the future results indicated, whether expressed or implied, will be achieved. While sometimes presented with numerical specificity, these forward-looking statements are based upon a variety of assumptions relating to our business, which may not be realized. Because of the number and range of the assumptions underlying our forward-looking statements, many of which are subject to significant uncertainties and contingencies beyond our reasonable control, some of the assumptions inevitably will not materialize and unanticipated events and circumstances may occur subsequent to the date of this prospectus. These forward-looking statements are based on current information and expectation, and we assume no obligation to update them.

Our actual experience and results achieved during the period covered by any particular forward-looking statement may differ substantially from those anticipated. Consequently, the inclusion of forward-looking statements should not be regarded as a representation by us or any other person that these plans or objectives will be realized, and actual results may vary materially. We cannot assure that any of these expectations will be realized or that any of the forward-looking statements contained herein will prove to be accurate.

Risks Related to our Common Stock and this Offering

There is no current trading market for our common stock and if a trading market does not develop, purchasers of our common stock may have difficulty selling their shares.

There is currently no established public trading market for our common stock and an active trading market in our common stock may not develop or, if developed, may not be sustained. We intend to seek to have our common stock quoted on the OTC Pink market, although there can be no assurance that our common stock will be quoted on the OTC Pink market. If for any reason our common stock is not quoted on the OTC Pink market or a public trading market does not otherwise develop, purchasers of the shares may have difficulty selling their common stock should they desire to do so. No market makers have committed to becoming market makers for our common stock and it is possible that none will do so. Even if a market for our common stock develops, the market price of our common stock is likely to be highly volatile and could fluctuate widely in price in response to various potential factors, many of which will be beyond our control.

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The value of our stock may be depressed because of our limited operating period and because investors are unable to share in any appreciation in the value of your horses after we are liquidated.

Our business plan is to race our horses until November 2, 2013 and then sell our horses as three-year olds. The opportunity to receive a return of capital or any profit from an investment in us will depend on, among other factors, our ability to generate net proceeds from the sale of our horses as three-year olds. It is possible that potential secondary market investors in our common stock will not familiarize themselves with or agree with this strategy. If secondary market investors are not interested in owning our stock, our stock price may be depressed and you may not be able to realize an attractive price for your shares in any secondary market that develops for our common stock.

State securities laws may limit secondary trading, which may restrict the states in which and conditions under which you can sell our common stock offered by this prospectus.

Secondary trading in our common stock sold in the offering will not be possible in any state until the common stock is qualified for sale under the applicable securities laws of the state or there is confirmation that an exemption, such as listing in certain recognized securities manuals, is available for secondary trading in the state. If we fail to register or qualify, or to obtain or verify an exemption for the secondary trading of, our common stock in any particular state, our common stock may not be offered or sold to, or purchased by, a resident of that state. In the event that a significant number of states refuse to permit secondary trading in our common stock, the liquidity for our common stock could be significantly impacted thus causing you to realize a loss on your investment.

We have been advised that the exemptions for secondary trading in California available under California Corporations Code Section 25104 (h) will be withheld, although there may be other exemptions to cover private sales in California of a bona fide owner for his own account without advertising and without being effected by or through a broker dealer in a public offering.

We do not intend to or anticipate being able to pay any dividends or make any distributions on our common stock prior to the Distribution Date.

We do not expect to pay any dividends or make any distributions on our common stock prior to the Distribution Date. Our stockholders will not be able to receive a return on their shares of common stock unless they sell them or hold them until our end date. Moreover, there is no assurance that stockholders will be able to sell shares when desired or, if they can, at a price higher than their basis or that any liquid market for our common stock will develop. There is no assurance that the amounts distributed on the Distribution Date will be sufficient for our stockholders to receive a return of their invested capital or any return on capital.

We may, in the future, issue additional common stock, which would reduce then-existing investors' percentage of ownership and may dilute our share value.

Our certificate of incorporation authorizes the issuance of up to 600,000 shares of common stock and 200,000 shares of preferred stock. Accordingly, the board of directors will be empowered, without further stockholder approval, to issue additional shares of capital stock up to the authorized amount, which could adversely affect the voting power or other rights of the holders of the existing common stock. We may value any stock issued in the future on an arbitrary basis and the future issuance of capital stock may result in substantial dilution in the percentage of our common stock or common stock-equivalents held by our then existing stockholders. The issuance of capital stock for future services or other corporate actions may have the effect of diluting the value of the shares held by our then-existing stockholders, and might have an adverse effect on any trading market for our common stock.

