

**CALIFORNIA HORSE RACING BOARD**

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**PARI-MUTUEL/ADW**  
**AND**  
**SIMULCAST COMMITTEE MEETING**

of the **California Horse Racing Board** will be held on **Wednesday, November 20, 2013**, commencing at **2:30 p.m.**, in the **Sunset Room** at the **Betfair Hollywood Park Race Track, 1050 South Prairie Ave., Inglewood, California**. Non-committee Board members attending the committee meeting may not participate in the public discussion, official committee vote, or committee closed session.

**AGENDA**

**Agenda Items**

1. Discussion and action regarding the **night industry's advance deposit wagering (ADW) imports split rate on races conducted after 6:00 p.m. during the 2013 racing year.**
2. Discussion and action regarding the **allocation and distribution of advance deposit wagering (ADW) harness funds generated pursuant to Business and Professions Code section 19604(f)(5).**
3. Discussion and action regarding the **night industry's importation of out-of-country races commencing after 5:30 p.m. pursuant to Business and Professions Code Section 19596.3(b) (c).**
4. **General Business:** Communications, reports, requests for future actions of the Committee.

Additional information regarding this meeting may be obtained from Mike Marten at the CHRB Office at Los Alamitos Race Course, 4961 E. Katella Avenue, Los Alamitos, CA, 90720; telephone (714) 820-2748; cell (714) 240-1870; fax (714) 821-6232. A copy of this notice can be located on the CHRB website at [www.chrb.ca.gov](http://www.chrb.ca.gov). \*Information for requesting disability related accommodation for persons with a disability who requires aids or services in order to participate in this public meeting, should contact Mike Marten.

**PARI-MUTUEL/ADW AND SIMULCAST COMMITTEE**

Commissioner Richard Rosenberg, Chairman  
Commissioner Jesse H. Choper, Member  
Jacqueline Wagner, Assistant Executive Director

STAFF ANALYSIS  
DISCUSSION AND ACTION REGARDING THE NIGHT INDUSTRY'S ADVANCE  
DEPOSIT WAGERING (ADW) IMPORTS SPLIT RATE ON RACES CONDUCTED AFTER  
6:00 PM DURING THE 2013 RACING YEAR

Pari-Mutuel/ADW and Simulcast Committee Meeting  
November 20, 2013

## BACKGROUND

Business and Professions Code section 19604 (f) (5) (C);

“Notwithstanding any provisions of this section to the contrary, with respect to wagers on out-of-state and out-of-country thoroughbred races conducted after 6 p.m., Pacific time, 50 percent of the amount remaining shall be distributed as commissions to thoroughbred associations and racing fairs, as thoroughbred and fair purses, and as incentive awards in accordance with subparagraph (A), and the remaining 50 percent, together with the total amount remaining from advance deposit wagering originating from California out-of-state and out-of-country harness and quarter horse races conducted after 6 p.m., Pacific time, shall be distributed as commissions on a pro rata basis to the applicable licensed quarter horse association and the applicable licensed harness association, based upon the amount handled in state, both on- and off-track, on each breed's own live races in the previous year by that association, or its predecessor association. One-half of the amounts thereby received by each association shall be retained by that association as a commission, and the other half of the money received shall be distributed as purses to the horsemen participating in its current or next scheduled licensed racing meeting.”

## ANALYSIS

Historically the quarter horse meet conducted at Los Alamitos Race Course (LARC) includes races of arabian, thoroughbred and quarter horse breeds. Table 1 shows the LARC racing breeds from 2008 through 2012 (Source CHRIMS). Thoroughbred racing at LARC in 2008 was 470 races; 478 in 2009; 413 in 2010; 450 in 2011; and 385 races for 2012.

Table 1. Number of races by the breed at LARC.

Race Year	Quarter	Thoroughbred	Arabian
2012	1028	385	n/a
2011	1058	450	n/a
2010	1036	413	n/a
2009	1290	478	50
2008	1263	470	130

Currently the manner in which the California Horse Racing Information Management System (CHRIMS) calculates the split of the remaining 50 percent of ADW out of state and out of country Thoroughbred horse racing conducted after 6:00 p.m. on the amount handled in state on and off-track is based on the meet rather than the breed as stated on the Business and Professions Code section 19604 (f) (5) (C). Table 2 below show that the split rate using the breed.

Table 2. Split percentage based on **breed** handle.

Race Year	Percentages for Quarter	Percentages for Harness
2012	70.49%	29.51%
2011	62.11%	37.89%
2010	59.00%	41.00%
2009	58.15%	41.85%
2008	58.87%	41.13%

Table 3 shows percentages calculated by meet, which also includes thoroughbred races run at LARC.

Table 3. Split percentage based on **meet** handle.

Race Year	Percentages for Quarter	Percentages for Harness
2012	76.60%	23.40%
2011	70.28%	29.72%
2010	67.01%	32.99%
2009	66.29%	33.71%
2008	67.55%	32.45%

The split percentage calculated based on the meet allows LARC to claim a higher percentage rate which translate into higher commissions and purses.

#### RECOMMENDATION

This item is presented for committee discussion.



August 14, 2013

Commissioners Rosenberg and Choper  
 Pari-mutuel/ADW and Simulcast Committee  
 California Horse Racing Board  
 1010 Hurley Way, Suite 300  
 Sacramento, CA 95825

Dear Commissioners:

The agenda for your August 21<sup>st</sup> meeting includes the night industry's ADW imports split on races conducted after 6:00pm during the 2013 racing year and the allocation and distribution of incentive awards.

The following comments are intended to provide some historic reference:

Since the inception of advanced deposit wagering in 2001 the subject races have been allocated based on the total instate live handle of the respective association in the prior year. Los Alamitos races numerous breeds during a meet ranging from a maximum of 6 breeds to a minimum of 2. The quarter horse portion has ranged from 74.9% in 2001 to 66.5% in 2011. The allocation, based on total handle, has been reviewed and approved by each association on an annual basis.

Incentive awards on said races are not provided for under Section 19604 (f)(5).

Attached are the following:

A summary of our total instate live handle by breed for the years 2000 through 2012.

A letter from Mr. Daniel Schiffer attorney for Pacific Coast Quarter Horse Racing Association discussing incentive awards.

I look forward to discussing any questions or comments you have

Yours truly,

Richard M. English

Los Alamitos Quarter Horse Racing Association

Total Instate Live Handle (All Brick & Mortar)

year ended 12/26	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Breed</b>													
Appaloosa	1,904,754	1,261,679	311,740	269,928	61,865	-	-	-	-	-	-	-	-
Arabian	14,975,136	13,241,463	11,260,509	12,543,662	13,020,903	11,654,892	11,369,719	9,878,467	9,889,707	3,791,488	-	-	-
Mule	-	-	-	177,008	416,745	-	-	-	-	-	-	-	-
Paint	599,605	1,510,089	1,400,543	1,876,581	1,469,094	1,496,502	990,392	116,633	-	-	-	-	-
Quarter horse	97,972,763	129,085,953	120,679,750	119,647,572	126,969,403	123,499,396	120,255,966	128,553,230	114,794,526	106,409,624	89,585,604	84,252,986	78,009,019
Thoroughbred	17,089,789	27,286,766	30,171,535	28,229,787	35,717,368	33,638,032	39,480,013	44,505,049	44,916,257	44,073,415	41,771,433	42,467,910	33,773,876
total	132,542,046	172,385,950	163,824,076	162,744,539	177,655,377	170,288,822	172,096,091	183,053,379	169,600,490	154,274,527	131,357,037	126,720,896	111,782,895
Quarter horse	73.9%	74.9%	73.7%	73.5%	71.5%	72.5%	69.9%	70.2%	67.7%	69.0%	68.2%	66.5%	69.8%

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Monday, August 12, 2013

California Horse Racing Board

Dear Members of the Board:

CHHA has asserted a claim as to certain moneys being distributed to the PCQHRA by Los Alamitos in the form of incentive awards resulting from a portion of the handle from ADW betting on shared out-of-state and out-of-country harness and quarter horse races conducted after 6 p.m.