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We have agreed to compensate our non-employee directors who remain on our board of directors as of the Distribution Date for their services as directors by paying each such director a fee representing, in the aggregate, a percentage of our net assets available for distribution on the Distribution Date equal to 100% multiplied by (a) 400 divided by (b) the sum of (i) the number of shares of our common stock outstanding at such time plus (ii) the product of 400 multiplied by the number of such directors. These fees will be paid prior to the distribution to be made to common stockholders on the Distribution Date and will have an effect similar to having a number of additional shares of common stock outstanding at the close of business on our end date equal to the product of 400 multiplied by the number of such directors.

Your subscriptions may be rejected.

No assurance can be given that any subscriptions tendered by an investor will be accepted by the expiration date of this offering by us in our sole and absolute discretion. If the subscriptions are not so accepted by the expiration date of this offering, investors will receive their investment back promptly from the company, without interest or deduction, except that no refund will be made of any convenience fee associated with a debit card transaction. Accordingly, an investor's funds may be tied up until the expiration date of the offering, as the same may be extended.

This offering may not be completed.

We are offering shares of our common stock in this offering on a best efforts, all or none basis, without the services of an underwriter. If less than all of the shares offered hereby are sold during the offering period, we do not intend to conduct a closing of the offering and amounts deposited by investors will be returned promptly without interest or deduction, except that no refund will be made of any convenience fee associated with a debit card transaction.

Our sister companies, which have business plans substantially similar to ours, are conducting public offerings of their equity securities concurrently with this offering. Because our officers, directors and manager are the same as those of our sister companies, such officers, directors and manager will devote only a portion of their time to the public offering process of each of the six Racing Companies, which may increase the risk that one or more of the offerings may not be successful. Because the Racing Companies are structured as six separate companies, an investor in one of the Racing Companies will not be able to share in any profits of the other Racing Companies.

Our common stock is not a "covered security" and is therefore subject to registration in various states.

The term "covered security" applies to securities exempt from state registration because of their oversight by federal authorities and national-level regulatory bodies pursuant to Section 18 of the Securities Act. Our common stock is not a "covered security" and therefore subject to registration in the various states.

The offering is exposed to risks associated with online commerce security and debit card fraud.

We are conducting this offering on the internet and accepting debit cards as payment. To transmit confidential information over the internet, we rely on encryption and authentication technology. Unanticipated events or developments could result in a compromise or breach of the systems we use to protect transaction data. Furthermore, our servers and those of our service providers may be vulnerable to viruses or other harmful code or activity transmitted over the internet. While we will proactively check for intrusions into our infrastructure, a virus or other harmful activity could cause a disruption to the offering. In addition, we bear financial risk from investments made with fraudulent debit card data. Although we intend to implement anti-fraud measures, a failure to control fraudulent debit card transactions adequately could adversely affect the offering and our business. Because of our limited operating history, we cannot assure you that any anti-fraud measures we make will be sufficient to prevent material financial loss.

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Forward-Looking Statements

This prospectus includes “forward-looking statements,” within the meaning of the Securities Act and the Exchange Act. Forward-looking statements are not based on historical information and include, without limitation, statements regarding our future financial condition and results of operations, business strategy and plans and objectives of management for future operations. Forward-looking statements reflect our current views with respect to future events. The words “may,” “will,” “expect,” “intend,” “anticipate,” “believe,” “project,” “estimate” and similar expressions identify forward-looking statements. These forward-looking statements are based upon estimates and assumptions made by us or our officials that, although believed to be reasonable, are subject to certain known and unknown risks and uncertainties that could cause actual results to differ materially and adversely as compared to those contemplated or implied by such forward-looking statements. These risks and uncertainties include, without limitation, the following:

- the fact that most racehorse ownership is not profitable;
- the racing performance of our horses;
- the future value of our horses;
- estimates regarding the operating expenses of our business and the belief that upon completion of this offering, we will have sufficient funds to sustain our operations through the end of our operating period;
- our status as a development stage company;
- the decline in the popularity of horse racing;
- the likelihood of realizing proceeds from horse ownership, particularly from horses whose purchase price exceeds \$100,000;
- potential periodic impairment charges;
- declines in racetrack attendance;
- our dependence on Golden Pegasus and our Chairman, officers and key employees;
- our dependence on the facilities and staff of Adena Springs;
- the limited capitalization of Golden Pegasus;
- our ability to race our horses;
- the sale of one or more of our horses entered in claiming races or otherwise;
- the physical health and condition of our horses;
- decreases in our inventory of horses;
- conflicts of interest of Golden Pegasus, Alpen House, their respective officers and directors and our officers and directors;
- certain affiliated parties’ ability to exert significant influence in our corporate matters due to concentrated ownership of our common stock;
- our ability to secure insurance at adequate levels;
- state racing regulations limiting our ability to race our horses and your ability to acquire and retain our common stock;
- our vulnerability to additional or increased taxes and fees;
- the limited liquidity and trading of our common stock;
- state securities laws limiting secondary trading of our common stock;

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- our ability to pay dividends or make any distributions on our common stock prior to the Distribution Date;
- potential future dilution of our share value;
- the rejection of a prospective investor's subscription; and
- our ability to complete the offering.

We urge you to review carefully "Risk Factors" in this prospectus for a more complete discussion of the risks of an investment in the securities and caution you not to place undue reliance on the forward-looking statements contained in this prospectus. We disclaim any obligation or undertaking to update publicly or revise any forward-looking statement contained in this prospectus, whether as a result of new information, future events or otherwise, except as required by applicable law.

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Conflicts of Interest

We currently engage in, and expect from time to time in the future to engage in, financial, commercial and other transactions with directors, officers, significant shareholders and other related parties, which may give rise to actual or potential conflicts of interest. We may seek to have such transactions approved by a majority of our independent directors or a committee consisting of such directors but we will not be able to do so in all cases. Certain transactions involving an actual or potential conflict of interest have been completed in connection with our initial organization and were approved by our independent directors. Our directors and officers are or may become, in their individual capacity, officers, directors, controlling shareholders and/or partners of other entities engaged in a variety of businesses, including competitive businesses. There exist potential conflicts of interest including allocation of time between us and their other business activities.

The following is a brief description of certain transactions that have given rise or may in the future give rise to actual or potential conflicts of interest.

The Acquisition of our Horses

The thoroughbred horses we have acquired were purchased by Alpen House during 2011. Management of Golden Pegasus determined the allocation of horses sold by Alpen House to the Racing Companies with the objective of causing the thoroughbred ownership of the Racing Companies to be comparable to a significant degree in terms of sex, purchase prices and states where bred (which may affect the ability of a horse to benefit from state racing funds contributed to certain purses). There can be no assurance that such efforts were successful. An investment in one of our sister companies could be more or less financially advantageous than an investment in us.

Our Sister Companies

We and our sister companies will have the same officers and directors, and these persons will only devote a portion of their time to us and each of our sister companies. Similarly, the personnel of Golden Pegasus will devote only a portion of their time to us and each of our sister companies. Although there can be no assurance, we believe that our officers and directors and the personnel of Golden Pegasus will have sufficient time to attend to our business notwithstanding that they are engaged by our sister companies in similar capacities.

Our officers and directors and Golden Pegasus will control the allocation of certain resources to us and our sister companies and may exert substantial influence on the success of us and our sister companies. One such company may be favored over another by virtue of, among other factors, the available time and resources of our officers and directors and the officers and directors of Golden Pegasus not being allocated evenly across the Racing Companies.

Our executive officers could potentially seek to favor one Racing Company over another by controlling the horses from each Racing Company that are nominated to enter specific races. Our Conflicts of Interest Policy (and the Conflicts of Interest Policies adopted by our sister companies, which are identical to ours) seeks to minimize these potential conflicts by employing the following standards and procedures:

- no trainer is engaged to train horses owned by more than one Racing Company;
- trainers are engaged on terms affording them discretion to determine in accordance with industry standards (subject to review in limited circumstances by management and our board of directors) whether a horse will be nominated to enter a race other than a claiming race or a Grade I, II or III stakes race; and
- decisions to enter a horse in a claiming race or a Grade I, II or III stakes race are made by our chief executive officer (subject to review in limited circumstances by our board of directors), but if the

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trainer for a horse identifies it as a suitable candidate for a race, that horse will be nominated unless the chief executive officer (or the board of directors) determines that the nomination would be contrary to our best interests.

Notwithstanding these standards and procedures, it is possible that decisions related to the entry of horses into higher level stakes races and other significant matters will arise that are not fully resolved through these procedures and therefore will require our executive officers and directors to be involved in decision-making on behalf of two potentially competing Racing Companies. Similar conflicts of interest may arise with respect to the executive officers and directors of Golden Pegasus.

Furthermore, even where the above standards and procedures operate to avoid any conflict of interest on the part of the executive officers and directors of the Racing Companies in connection with the nomination of horses to a race, the potential remains for horses to be nominated to the same race under circumstances where elimination of one of the horses is required. If two Racing Companies nominates horses they own to the same race and one of the Racing Companies' horse is required to be eliminated from the race under the rules described under "—Coupling of Horses" below, the horse chosen to remain in the race will be determined, to the greatest extent practicable, by the applicable racing laws and regulations, track rules or otherwise by the racing secretary for the race in order to minimize conflicts of interest on the part of the executive officers and directors of the Racing Companies in connection with the elimination of horses from a race.