Certain monies, as defined in B & P C, section 19604(f)(5), are divided by formula and then distributed according to that formula to the racing associations (i.e. 70% to Los Alamitos and 30% to CHHA). The section in question contains no reference to "incentive awards" in its language. CHHA is asserting that prior to the division, in calculating the division of those moneys, the statutory incentive awards should be deducted from the gross amount of moneys in that fund that, and, in addition to their 30% of the fund, their share of these incentive funds should be paid to the harness industry. PCQHRA and Los Alamitos dispute the CHHA position.

The applicable code section does not specifically earmark incentive award funds (as opposed to other parts of this code section which specifically address incentive awards when they are being distributed from the various pools). Looking at the language in the same section of 19604(f)(5)(C), discussing the division of funds for thoroughbred races, which begins with the same language used in reference to the division in question (i.e., "notwithstanding anything to the contrary..."), there is language specifically including the entitlement to incentive awards. To the contrary the next sentence of the same section, discussing the division in harness and quarter horse races, there is no inclusion of a provision for incentive awards. Had the legislature wanted incentive awards to be a part of this division they would have drafted the legislation to include specific language mandating that the incentive awards be a part

of the equation just as they did when creating the formula for the division of monies generated in the thoroughbred races.

B& P C, section 19604 (ADW) has been in place since 2001 and all parties have been operating under that law without controversy and without any objection by CHHA until this controversy was raised by them on the eve of the distribution of the 2012 moneys. CHHA's acquiescence to the interpretation of the statute sets a precedent for its validity. With all due respect to the position taken by CHHA it is PCQHRA's position is that CHHA has not presented a colorable argument that in any way substantiates a different position. Therefore, because CHHA has failed to timely raise a colorable claim, PCQHRA is requesting that the CHRB exercise its powers under B& P C, section 19440 and determine that neither Los Alamitos nor PCQHRA shall have further liability to CHHA or anyone affiliated with the harness industry as a result of prior distributions nor shall the parties alter the historical distribution in the future.

Respectfully Submitted,

DANIEL Q. SCHIFFER, ESQ.  
Attorney on behalf of the PCQHRA



## CALIFORNIA HARNESS HORSEMEN'S ASSOCIATION

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California Horse Racing Board  
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Re: November Pari-Mutuel Committee Hearing  
 Via: E-mail Only

November 7, 2013

### ISSUES:

- (1) Allocation and distribution of advance deposit wagering (ADW) harness funds pursuant to Business and Professions Code section 19604(f)(5)(A) and as applied to B&P 19604 (f)(5)(C) & (D).

After the payment of contractual compensation, the amounts received as market access fees from advance deposit wagers, which shall not be considered for purposes of Section 1916.41, shall be distributed as outlined in 19604(f)(1)-(4).

19604 (f)(5)(A) With respect to wagers on each breed of racing, the amount remaining shall be distributed to the racing association or fair that is conducting live racing on the breed during the calendar period in the zone in which the wager originated.

- (2) Allocation and distribution of advance deposit wagering (ADW) breeders incentive pursuant to Business and Professions Code sections 19604(f)(5)(C) & (D).

These two issues do not exist separately in a vacuum. It is necessary to consider the entirety of B&P 19604, the allocation statute, and then apply a single, plain meaning interpretation to the entire statute. Each section cannot properly be interpreted separately and standing alone.

### EXISTING ALLOCATION SCHEME:

- (1) Allocation under 19604(f)(5)(A) and as applied to B&P 19604 (f)(5)(C) & (D). See attached CHRIMS Reports at Exhibit 1, outlining the Harness ADW wager allocations with Los Alamitos as Host.<sup>1</sup>

<sup>1</sup> Note. Included in Exhibit 1 are three spreadsheets covering ADW allocations with Los Alamitos as the host. The reports appear to have been changed in the CHRIMS system since the date of running the report ending August 17, 2013. The August 17, 2013 report is much more clear with regard to deductions, residuary, and market access fee. The November 3, 2013 reports break market access fees out into a separate report and no longer list them in the complete ADW report. Of note, there does not appear to be a correlation with the Retirement Fund Numbers between the two reports. Those numbers appear

Distributions of contractual compensation are made pursuant to CA B&PC § 19604(a)(5). After contractual compensation is deducted, the market access fee allocations are distributed pursuant to 19604(f)(1)-(4). The distribution on the remainder of the advance deposit wagering funds is provided for under 19604(f)(5)(A). This is also referred to as, "net market access fee", "net residue" or "residuary".

The quarter horse industry ignores the live breed racing specific text of the statute in B&P 19604 (f)(5)(A), as if it is not even there. The quarter horse industry interprets it either as meaning nothing or as being overridden or somehow negated in its entirety by subsections B&P 19604 (f)(5)(C) & (D).

As a result of this erroneous interpretation, there is and has been a pro-rata division that occurs yearly between the quarter horse industry and harness horse industry on the net residue "Track" amount listed on the CHRIMS reports, *see attached at Exhibit 1*, based upon the two different breed's live racing handle.

In addition to the non-plain language read of 19604(A), the quarter horse industry also feels that under the current allocation scheme, it is appropriate to count total live handle for all breeds racing at their facility, not just total live quarter horse handle, when they have been licensed solely as a quarter horse operator from 2001 to 2013. Consequently, under the current allocation scheme, there is also a discrepancy and dispute as to calculation on the pro-rata division scheme. The harness racing industry also disputes the ratio used for prior years on this basis.

Note that as part of this allocation, the "host" location receives an additional fee, which is a Satellite Wagering Commission, which goes to the host location under §19604(f)(4). When that host is Los Alamitos, they receive a significant fee just for being the harness host, as outlined on *attached Exhibit 1*, which totals \$2,841,304.70.

**(2) The current allocation for breeders incentives under 19604(f)(5)(C) & (D).**

Currently, the entire horse racing industry, except for the quarter horse industry vis-a-vis the harness horse industry, interprets B&P 19604 (f)(5)(C) & (D) to provide for breed incentives among the different breeds. Therefore, incentives are being paid between breed associations pursuant to these two statutory sections.

The numbers all operators are using to calculate this payment is from the "Breeders" column on the CHRIMS California ADW Wager Distributions Report, *attached at Exhibit 1*. As applied to Los Alamitos as host for harness races, that total is \$395,482.33.

The quarter horse industry argues that this column in the CHRIMS report is provided only for reference so associations may distribute to their own breed, pursuant to B&P 19604 (f)(5)(A) and that the entire industry has misinterpreted B&P 19604 (f)(5)(C) & (D) in sharing breed incentives among different breeds. The quarter horse industry argues that because the word "incentive" is not included in B&P 19604 (f)(5)(C) & (D), it does not

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drastically different on the two reports: \$242,532.44 on the August 17, 2013 report and \$86,068.85 on the November 3, 2013 report.

apply. However, this is, in fact, the allocation amount, as calculated by CHRIMS and this is how all other breeds are distributing between each other. That is the calculated amount (albeit using Cal Expo as quarter horse host for those dates) Cal Expo used for the monies they escrowed with the CHRB from March 2008 to June 2012, as monies owed the quarter horse industry that were retained due to this dispute. *See attached Exhibit 3.*

In setting forth its interpretation, the quarter horse industry has repeatedly confirmed that they have *never* paid breeder's incentives to the harness racing industry, since the inception of ADW wagering in 2001. *See attached Exhibit 1*, providing Breeders totals for harness with Los Alamitos as the Host in the amount of \$395,482.33.

The thoroughbred racing associations pay the harness breed organization, the CSSSC, breed incentives under this provision. *See attached Exhibit 2*, providing payments made from thoroughbred race tracks Golden Gate and Del Mar in 2013 to the California Standardbred Sires Stakes Committee and accompanying CHRIMS spreadsheets providing the basis for payment.

The harness racing industry is informed and believes that the thoroughbred racing associations have been paying the quarter horse industry their reciprocal breeders incentive payment. *See attached Exhibit 4*, June 24, 2009 letter providing details to the thoroughbred and quarter horse controllers on payment to the California Standardbred Sires Stakes Committee, as well as a request that any erroneous payments made to any other faction are returned to the California Standardbred Sires Stakes Committee.

The harness racing industry is informed and believes that harness racing operators have always made the converse breeder's incentive payment to the thoroughbred breed organizations.

The harness racing industry is informed and believes that the quarter horse industry has, in fact, paid the reciprocal breeder's incentive fees to the thoroughbred breed organizations.

The harness racing industry is informed and believes that the harness racing operators have paid the quarter horse industry the breeder's incentive. The previous operator (Cal Expo) has been holding those funds from March 2, 2008 through June 30, 2012 in escrow with the CHRB. *See attached Exhibit 3.*

#### **HARNESS RACING INDUSTRY'S POSITION:**

- (1) The correct plain meaning allocation and distribution of advance deposit wagering (ADW) net market access fee harness funds pursuant to Business and Professions Code section 19604(f)(5)(A) as applied to B&P 19604 (f)(5)(C), (D), & (E).**
- (2) The correct plain meaning allocation and distribution of advance deposit wagering (ADW) breeders incentive pursuant to Business and Professions Code section 19604(f)(5)(C) & (D).**

From the CHHA's perspective, on its face, the entire allocation scheme outlined in 19604, specifically, 19604(f)(5)(A) as applied to B&P 19604 (f)(5)(C) & (D), has been erroneously

applied since inception. As applied, the Quarter Horse Industry has benefitted almost **three times more** than the harness racing industry from ADW **harness** racing proceeds since the statute's inception in 2001. *See attached Exhibit 1.*

Los Alamitos has received an improper pro-rata split on the harness racing net market access residue by applying the pro-rata improperly in B&P 19604 (f)(5)(C) & (D), which is contrary to B&P 19604 (f)(5)(A). That pro-rata split should not have occurred because one breed does not pro rata share net residue allocations with another breed, except as specifically outlined under the statute itself, as follows below. Second, even in calculating the pro-rata division, Los Alamitos counts two specific breeds or more in total live handle to determine the dividing factor. As a quarter horse operator, Los Alamitos should have only used their live quarter horse handle as a basis for total for pro-rata division under the existing scheme. Therefore, even the pro-rata division that has occurred over the years has been skewed in Los Alamitos' favor unfairly.

This pro-rata amount has been paid in addition to the receipt of the Satellite Wagering Commission by Los Alamitos as the host provided for under §19604(f)(4) since 2001, in the sum of \$2,841,304.70.

B&P 19604 (f)(5) distributes the remaining Market Access Fee from ADW wagers **originating** in California. Arguably, all ADW wagers originate in California because they can only occur through California licensed ADW providers or "hubs". Even if a California ADW provider is located outside the state, the wager still originates in California for statutory purposes. This applies to the entire net residue being handled by California ADW providers after deduction on everything in B&P 19604 (a) through (f)(4). And whether it is an in-state live harness or out-of-state race makes no difference, as the CHHA's position is that all harness monies from B&P 19604 (f)(5)(A) rightfully go to the breed conducting live racing on that breed only to divide pro rata amongst themselves.

On ADW wagers, B&P 19604 (f)(5)(A) sets forth,

With **respect to each breed** of racing, **the amount remaining shall be distributed to the racing association or fair that is conducting live racing on that breed** during the calendar period in the zone in which the wager originated.

We agree that B&P § 19604 (f)(5)(A) provides the general rule for **all** distribution of "the amount remaining", on the Net Market Access Fees. We further believe that all breed specific Net Residuary wagers belong to the racing association or fair conducting live racing on that breed only. The statute does not say the residue shall be divided among, between or by the different breeds.

B&P § 19604 (f)(5)(A) simply says, in plain language, that for ADW wagers that originate in California, the residuary net market access fee shall be distributed to the racing association that is conducting live racing on that breed. Those are not to be divided among any other breed unless there is an exception. And if there is an exception carved out, it cannot totally eliminate the breed specific verbiage in B&P § 19604 (f)(5)(A). If that were the case, why bother to have B&P 19604 (f)(5)(A) and the breed specific language in the statute at all? If that were the case, B&P § 19604 (f)(5)(A) would be completely superfluous.

B&P § 19604 (f)(5)(B) reiterates that the division is to occur by the applicable racing associations, as outlined in B&P §19604 (f)(5)(A), by the breed conducting live racing. However, when the Humboldt County Fair is racing, the out-of-state host is the northern zone association racing at that same time and the amounts distributed are handled as outlined in §19601. If it is during that time, the northern zone association shall pay .75% of the out-of-zone, out-of-state, and out-of country handle to the Humboldt County Fair within seven days of the fair meet ending. There is also an exception to account for exclusivity on lost satellite wagering commissions under § 19607.5. If there is a fair and thoroughbred racing association racing (i.e., Stockton and Cal Expo) operating at the same time in the northern zone, then the distribution is first divided equally, then from that equal share, the fairs and associations share 50%. This division has been occurring.

B & P Code §§ 19604(f)(5)(C) & (D) provide for the only time when different breeds share the revenue, logically because prior to 6:00 p.m. is typically the thoroughbred industry's territory and after 6:00 p.m. is the harness racing and quarter horse industries' territory. So these are equalizing provisions between the day and night industries for any invasions on their normal timeframes. They also provide for a pro-rata division between same-breed racing associations on these wagers' allocations.

For out-of-state thoroughbred wagers conducted after 6:00 p.m., the thoroughbreds do a reciprocal 50-50 share with the respective quarter horse and harness horse associations. (B&P Code § 19604(f)(5)(C)). A plain meaning interpretation would result in the applicable harness associations and quarter horse associations receiving a 50-50 split, from there.

In plain language under today's facts, a 50-50 split on out of state thoroughbred wagers after 6:00 p.m. should result in the thoroughbreds receiving 50%, Los Alamitos Quarter Horsemen and their operator receiving a 25% share as the sole quarter horse association and Watch and Wager/CHHA receiving a 25% share as the sole harness racing association.

The initial division of 50% would occur as-between quarter horse and harness horse associations under B&PC § 19604(f)(5)(C) & (D), then any additional same-breed associations would further divide that allocated amount, pro-rata, based on live handle on that breed. **It is not until you get beyond one association for each breed that the pro-rata portion of this statute applies.** This statute **cannot** be read to apply to the entire net market access fee residue as outlined under B&PC § 19604(f)(5)(A) between the two different night industry breeds. That is illogical and would serve to negate the breed specific verbiage in B&P § 19604(f)(5)(A) in its entirety.