Competitive Activities

Certain of our directors and each of our officers, including Mr. Stronach, who serves as our Chairman, Jack Brothers, who serves as our chief executive officer, Lyle Strachan, who serves as our chief financial officer, and Alon Ossip, who serves as our secretary, and the executive officers and directors of Golden Pegasus engage and will continue to engage in the ownership and racing of thoroughbreds and other related business activities. Mr. Stronach engages in the ownership, racing and breeding of thoroughbreds and other horse racing-related business activities through The Stronach Group, including through Alpen House, Adena Springs and their affiliates. Alon Ossip and Lyle Strachan, as employees and/or advisors of The Stronach Group, may undertake activities related to the racing of thoroughbreds and other horse racing-related business activities through The Stronach Group affiliates, including Alpen House and Adena Springs. Ron Charles, a director, owns and races approximately ten thoroughbreds. Howard Walton, a director, is the sole owner of Norseman Racing Stables, Inc., which owns approximately 40 to 50 thoroughbred and quarter horses at any given time. Lorne Weiss, a director, possesses an ownership interest in approximately five thoroughbreds. Jack Brothers is a partner in Hidden Brook Farm, a 600-acre thoroughbred nursery and multi-faceted facility specializing in breeding, raising, breaking and rehabilitating horses located in Paris, Kentucky. Hidden Brook Farm also manages racing partnerships that have campaigned horses. Hidden Brook Farms also purchases and sells thoroughbreds at major sales throughout the year. The participation of our officers and directors in these activities may give rise to conflicts of interest in their decision-making, or participation in decision-making, on behalf of the company. Each of these individuals may be in a position to influence the racing development of or care for our horses in a manner that could disadvantage us relative to the other racehorse operations in which they are involved and they may prefer those other racehorse operations in such circumstance. We have waived the corporate opportunity doctrine with respect to their competitive thoroughbred ownership and racing activities as permitted by Section 122(17) of the Delaware General Corporation Law, subject to their compliance with the conflict procedures described under "—Coupling of Horses" below.

The Training and Maintenance Agreement

We have entered into a training and maintenance agreement with Golden Pegasus under which substantially all of the costs of ownership of our horses will be borne by Golden Pegasus and Golden Pegasus receives a flat fee payment per horse per day, which commenced effective November 17, 2011, as described in further detail under "Business—Training and Maintenance Agreement" below. We and Golden Pegasus believe, based on the rates

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expected to be paid to the trainers engaged on our behalf and the current costs of providing items such as transportation, feed, blacksmithing and other goods and services to be provided under the training and maintenance agreement, that this fee will approximate or be lower than Golden Pegasus's actual costs. Furthermore, Alpen House has contributed to Golden Pegasus \$100,000 to be used exclusively for our benefit to fund extraordinary medical expenses for procedures required to be performed on our horses during the operating period. Although it is possible that Golden Pegasus will experience a modest profit if the effect of the medical fund and such costs are ignored, Golden Pegasus has agreed that if it realizes more than a 10% net margin under the training and maintenance agreement determined on such basis, the amount in excess thereof will be refunded to us. Net margin will be calculated as the fees received by Golden Pegasus reduced by the direct costs incurred by Golden Pegasus to provide the goods and services received by us pursuant to the training and maintenance agreement. Although certain costs, such as the costs of barn staff and personnel employed by Adena Springs and charged to Golden Pegasus pursuant to its subcontracting arrangement with Golden Pegasus, will be allocated based on an estimate of the portion of those resources used for our benefit, there will be no general overhead charge or depreciation charges taken into account. Golden Pegasus will not be entitled to offset any losses realized by it under training and maintenance agreements it has entered into with our sister companies in calculating the net margin realized under its training and maintenance agreement with us.

Except as described in the preceding paragraph, neither the company nor Golden Pegasus will be entitled to an adjustment to the amount of the training and maintenance fee based on the actual costs incurred by Golden Pegasus pursuant to the training and maintenance agreement. Since the training and maintenance agreement does not include any incentive compensation related to the performance of our horses, this arrangement may cause Golden Pegasus to seek out cost saving measures that are not in our best interests by, for example, electing not to enter qualified horses in order to save on nomination or entry fees, transportation charges or other expenses that would be incurred.

Golden Pegasus will have the discretion to subcontract or outsource all or a portion of the services and products to be provided by it under the training and maintenance agreement. It is Golden Pegasus's current intention to outsource the provision of all of these products and services to Alpen House, trainers selected and engaged by Golden Pegasus and certain third party veterinarians.

Michael Rogers, the chief executive officer of Golden Pegasus, is associated with Alpen House, which is controlled by trusts for the benefit of members of the Stronach family, and Mr. Rogers performs and will continue to perform substantial services for Alpen House and other entities within The Stronach Group or affiliated with such entities in addition to providing services to us pursuant to the training and maintenance agreement.

Enforcement of Affiliate Agreements

We are entering into contractual arrangements with affiliated entities, including the training and maintenance agreement with Golden Pegasus and a license of our name from TSG HIP, Inc., an entity controlled by The Stronach Group. Our office is co-located with Golden Pegasus' office at Gulfstream Park, which is owned by The Stronach Group. Because of the significant ownership position of Golden Pegasus, which is controlled by The Stronach Group, in our common stock and the fact that Golden Pegasus and the other entities referenced above are controlled by The Stronach Group; the fact that our executive officers have other business relationships with The Stronach Group; and the fact that Mr. Stronach will serve as our chairman, conflicts of interest will exist with regard to the enforcement of our rights under these agreements and any other transactions or arrangements with affiliated parties. Our conflicts of interest policy provides that claims and disputes related to agreements with affiliated parties will be controlled by our independent director committee, but this procedure may not be sufficient to address the potential conflicts because our independent director committee will rely on management to identify such claims and disputes.

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Boarding of Horses at Tracks Owned by The Stronach Group

Certain of our horses, which we refer to as our "east coast" horses, are expected to race primarily on the east coast of North America and others, which we refer to as our "west coast" horses, are expected to race primarily on the west coast. Although we have not yet determined which of our horses will be east coast horses and which will be west coast horses, we anticipate that approximately two-thirds will be east coast horses and one-third will be west coast horses. We expect to designate horses as west coast horses if they appear promising for racing in west coast races and we do not anticipate a potential need to remove them to one of the Adena Springs facilities, which are located near the east coast, for management (for example, because of concern that a prior injury could require closer veterinary supervision or rehabilitation). We do not expect to experience any material incremental operating expenses as a result of a horse being an east coast versus a west coast horse because the operating costs that are likely to be impacted will be paid by Golden Pegasus pursuant to our training and maintenance agreement with Golden Pegasus. Furthermore, because we do not believe that the net margin realized by Golden Pegasus under that agreement will exceed the level at which we would be entitled to a cost adjustment as described above under "The Training and Maintenance Agreement," we do not expect to experience any reduction in rebates that might otherwise be available under the training and maintenance agreement as a result of a horse being an east coast versus a west coast horse. However, the expectation that two-thirds of our horses will be east coast horses and one-third will be west coast horses takes into Golden Pegasus' budgeting for transportation costs associated with moving horses to and from the west coast.

Our east coast horses that are considered by us to be competitive to be raced at Gulfstream Park will be boarded there in preference to other racetracks. Our west coast horses that are considered by us to be competitive to be raced at Santa Anita Park or Golden Gate Fields will be raced there in preference to other racetracks. Gulfstream Park, Santa Anita Park and Golden Gate Fields are owned, through intermediaries, by trusts for the benefit of members of the Stronach family. We may similarly favor other racetracks that are part of The Stronach Group. Our preference for boarding our horses at racetracks that are part of The Stronach Group and the logistics that follow from that policy may conflict with the desires of certain trainers. We believe, however, that we will be able to attract an adequate number of high quality trainers to train our horses at those tracks. We believe that Gulfstream Park, Santa Anita Park and Golden Gate Fields will offer attractive revenue opportunities for our horses that are boarded there because they are major racetracks that see substantial handle, and that we will be successful in placing our horses that are not considered by us to be eligible to be raced at such tracks at other racetracks. Furthermore, horses that are boarded at Gulfstream Park, Santa Anita Park or Golden Gate Fields, or any other racetracks that are part of The Stronach Group, will be entered into races at those racetracks, as well as races at racetracks that are not part of The Stronach Group, at the discretion of their trainers and our chief executive officer, as applicable, in the same manner as horses that are boarded at other racetracks, as described under "—Our Sister Companies". Because the horses of the Racing Companies may be concentrated at a smaller number of racetracks as a result of the preference of the Racing Companies for boarding their horses at racetracks that are part of The Stronach Group, coupling issues may arise more frequently, resulting in the loss of revenue opportunities for one or more Racing Companies.

Liquidation

The opportunity for an investor in the offering who holds his shares until our end date to realize a positive return from an investment in the offering will be substantially dependent on our ability to sell our horses at an attractive price. We have obtained assurances from our officers and directors, Golden Pegasus, and the officers and directors of Golden Pegasus that they will not seek to purchase our horses in claiming races. However, we cannot assure you that a stockholder with whom we do not have a pre-existing agreement will not purchase one or more of our horses in a claiming race or otherwise.