As with the net access market fee residual provision, the pro-rata provision shall only apply by breed. The specific breed associations share pro-rata by handle only after the initial 50-50 division occurs between the different breeds for these specific wagers.

In plain language, under today's facts, **and a hypothetical** whereby there are two operators for harness racing, Watch and Wager and Standardbred Racing II. A 50-50 split on out of state thoroughbred wagers after 6:00 p.m. should result in the thoroughbreds receiving 50%, Los Alamitos/Los Alamitos Quarter Horses receiving a 25% share as the sole quarter horse association and Watch and Wager/CHHA would then divide their 25% share with Standardbred Racing II pro-rata, based on the difference of their live in-state handle on that breed only for the previous year.

Under B&PC § 19604(f)(5)(C), Watch and Wager and Standardbred Racing II would also continue to share the B&PC § 19604(f)(5)(A) monies as contemplated by the “together with the total amount remaining...” verbiage. This verbiage does not apply to an association that is not conducting live racing on that breed as outlined by B&PC § 19604(f)(5)(A) because (A) is subsumed into B&PC § 19604(f)(5)(C) by virtue of the “notwithstanding any provisions to the contrary” preamble and refers to associations conducting live racing on that breed.

B&PC § 19604(f)(5)(D) is handled the exact same way that B&PC § 19604(f)(5)(C) is. For **non-thoroughbred** wagers conducted before 6:00 p.m., the quarter horse associations and harness association do the same reciprocal 50-50 shares with the thoroughbred associations. A plain meaning interpretation would result in the applicable harness associations and quarter horse associations receiving a 50-50 split, from there. The pro-rata division only applies if either breed has more than one venue or operator. If so, pro-rata division only occurs between those same breed operators pro-rata, based on live handle on that breed only.

B & PC § 19604(f)(5)(C) & (D) do not completely negate the breed specific verbiage in B&P 19604 (f)(5)(A) and provide for the quarter horse industry to share the harness racing residue. It is directly set out in the first sentence: the only times the breeds share between different breeds are the reciprocal shares specifically carved out in B&P 19604 (f)(5)(C) and (D) and that only applies to the Thoroughbreds, in contrast to the night industry as a whole.

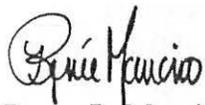
### CONCLUSION

The harness industry has been trying to correct the breed specific interpretation of B&P 19604 (f)(5)(A) since 2012. Therefore, it is imperative that the allocation scheme be corrected and interpreted using a plain language meaning from January 2012 forward. This means for 2012 forward, the correct interpretation should be applied and Los Alamitos should release the claim to any pro-rata division for 2012, which is currently in dispute.

The harness industry has been trying to negotiate with, settle with, or otherwise request payment from Los Alamitos on the Breed Incentive payments they owe under the current interpretation as host to harness races. *See Exhibit 4.* Los Alamitos as host to harness ADW wagers has never paid the Breeder’s Incentive calculated by CHRIMS to the California Standardbred Sires Stakes Committee since 2001, which totals \$395,482.33. *See Exhibit 1.*

If the plain meaning statutory interpretation is adopted and applied as requested, Los Alamitos should pay the California Standardbred Sires Stakes Committee in full for the years 2001 to 2012. That amount based on the CHRIMS report is \$325,548.93. *See Exhibit 1.*

Thank you,



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CHRB Board/CHRB Attorney Miller/CHHA/CSSSC/Watch and Wager/R. Tourtelot/D. Schiffer

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# EXHIBIT "1"

ADW All Zones Wager Distributions

Day: All Days  
 1/1/2001 -  
 11/3/2013  
 Date Range:  
 Report By: Track  
 Los Alamitos  
 Distributing Hosts:  
 Quarters  
 All ADW  
 ADW Companies:  
 Companies  
 Tracks:  
 All Tracks  
 Zone:  
 All Zones  
 Breed:  
 Harness