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Coupling of Horses

In certain cases, regulatory bodies or racetrack owners will “couple” two or more horses as a single wagering interest in a single race where there is specified ownership overlap or the horses have the same trainer, stable or manager, or if the state racing commission determines coupling is desirable or in the public interest. The reasoning is that coupling of the commonly-owned, -trained, -stabled or -managed horses will protect the general public when placing bets on these horses by eliminating some of the incentive for these owners, trainers or managers to manipulate the race by skewing the odds in favor of one of their horses. For example, an owner with two horses in a single race could designate one of them to set an unreasonably fast early pace in hopes of tiring other horses out so that the other co-owned horse that is not following that pace can come from behind to win. The coupling of these two wagering interests prevents unwitting bettors from placing bets on the fast pace-setting horse that is designed to lose. While the wagering interests will be the same for the coupled horses, the winning purse is not shared among the coupled horses and only the winning horse is entitled to the entire amount of the purse. Due to the commonality of ownership and potential overlapping training relationships, there is a significant chance that our horses may be coupled with other horses, including horses owned by our officers and directors, our sister companies, and Alpen House.

Certain states and racetracks limit or restrict the ability of horses to race in the same race with each other if those horses are owned in whole or in part by the same person or entity or trained by the same trainer. For example, Arkansas and Delaware have laws prohibiting coupled horses from starting in a race to the exclusion of a non-coupled horse. This rule is intended to protect the interest of other horses in the race by giving preference to horses owned by different owners and potentially eliminating the commonly-owned, -trained, -stabled or -managed horses so that each horse owner, trainer or manager in a race has a chance of winning the race with only one horse. Moreover, even where such restrictions do not apply, a racing secretary may eliminate horses from a race rather than couple them in order to maximize the number of wagering interests in a race.

Our Conflicts of Interest Policy does not restrict a coupled horse from racing in the same race as another coupled horse. However, our Conflicts of Interest Policy (and the Conflicts of Interest Policies adopted by our sister companies) contains the following procedures intended to minimize conflicts of interest on the part of the management and Board of Directors of the Racing Companies when a horse owned by a Racing Company is required to be eliminated under coupling rules:

- if one of our horses is coupled with a horse owned by another Racing Company in a race other than a Grade I, II or III stakes race and either applicable law or the racing secretary for the race requires one of the coupled horses to be eliminated, the horse with the most recent start date (i.e., the date it last started in a race) will be eliminated without seeking to assess the relative competitiveness of the horses vying for entry;
- if a horse is required to be eliminated from a Grade I, II or III stakes race because of a coupling issue, the horse with the most earnings will be permitted to remain in the race and the other horse or horses will be eliminated;
- if a horse is required to be eliminated from a race under coupling rules and the conflict is not resolved by the foregoing procedures, the racing secretary will be requested to determine the horse that will be eliminated based on such established rules and procedures as are applicable or, if the racing secretary determines that no established rules and procedures apply, to determine the elimination by lot; and
- if the racing secretary declines to determine the elimination by lot, our chief executive officer will determine the elimination by lot.

If a horse is eliminated from a race on the basis of these procedures, the Racing Company or other entity owning that horse will not have any right to share in the purse winnings of the horse that is permitted to remain in the race.

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Our officers and directors, Golden Pegasus, and the officers and directors of Golden Pegasus have agreed in writing to be bound by the foregoing conventions in the event a Racing Company horse is coupled with a horse in which they have a direct or indirect ownership interest or with which there is an overlapping training relationship.

Stabling of Our Horses

We expect that our horses will be stabled at Adena Springs or other properties owned or operated by Alpen House, our officers and directors or their respective affiliates, as well as various racetracks in the United States and Canada. As a result, our horses may interact with horses owned by one or more of these persons or entities, and any conflict that arises between us and any of these persons or entities with respect to the allocation of internal and external resources, including obtaining the benefit relationships with trainers, jockeys and other industry participants, may be resolved in their favor.

Use of Proceeds

We expect to receive net proceeds from the sale of common stock being offered by us in this offering and the simultaneous private placement of common stock to Golden Pegasus, after deducting estimated expenses and assuming (i) all shares of common stock offered by us are sold, (ii) that we do not engage any registered broker-dealers to participate in the sale of shares in the offering and (iii) that the aggregate debit card convenience fees we receive are at least equal to the debit card processing fees payable by us, of approximately \$4.3 million. We intend to use the net proceeds from this offering and the concurrent private placement to:

- repay a promissory note in the amount of \$1,230,789 bearing interest at the rate of 0.19% per annum, compounded annually, issued by us to Alpen House on December 16, 2011 in consideration for the sale to us by Alpen House of our horses, which promissory note matures on the earlier of (i) December 16, 2014 and (ii) the date of consummation of an offering of equity securities of us pursuant to which net proceeds from the sale of such equity securities to persons other than affiliates of us or Alpen House equal or exceed the amount then due under the promissory note;
- pay the anticipated aggregate training and maintenance fee of approximately \$2.3 million that will become due under our training and maintenance agreement with Golden Pegasus during the operating period;
- repay advances in the amount of \$5,055 made by Frank Stronach to pay expenses incurred by us prior to the consummation of the offering;
- pay the legal, accounting and other costs associated with being a public reporting company, which we estimate will total approximately \$350,000 through the completion of the liquidation of our assets; and
- for working capital and for general corporate purposes.