Track	Handle	Retained from public	CHRB										Retirement			Track			
			Hub Fee (5.5%)	Import Host Fee (3.5%)	License Support Fee	F & E	Equine	DIR	Backstretch	Location Fee	AB 480 Reserve	Workers Comp	Fund	OTWINC	Breeders		Purses	SB 1072	
Alberta Downs Harness	6,824.88	1,665.36	375.68	204.75	0	0	0	7.41	2.02	11.12	134.75	0	0	20.13	0	21.92	440.93	0	446.66
Baden-Austria	1,098.96	345.93	65.23	38.46	0	0	0	1.2	0.33	1.79	21.74	0	0	3.24	0	5.18	103.47	0	105.28
Balmoral	22,759,298.76	4,906,450.96	1,349,504.20	600,853.55	0	0	0	24,100.86	6,573.01	37,232.25	451,299.84	0	0	35,913.46	0	68,972.26	1,152,096.35	0	1,179,904.95
Balmoral Day	38,873.09	6,283.81	2,296.77	848.7	0	0	0	42.76	11.66	64.14	777.46	0	0	0	0	69.58	1,070.69	0	1,102.06
Bangor Raceway	123,424.70	27,653.66	7,303.58	3,912.43	0	0	0	133.75	36.49	200.63	2,431.78	0	0	0	0	337.27	6,414.51	0	6,526.00
Batavia	34,528.34	7,183.19	2,086.14	845.21	0	0	0	37.4	10.2	56.1	680.01	0	0	101.79	0	81.66	1,628.99	0	1,655.70
Batavia Night	22.83	4.91	1.34	0.68	0	0	0	0.03	0.01	0.04	0.45	0	0	0.03	0	0.06	1.12	0	1.15
Berlin Karlshorst	525.73	180.36	31.25	15.77	0	0	0	0.57	0.16	0.86	10.42	0	0	1.55	0	2.89	58.07	0	58.83
Berlin Mariendorf	5,772.18	1,791.83	342.18	202.03	0	0	0	6.28	1.71	9.42	114.21	0	0	17.03	0	26.68	531.66	0	540.64
Buffalo	648,977.35	138,715.16	38,491.06	11,746.63	0	0	0	703.55	191.89	1,055.31	12,791.56	0	0	1,844.43	0	1,890.05	34,640.30	0	35,360.07
Capitol Racing	1,140,665.50	250,485.54	64,634.38	0	0	0	0	467.38	127.47	1,882.11	22,813.31	0	65.03	0	0	5,050.59	76,908.10	0	78,537.18
Charlottetown	15,387.34	4,421.24	930.49	461.62	0	0	0	16.73	4.57	25.1	304.23	0	0	45.4	0	63.82	1,274.01	0	1,295.30
Charlottetown Matinee	2,089.75	567.51	127.44	62.69	0	0	0	2.27	0.62	3.41	41.32	0	0	6.16	0	7.89	156.48	0	159.23
Chester Racecourse	2,942,795.27	653,127.56	175,628.56	95,866.27	0	0	0	3,189.72	869.94	4,784.56	57,994.56	0	0	8,181.33	0	8,013.05	147,800.52	0	150,799.29
Colonial Downs	303,176.98	63,747.33	17,692.10	7,158.58	0	0	0	331.4	90.38	497.1	6,025.36	0	0	353.41	0	936.14	15,135.40	0	15,527.75
Connaught Park/Hippodrome de Gatineau	259.7	66.44	14.1	7.79	0	0	0	0.28	0.08	0.42	5.13	0	0	0.77	0	1.06	18.15	0	18.67
Delaware County Fair	116,178.98	23,965.00	6,898.38	3,487.00	0	0	0	122.85	33.5	190.2	2,305.40	0	0	156.9	0	314.65	5,162.74	0	5,293.40
Delaware County Fair Matinee	5,932.35	1,233.76	349.9	177.97	0	0	0	6.42	1.75	9.63	116.67	0	0	17.5	0	14.13	267.73	0	272.08
Delaware County Future	1,128.44	217.25	71.05	38.85	0	0	0	1.22	0.33	1.83	22.2	0	0	3.03	0	2.32	40.19	0	41.23
Dover Downs	6,938,054.45	1,470,878.61	413,125.63	173,151.48	0	0	0	7,487.32	2,042.02	11,364.69	137,753.60	0	0	10,139.94	0	21,170.63	343,028.24	0	351,614.24
Du Quoin State Fair	21,830.23	4,017.04	1,294.13	693.73	0	0	0	23.41	6.39	35.63	431.9	0	0	42.88	0	44.23	712.27	0	732.48
Flamboro	490,494.07	124,554.71	29,008.65	14,841.39	0	0	0	533.5	145.52	803.83	9,743.29	0	0	0	0	1,968.99	32,996.09	0	33,772.73
Fraser Downs	823,493.72	176,394.69	49,042.98	21,292.73	0	0	0	876.31	239.01	1,345.66	16,310.89	0	0	1,501.88	0	2,389.45	41,278.19	0	42,117.42
Freehold	1,727,123.99	364,051.42	102,960.88	47,056.30	0	0	0	1,859.88	507.25	2,821.63	34,201.41	0	0	3,181.91	0	4,869.79	82,316.63	0	84,275.38
Georgian Downs	287,350.24	72,955.81	17,737.32	8,620.50	0	0	0	313.66	85.56	470.47	5,702.53	0	0	494.84	0	1,122.47	18,969.29	0	19,439.51
Grand River/Elmira	128,098.62	31,480.43	7,894.67	3,842.96	0	0	0	133.58	36.43	209.54	2,539.86	0	0	228.6	0	463.29	7,977.62	0	8,153.81
Harrington Raceway	3,688,970.64	833,776.60	219,857.05	91,579.66	0	0	0	3,905.11	1,065.06	6,046.51	73,290.82	0	0	4,998.14	0	12,664.00	207,671.51	0	212,699.10
Hassloch-Pfalzischer	57.38	13.32	3.39	1.72	0	0	0	0.06	0.02	0.09	1.13	0	0	0.17	0	0.16	3.26	0	3.31
Hawthorne	2,015,069.88	433,943.75	120,042.89	52,209.03	0	0	0	2,125.67	579.73	3,317.97	40,217.83	0	0	760.49	0	6,621.61	102,749.75	0	105,318.53
Hazel Park	471,231.83	115,673.40	28,303.85	14,257.02	0	0	0	452.53	123.42	773.49	9,375.52	0	0	475.65	0	1,830.63	29,699.22	0	30,881.90
Hippodrome Trois-Rivieres	415.84	107.47	22.58	12.48	0	0	0	0.45	0.12	0.68	8.21	0	0	1.23	0	1.72	29.58	0	30.43
Hippodrome de Montreal	600.97	157.78	32.63	18.03	0	0	0	0.65	0.18	0.98	11.87	0	0	1.77	0	2.56	43.92	0	45.19
Hippodrome de Quebec	406.48	104.37	22.07	12.19	0	0	0	0.44	0.12	0.66	8.02	0	0	1.2	0	1.66	28.58	0	29.41
Hoosier Park	3,749,053.86	772,098.10	223,251.71	132,856.19	0	0	0	3,794.96	1,035.01	6,140.48	74,429.94	0	0	4,775.47	0	9,367.87	156,462.35	0	159,984.03
Illinois State Fair	18,398.96	3,833.63	1,086.09	581.73	0	0	0	19.87	5.42	30.02	363.89	0	0	36.11	0	47.88	821.49	0	841.14
Illinois State Fair Matinee	1,937.34	394.73	112.72	62.19	0	0	0	2.09	0.57	3.14	38.08	0	0	5.72	0	4.8	81.63	0	83.78
Indiana Downs	2,344,749.12	481,111.03	139,426.97	62,911.22	0	0	0	2,549.98	695.46	3,824.95	46,362.94	0	0	4,784.20	0	6,225.83	105,853.48	0	108,475.52
Kawartha Downs	23,529.31	5,250.18	1,491.46	705.88	0	0	0	25.49	5.95	38.23	463.39	0	0	69.41	0	64.97	1,179.24	0	1,205.17
Krieau	816.05	236.05	48.38	28.56	0	0	0	0.89	0.24	1.33	16.13	0	0	2.41	0	3.34	66.89	0	67.89
Lebanon Raceway	74,488.43	16,001.69	4,552.65	2,294.14	0	0	0	81.52	22.24	122.27	1,482.04	0	0	69.75	0	217.37	3,542.71	0	3,616.84
Maywood	10,157,284.58	2,186,424.10	601,477.98	263,178.79	0	0	0	10,651.16	2,904.88	16,636.76	201,697.36	0	0	13,663.61	0	31,183.72	516,518.38	0	528,551.30
Meadowland Metro Six Shooter	312.15	62.49	18.25	10.93	0	0	0	0.34	0.09	0.51	6.13	0	0	0.92	0	0.71	12.19	0	12.43
Meadowlands Harness	23,020,928.43	4,376,314.74	1,367,745.25	805,732.85	0	0	0	24,710.05	6,739.14	37,520.26	454,790.72	0	0	48,501.41	0	45,504.59	783,584.80	0	801,485.73
Meadowlands Harness Matinee	1,684.49	284.85	102.15	58.96	0	0	0	1.81	0.49	2.72	32.93	0	0	4.97	0	2.19	38.94	0	39.69
Mohawk	5,534,172.90	1,112,797.11	329,897.27	187,973.68	0	0	0	5,939.69	1,619.94	9,001.85	109,113.25	0	0	13,978.47	0	11,985.31	219,508.06	0	223,779.99
Monticello	3,878,458.63	841,681.62	231,473.16	95,836.81	0	0	0	4,129.56	1,126.27	6,348.43	76,950.53	0	0	5,835.77	0	12,068.89	201,546.31	0	206,365.50
Monticello Special	14.56	2.97	0.86	0.44	0	0	0	0.02	0	0.02	0.29	0	0	0.04	0	0.04	0.62	0	0.64
Northfield Park	19,304,638.99	4,121,089.34	1,148,374.57	576,685.14	0	0	0	20,671.17	5,637.65	31,568.73	382,650.83	0	0	30,872.66	0	55,185.53	923,820.80	0	945,622.63
Northlands Park	67,023.11	14,420.73	4,012.07	2,010.69	0	0	0	73.25	19.99	109.88	1,331.78	0	0	76.8	0	200.17	3,251.63	0	3,334.52
Northville	325,584.64	80,584.85	19,579.01	9,767.51	0	0	0	349.22	95.25	535.24	6,487.70	0	0	259.96	0	1,305.17	20,857.17	0	21,347.82
Northville Downs	494.76	122.54	28.31	14.84	0	0	0	0.54	0.15	0.81	9.76	0	0	1.46	0	1.87	31.97	0	32.84
Ocean Downs	132,889.07	30,288.55	7,891.46	3,998.86	0	0	0	133.24	36.35	217.03	2,630.53	0	0	269.33	0	412.14	7,274.43	0	7,424.88
Plainridge Racecourse	272,647.05	64,736.91	16,286.90	8,337.97	0	0	0	280.62	76.54	447.35	5,422.39	0	0	308.88	0	993.57	16,098.12	0	16,484.20
Pocono Downs Matinee	6,299.77	1,421.29	376.25	208.39	0	0	0	6.82	1.86	10.24	124.06	0	0	18.58	0	16.44	326.51	0	332.15
Poconos	2,307,400.																		

Pompano Matinee	9,364.27	2,370.04	545.18	253.06	0	0	0	10.17	2.77	15.25	184.82	0	0	27.63	0	37.54	640.32	0	653.32	
Prairie Meadows	105,504.02	19,764.10	6,302.05	3,230.70	0	0	0	115.1	31.39	172.65	2,092.72	0	0	152.68	0	225.8	3,672.91	0	3,768.11	
Prairie Meadows Matinee	830.4	156.38	49.62	21.17	0	0	0	0.9	0.24	1.35	16.31	0	0	2.45	0	1.81	30.86	0	31.67	
Prix D' Amerique	44.4	9.43	2.78	1.55	0	0	0	0.05	0.01	0.07	0.89	0	0	0	0	0.13	1.95	0	1.99	
Raceway Park	138,982.95	29,419.92	8,267.22	4,134.04	0	0	0	150.68	41.11	226.01	2,739.48	0	0	255.2	0	377.9	6,544.17	0	6,683.57	
Rideau Carleton Raceway	314,994.75	79,037.41	19,104.07	8,160.22	0	0	0	342.07	93.31	513.92	6,229.32	0	0	792.11	0	1,168.05	21,094.82	0	21,539.54	
Rideau Carleton Raceway Matinee	40.22	9.98	2.52	1.01	0	0	0	0.04	0.01	0.07	0.79	0	0	0.12	0	0.15	2.6	0	2.67	
Rockingham Park	65,721.50	15,777.49	3,926.13	2,152.44	0	0	0	72.17	19.68	108.25	1,312.18	0	0	22.75	0	251.71	3,904.66	0	4,007.34	
Rosecroft	129,483.20	29,303.75	7,883.57	4,149.38	0	0	0	129.08	35.21	212.2	2,571.97	0	0	169.45	0	401.24	6,801.26	0	6,950.24	
Running Aces Harness	314,941.91	64,469.12	18,701.26	8,647.25	0	0	0	340.65	92.91	510.98	6,193.60	0	0	929.08	0	724.37	14,047.38	0	14,281.70	
Saratoga Harness Matinee	12,483.34	2,727.60	726.48	374.5	0	0	0	13.52	3.69	20.27	245.74	0	0	36.83	0	34.86	628.78	0	641.94	
Saratoga Harness Raceway	938,237.48	202,181.65	56,820.49	29,857.04	0	0	0	997.68	272.11	1,535.84	18,616.07	0	0	1,363.25	0	2,623.52	44,558.87	0	45,536.02	
Scarborough Downs	87,906.04	20,485.60	5,252.88	1,901.08	0	0	0	95.4	26.03	143.1	1,734.45	0	0	244.41	0	290.22	5,343.19	0	5,454.93	
Scioto	829,475.29	177,206.75	49,606.56	17,478.06	0	0	0	791.85	215.97	1,362.76	16,518.17	0	0	664.25	0	2,717.95	43,418.67	0	44,431.76	
Sports Creek Raceway	33,967.07	8,309.01	2,023.80	1,019.01	0	0	0	36.84	10.05	55.27	669.88	0	0	100.21	0	113.92	2,118.96	0	2,161.10	
Summerside Raceway	6,999.71	2,126.93	427.69	209.99	0	0	0	7.62	2.08	11.43	138.47	0	0	20.65	0	31.72	633.21	0	644.09	
Swedish Race Course V43	3,495.13	807.33	214.82	122.33	0	0	0	3.79	1.03	5.68	68.82	0	0	10.31	0	9.41	184.11	0	187.05	
Swedish Race Course V44	2,559.83	608.59	151.92	89.59	0	0	0	2.77	0.76	4.16	50.44	0	0	7.55	0	7.27	146.08	0	148.05	
Swedish Race Course V47	3,931.27	900.88	240.98	137.6	0	0	0	4.26	1.16	6.39	77.4	0	0	11.6	0	10.3	204.04	0	207.17	
Swedish Race Course V52 Azevalla	4,341.61	956.92	270.51	151.96	0	0	0	4.7	1.28	7.05	85.42	0	0	12.81	0	10.66	204.51	0	208.02	
Swedish Race Course V53 Ostersund	187.4	39.55	11.9	6.56	0	0	0	0.2	0.06	0.3	3.68	0	0	0.55	0	0.45	7.83	0	8.01	
Swedish Race Course V54 Gavle	2,242.68	514.11	139.18	78.5	0	0	0	2.43	0.66	3.65	44.15	0	0	6.62	0	5.97	115.49	0	117.48	
Swedish Race Course V5A Twilight	1,964.22	486.05	116.17	68.75	0	0	0	2.13	0.58	3.2	38.72	0	0	5.79	0	6.04	121.55	0	123.13	
Swedish Race Course V62 Taby Galopp	1,993.38	469.73	118.28	69.77	0	0	0	2.16	0.59	3.24	39.27	0	0	5.88	0	5.57	111.71	0	113.26	
Swedish Race Course V63 Solvalla	6,125.29	1,433.06	383.66	214.39	0	0	0	6.64	1.81	9.95	120.63	0	0	18.07	0	17.43	327.38	0	333.12	
Swedish Race Course with V4	292.92	78.27	17.35	10.25	0	0	0	0.32	0.09	0.48	5.78	0	0	0.86	0	1.04	20.91	0	21.18	
Swedish Race Course with V41	3,573.49	852.83	217.55	125.07	0	0	0	3.87	1.06	5.81	70.41	0	0	10.54	0	10.19	202.67	0	205.67	
Swedish Race Course with V42	2,955.38	688.69	181.47	103.44	0	0	0	3.2	0.88	4.8	58.2	0	0	8.72	0	8.01	158.75	0	161.23	
Swedish Race Course with V45	3,501.53	850.32	200.79	122.55	0	0	0	3.8	1.04	5.69	69.02	0	0	10.33	0	10.57	211.75	0	214.78	
Swedish Race Course with V5	1,414.18	347.11	83.83	49.5	0	0	0	1.53	0.42	2.3	27.87	0	0	4.17	0	4.29	86.02	0	87.19	
Swedish Race Course With V51 Farjestad	3,234.25	717.01	203.45	113.2	0	0	0	3.5	0.96	5.25	63.64	0	0	9.54	0	7.89	153.49	0	156.1	
Swedish Race Course with V61 Halmstad	4,495.04	1,007.94	281.81	157.33	0	0	0	4.87	1.33	7.3	88.47	0	0	13.26	0	11.25	219.34	0	223	
Swedish Race Course with V65/V64	7,264.90	1,689.35	448.79	254.28	0	0	0	7.87	2.15	11.81	143.07	0	0	21.43	0	19.82	386.94	0	393.21	
Swedish Race Course with V66 Rattvik	1,580.55	360.5	101.13	55.32	0	0	0	1.71	0.47	2.57	31.12	0	0	4.66	0	4.07	79.06	0	80.39	
Syracuse Mile	146.7	32.63	8.07	4.4	0	0	0	0	0	0.24	2.93	0	0	0	0	0.53	8.14	0	8.31	
The Meadows	3,137,018.34	704,711.46	184,344.75	109,793.46	0	0	0	3,280.96	894.84	5,118.59	62,043.26	0	0	6,657.16	0	8,982.13	160,192.72	0	163,403.78	
The Meadows Matinee	556.78	113.13	30.62	19.49	0	0	0	0.61	0.17	0.92	11.14	0	0	0	0	1.57	23.96	0	24.66	
The Raceway @ Western Fair District	952,924.46	229,740.46	57,181.85	22,764.03	0	0	0	1,031.39	231.3	1,553.38	18,828.70	0	0	2,479.58	0	3,179.04	60,702.38	0	61,738.70	
The Red Mile	343,930.97	74,100.88	20,433.41	10,613.36	0	0	0	366.21	99.88	562.69	6,820.45	0	0	543.42	0	999.13	16,630.46	0	17,032.01	
Tioga Downs	308,560.58	57,951.24	18,569.84	8,354.45	0	0	0	333.95	91.09	500.91	6,071.56	0	0	790.21	0	625.08	11,184.01	0	11,430.27	
Tioga Downs(D)	175.36	37.76	9.64	5.26	0	0	0	0.19	0.05	0.29	3.51	0	0	0	0	0.58	8.98	0	9.25	
Trabrenn Arena Hamburg	3,776.50	1,201.55	205.87	132.18	0	0	0	4.12	1.12	6.18	74.86	0	0	9.35	0	21.79	367.93	0	378.56	
Verden	42.18	11.57	2.5	1.48	0	0	0	0.05	0.01	0.07	0.83	0	0	0.12	0	0.16	3.16	0	3.2	
Vernon Downs	176,557.40	37,107.10	10,626.74	5,296.72	0	0	0	189.77	51.77	287.21	3,481.21	0	0	450.91	0	432.31	8,068.94	0	8,221.43	
Welsler Traberzucht- und Rennverein	57.76	19.47	3.43	2.02	0	0	0	0.06	0.02	0.09	1.14	0	0	0.17	0	0.3	6.07	0	6.15	
Windsor	340,114.89	82,596.43	20,488.26	10,679.93	0	0	0	369.59	100.8	557.72	6,760.12	0	0	452.9	0	1,261.20	20,709.17	0	21,216.35	
Woodbine	7,676,063.49	1,585,675.91	457,557.84	261,697.27	0	0	0	8,241.95	2,247.83	12,498.76	151,499.84	0	0	18,145.99	0	17,783.25	324,782.91	0	331,219.94	
Yonkers	8,625,535.64	1,814,319.79	514,111.70	294,020.88	0	0	0	9,302.13	2,536.97	14,030.77	170,069.72	0	0	21,775.93	0	21,096.59	379,692.30	0	387,681.89	
Total:	143,490,777.70	30,325,656.99	8,531,474.92	4,259,528.13	0	0	0	152,192.90	41,507.92	234,408.16	2,841,304.70	0	0	65.03	260,308.98	0	395,482.33	6,727,969.35	0	6,881,414.80