The following table illustrates the anticipated sources and uses of funds in connection with this offering.

Sources			Uses		
	Amount	Percentage		Amount	Percentage
Net proceeds from offering and concurrent private placement	\$4,310,000	100%	Repayment of promissory note	\$1,230,789	28.6%
			Anticipated aggregate training and maintenance fee	2,325,000	53.9%
			Repayment of advances by Mr. Stronach	5,055	0.1%
			Working capital (1) (2)	399,146	9.3%
			Estimated public reporting company costs	350,010	8.1%
Total	\$4,310,000	100%	Total	\$4,310,000	100%

- (1) We anticipate that working capital will be used for the following purposes (all amounts are estimates only): \$151,000 on salaries, wages and benefits; \$117,000 on insurance; \$80,000 on marketing; \$15,000 on tax filings; \$10,000 on sales expenses; \$16,000 on appraiser consulting fees; and \$10,146 on other expenses.
- (2) Certain state regulations prohibit issuers from reserving more than 15% of the proceeds from an offering for working capital or general corporate purposes (or for any other unspecified use).

Table of Contents**Determination of Offering Price**

The offering price for the shares of our common stock offered hereby is approximately a pro rata portion of the purchase price for our horses, the fees we expect to pay to Golden Pegasus pursuant to the training and maintenance agreement, our anticipated expenses of being a public company and a working capital reserve. No investment banker, appraiser, or other independent third party has been consulted concerning the offering price for the shares or the fairness of the offering price used for the shares.

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Capitalization

The following table presents our capitalization at December 16, 2011 on a historical basis and as adjusted to give effect to the sale of 405,000 shares of our common stock by us in the offering (and the concurrent sale of 44,000 shares of our common stock to Golden Pegasus) and the receipt of approximately \$4.3 million in estimated net proceeds after deducting estimated expenses and assuming (i) all shares of common stock offered by us are sold, (ii) that we do not engage any registered broker-dealers to participate in the sale of shares in the offering and (iii) that the aggregate debit card convenience fees we receive are at least equal to the debit card processing fees payable by us. The table does not give effect to any use of proceeds from the offering or the concurrent private placement. This table should be read in conjunction with our audited financial statements included in this prospectus, as well as with "Management's Discussion and Analysis of Financial Condition and Results of Operation."

	At December 16, 2011	
	Actual	As Adjusted
Liabilities		
Promissory Note	\$1,116,789	—
Stockholder's equity		
Common Stock, \$0.001 par value, 600,000 shares authorized; 1,000 shares issued and outstanding, actual, and 450,000 shares issued and outstanding, as adjusted	1	450
Preferred Stock, \$0.001 par value, 200,000 shares authorized; 0 shares issued and outstanding, actual, and 0 shares issued and outstanding, as adjusted	—	—
Accumulated deficit	(74,571)	(74,571)
Additional paid-in capital	\$ 123,999	\$4,613,550
Total capitalization	\$1,166,218	\$4,539,429

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All directors, officers and affiliates who have purchased shares of our common stock prior to the date hereof, or who will do so in connection herewith, have paid and will pay the same \$10.00 per share price that is being paid by investors in the offering. There will be no material dilution to investors in the offering by reason of losses incurred by the company to date.

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Management's Discussion and Analysis of Financial Condition and Results of Operation

Business Overview

We were formed for the purpose of offering a broad range of investors the opportunity to participate in the enjoyment and excitement of an equity investment in thoroughbred racehorses at a minimum level of investment commitment that is significantly lower than ordinarily accompanies such opportunity. We currently own 20 thoroughbred racehorses, which we acquired from Alpen House in exchange for a promissory note. Alpen House retains a security interest in our horses. Each thoroughbred racehorse was a yearling when purchased. Alpen House began training our thoroughbred racehorses in the fourth quarter of 2011 and we intend to continue training them, and to race those that are determined to be suitable for racing, until approximately the fourth quarter of 2013.

We intend to liquidate our assets at the end of our operating period and complete a distribution of the net proceeds from the liquidation of our assets to stockholders of record as of the close of business on our end date. In order to accomplish this liquidation, we intend to auction our horses as three-year olds. Most thoroughbred horses are sold as yearlings or two-year olds and there is no widely recognized auction market for the sale of three-year old horses (although three-year olds are included in "all ages" horse auctions). We believe this circumstances is attributable to limitations on supply and that there is unmet market demand for three-year olds that we will have the opportunity to fill.