Total Divided under 19604

All in red are residuary debits off of Market Access Fee of  
DIR, Backstretch, Workers Comp, Retirement are (2) Market Access Fee Deductions  
Location Fee is Satellite Wagering Commission that goes to location

Equals net total left over that go to tracks after all  
expenses come off from preceding columns

- (1) Contractual Compensation = the amount paid to the ADW provider from ADW wagers that originate in CA, includes hub fee payments and host fee payments (host fee payments can't exceed 3.5%), total amount of both can't exceed 6.5% of the gross. CA B&PC § 19604(a)(5).
- (2) Market Access Fees = money left from an in state ADW wager after payment of winning tickets and contractual compensation, CA B&PC 19604(a)(11). Set amounts go to the Center for Equine Health (.0011%); Department of Industrial Relations (.0003%); and to the Participants (.00165%), which is evenly divided between the trainer pension plans for backstretch personnel and the welfare fund for horsemen and backstretch personnel. CA B&PC § 19604(f).
- (3) Satellite Wagering Commissions (location fee) = 2% or the first \$250k by the amount handled on ADW wagers that originate in CA; 1.5% of the next \$250k of the amount handled on ADW wagers that originate in CA annually; 1% of the next \$250k of the amount handled on ADW wagers that originate in CA annually; and .5% of anything in excess of \$750k by the amount handled on ADW wagers that originate in CA annually are distributed as satellite wagering commissions. CA B&PC § 19604(f)(4). This Fee goes to the location as a satellite commission, in this case Los Alamitos because search was for them as distributing host.
- (4) Net Market Access Fee, Residual Provision or Residuary = After the distribution of 1-3, the remainder of the market access fees for ADW wagers that originate in CA are distributed as outlined in CA B&PC §§ 19604(f)(5)(A) through (D).

Breeders Incentive Includes Breeders Incentive breakout, which is labeled as "Breeders" Above.

Net Market Access Fees Report  
 Date Range : 01/01/2001-11/3/2013  
 Report By: Track  
 Distributing Host(s): Los Alamitos Quarters  
 ADW Company: All ADW Companies  
 Tracks: All Tracks  
 Zone: All California  
 Day/Night: Day and Night  
 Breeds: Harness