Results of Operations

From inception on November 18, 2011 to December 16, 2011:

Revenues. We generated \$0 in revenues. We have never generated any revenues and there can be no assurance we will ever generate enough revenues to sustain our operations.

Operating Expenses. Our operating expenses consisted of \$74,571 of general and administrative expenses. The \$74,571 of general and administrative expenses was for training and management fees, legal and accounting fees, incorporation costs and marketing and was paid in cash using the proceeds from an initial subscription for our shares by Golden Pegasus and payments made by related parties. We incurred \$90,000 of expenses for training and maintenance fees during such period. \$58,884 of these expenses have been capitalized and are reflected on our December 16, 2011 balance sheet as additions to livestock horses. See note 4 to our audited financial statements included in this prospectus. The remaining \$31,116 of these costs has been expensed.

Net Loss. We had a net loss of \$74,571.

The results of operations for the period November 18, 2011 to December 16, 2011 are not indicative of the results for any future period. During this initial period, we were primarily focused on preliminary work related to the offering, recruiting our directors and officers, business planning, developing our business model, creating marketing materials, designing our website and the acquisition and training of our horses. We expect to considerably increase our operating expenses in the future, particularly expenses relating to marketing, accounting and legal fees.

Liquidity and Capital Resources

Our balance sheet as of December 16, 2011 reflects cash assets of \$10,000, our horse assets of \$1,289,673, the promissory note issued to Alpen House in the original principal amount of \$1,230,789, and no other material assets or liabilities. The promissory note issued by us to Alpen House bears a below-market interest rate of 0.19% per annum, compounded annually on each December 16 beginning in 2012 and is therefore reflected at a discount of approximately \$114,000 on our books. The stated and effective rates on the promissory note are essentially the same given that interest compounds annually. The discount has been allocated to paid-in capital as

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of December 16, 2011. The promissory note matures on the earlier of (i) December 16, 2014 and (ii) the date of consummation of an offering of equity securities of us pursuant to which net proceeds from the sale of such equity securities to persons other than affiliates of us or Alpen House equal or exceed the amount then due under the promissory note. Cash and cash equivalents from inception to date have been sufficient to provide the operating capital necessary to operate to date and have been provided by an initial subscription for our shares by Golden Pegasus and by loans and advances by other related parties.

Beginning on or about November 17, 2011, we expensed training and maintenance fees of \$3,000 per day, representing \$150 per horse per day, to train and care for our horses pursuant to the training and maintenance agreement. Beginning on December 23, 2011, we started to expense compensation costs of approximately \$114 per day for our chief executive officer and chief financial officer. The training and maintenance fee is a fixed contractual expense covering substantially all of the costs associated with training and caring of our horses, including ordinary course veterinary care and, subject to the limit of the \$100,000 extraordinary medical expense reserve established for our benefit, all other veterinary care but excluding insurance costs. Additionally, from inception through December 23, 2011, we have spent approximately \$43,000 attributable to marketing, legal and accounting expenses associated with the operations of our business.

Over the next 12 months, we anticipate needing at least \$1.4 million for total operating expenses, including approximately \$1.1 million in training and maintenance fees under the training and maintenance agreement. We anticipate spending a total of approximately \$190,000 on the expenses associated with this prospectus and the offering. We will utilize a portion of the cash raised in the offering to pay the foregoing expenses.

Currently, we do not have any arrangements for any financing, whether it be through the sale of shares of our common stock or any other method of financing. No assurance can be given that we will obtain access to capital markets in the future or that adequate financing to satisfy the cash requirements of implementing our business strategies will be available on acceptable terms. Our inability to gain access to capital markets or obtain acceptable financing could have a material adverse effect upon our business, financial condition and results of operations. Our failure to raise additional funds if needed in the future will adversely affect our business operations, which may cause us to cease to be a going concern and lead you to lose your entire investment.

It is likely that our operating losses will increase in the future and it is very possible we will never achieve or sustain profitability. We may be unable to adjust spending in a timely manner to compensate for any unexpected revenues shortfall or other unanticipated changes in our industry. Any failure by us to accurately budget our financials would have a material adverse effect on our business, results of operations and financial condition.

Because we have had no net income from operations and are dependent upon the sale of our securities or related party financing to meet our cash requirements, our independent registered public accountants have expressed substantial doubt regarding our ability to continue as a going concern.

Critical Accounting Policies

Our critical accounting policies, including the assumptions and judgments underlying them, are disclosed in the notes to our audited financial statements included in this prospectus. We have consistently applied these policies in all material respects.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

CALIFORNIA HORSE RACING BOARD

FEBRUARY 23, 2012
REGULAR BOARD MEETING

There is no board package material for Item 7