Track	WPS Handle	Exotic Handle	Total Handle	WPS Takeout	Exotic Takeout	Total Takeout	Pos Break	Neg Break	Net Break	Retained From Public	Gross Hub Fee	Retirement Fund	Net Hub Fee	Host Fee	Market Access Fee
Alberta Down	2,665.32	4,159.56	6,824.88	647	1,128.32	1,775.32	19.42	129.43	-110.01	1,665.31	380.55	4.88	375.68	204.75	1,084.88
Baden-Austri	474.97	623.99	1,098.96	128.46	216.93	345.39	0.57	0.09	0.48	345.87	65.94	0.7	65.23	38.46	242.18
Balmoral	7,648,692.35	15,110,607.41	22,759,298.76	1,300,817.39	3,504,570.70	4,805,388.09	129,688.19	28,621.91	101,066.28	4,906,454.37	737,580.59	11,774.51	1,349,504.20	600,853.55	2,956,096.62
Balmoral Day	18,433.23	20,439.83	38,873.09	3,133.71	4,768.96	7,902.67	158.66	1,777.45	-1,618.79	6,283.88			2,296.77	848.7	3,138.41
Bangor Race	54,742.57	68,682.06	123,424.70	9,939.49	17,881.75	27,821.24	783.16	950.36	-167.2	27,654.04	7,282.72	110.41	7,303.58	3,912.43	16,438.03
Batavia	13,684.60	20,843.78	34,528.34	2,463.20	4,924.45	7,387.65	140.95	345.53	-204.58	7,183.07	2,117.28	32.44	2,086.14	845.21	4,251.72
Batavia Night	13.78	9.05	22.83	2.48	2.22	4.7	0.21	0	0.21	4.91	0.59	0.01	1.34	0.68	2.89
Berlin Karlsh	207.86	317.87	525.73	67.13	113.24	180.37	0	0	0	180.37	31.54	0.3	31.25	15.77	133.35
Berlin Marier	2,407.66	3,364.51	5,772.18	692.6	1,098.85	1,791.45	0.38	0.09	0.29	1,791.74	345.89	3.71	342.18	202.03	1,247.53
Buffalo	245,420.72	403,556.73	648,977.35	44,177.16	92,979.73	137,156.89	2,347.23	788.32	1,558.91	138,715.80	37,615.18	565.62	38,491.06	11,746.63	88,478.11
Capitol Racin	401,786.10	738,879.40	1,140,665.50	66,639.94	176,489.66	243,129.60	7,830.41	474.41	7,356.00	250,485.60			64,634.38	0	185,851.22
Charlottetow	6,923.73	8,463.61	15,387.34	1,748.75	2,759.00	4,507.75	46.43	132.84	-86.41	4,421.34	941.25	10.76	930.49	461.62	3,029.23
Charlottetow	1,072.40	1,072.40	2,089.75	271.08	335.34	606.42	15.62	54.49	-38.87	567.55	128.91	1.47	127.44	62.69	377.42
Chester Race	1,225,869.37	1,716,925.99	2,942,795.27	208,405.66	432,402.66	640,808.32	22,804.21	10,483.43	12,320.78	653,129.10	168,023.89	2,611.46	175,628.56	95,866.27	381,634.27
Colonial Dow	105,209.69	197,967.64	303,176.98	18,945.56	43,533.24	62,478.80	1,811.39	542.95	1,268.44	63,747.24	7,172.16	114.22	17,692.10	7,158.58	38,896.56
Connaught P	139.82	119.88	259.7	33.3	32.53	65.83	0.68	0.07	0.61	66.44	14.28	0.19	14.1	7.79	44.55
Delaware Co	43,238.38	72,940.70	116,178.98	7,776.20	16,139.72	23,915.92	884.03	835.06	48.97	23,964.89	3,262.09	55.85	6,898.38	3,487.00	13,579.51
Delaware Co	2,484.94	3,447.42	5,932.35	447.35	747.99	1,195.34	55.09	16.63	38.46	1,233.80	355.84	5.95	349.9	177.97	705.93
Delaware Co	1,060.44	68	1,128.44	190.88	15.3	206.18	11.08	0	11.08	217.26	65.66	1.19	71.05	33.85	112.36
Dover State	2,979,409.71	3,958,647.94	6,938,054.45	536,434.36	989,179.22	1,525,613.58	44,581.61	99,308.62	-54,727.01	1,470,886.57	206,798.42	3,030.55	413,125.63	173,151.48	884,609.46
Du Quoin Sta	11,065.86	10,764.36	21,830.23	1,881.16	2,447.27	4,328.43	204.22	515.61	-311.39	4,017.04	875.2	14.17	1,294.13	693.73	2,029.18
Flamboro	168,147.56	322,347.11	490,494.07	41,523.47	82,264.82	123,788.29	1,498.92	732.23	766.69	124,554.98	15,250.14	202.07	29,008.65	14,841.39	80,704.94
Fraser Down	328,467.76	495,026.14	823,493.72	53,197.28	122,799.79	175,997.07	2,953.02	2,556.04	396.98	176,394.05	30,778.61	480.63	49,042.98	21,292.73	106,058.34
Freehold	633,282.18	1,093,843.77	1,727,123.99	107,714.78	244,538.84	352,253.62	13,407.10	1,607.75	11,799.35	364,052.97	65,192.01	1,030.80	102,960.88	47,056.30	214,035.79
Georgian Do	110,424.90	176,925.35	287,350.24	27,280.44	45,197.85	72,478.29	972.78	495.02	477.76	72,956.05	10,184.70	135.02	17,737.32	8,620.50	46,598.23
Grand River	49,885.33	78,213.20	128,098.62	11,291.71	19,932.60	31,224.31	442.2	186.13	256.07	31,480.38	4,803.77	68.43	7,894.67	3,842.96	19,742.75
Harrington R	1,363,706.16	2,325,266.96	3,688,970.64	245,743.39	581,044.92	826,788.31	24,137.80	17,143.29	6,994.51	833,782.82	102,069.74	1,471.44	219,857.05	91,579.66	522,346.11
Hassloch-Pfa	18.24	39.14	57.38	3.69	9.61	13.3	0.01	0	0.01	13.31	3.44	0.05	3.39	1.72	8.2
Hawthorne	722,292.98	1,292,777.21	2,015,069.88	122,445.35	300,195.62	422,640.97	11,763.20	460.11	11,303.09	433,944.06	15,474.16	250.7	120,042.89	52,209.03	261,692.14
Hazel Park	173,055.81	298,176.08	471,231.83	29,710.75	83,037.11	112,747.86	3,142.89	216.42	2,926.47	115,674.33	9,823.69	148.38	28,303.85	14,257.02	73,113.46
Hippodrome	214.42	201.43	415.84	51.09	54.93	106.02	1.56	0.12	1.44	107.46	22.87	0.3	22.58	12.48	72.4
Hippodrome	280.85	320.11	600.97	66.84	87.1	153.94	4.03	0.18	3.85	157.79	33.05	0.42	32.63	18.03	107.13
Hippodrome	256.39	150.1	406.48	61.08	40.61	101.69	2.68	0	2.68	104.37	22.36	0.29	22.07	12.19	70.11
Hoosier Park	1,336,765.48	2,412,289.20	3,749,053.86	240,732.53	518,498.75	759,231.28	20,430.64	7,563.63	12,867.01	772,098.29	96,239.75	1,638.45	223,251.71	132,856.19	415,990.39
Illinois State	7,721.52	10,677.42	18,398.96	1,312.65	2,405.60	3,718.25	192.19	76.76	115.43	3,833.68	734.08	12.27	1,086.09	581.73	2,165.86
Illinois State	1,115.82	821.53	1,937.34	189.69	184.21	373.9	22.95	2.12	20.83	394.73	114.69	1.97	112.72	62.19	219.82
Indiana Dow	754,163.70	1,590,585.66	2,344,749.12	135,756.85	341,940.27	477,697.12	11,024.07	7,608.51	3,415.56	481,112.68	97,340.85	1,596.73	139,426.97	62,911.22	278,774.49
Kawartha Do	8,799.02	14,730.20	23,529.31	1,873.19	3,320.06	5,193.25	69.55	12.65	56.9	5,250.15	1,514.61	23.15	1,491.46	705.88	3,052.81
Krieau	376.74	439.31	816.05	82.16	153.93	236.09	0.15	0.18	-0.03	236.06	48.96	0.59	48.38	28.56	159.12
Lebanon Rac	26,300.75	48,187.77	74,488.43	4,746.58	10,819.87	15,566.45	482.83	47.18	435.65	16,002.10	1,451.32	23.69	4,552.65	2,294.14	9,155.31
Maywood	3,652,805.09	6,504,480.31	10,157,284.58	621,177.23	1,507,109.80	2,128,287.03	67,868.42	9,729.50	58,138.92	2,186,425.95	279,957.26	4,498.53	601,477.98	263,178.79	1,321,769.18
Meadowland	0	312.15	312.15	0	62.42	62.42	0.07	0	0.07	62.49	18.58	0.33	18.25	10.93	33.31
Meadowland	9,724,732.96	13,296,197.62	23,020,928.43	1,653,617.81	2,746,642.59	4,400,260.40	143,896.36	167,838.91	-23,942.55	4,376,317.85	990,932.32	16,964.82	1,367,745.25	805,732.85	2,202,839.75
Meadowland	47.03	1,637.47	1,684.49	7.99	276.22	284.21	0.64	0	0.64	284.85	104.53	2.37	102.15	58.96	123.74
Mohawk	2,508,325.21	3,025,848.24	5,534,172.90	425,432.16	725,192.07	1,150,624.23	18,948.59	56,775.58	-37,826.99	1,112,797.24	287,033.94	4,756.73	329,897.27	187,973.68	594,926.29
Monticello	1,351,234.91	2,527,226.76	3,878,458.63	243,327.31	584,627.12	827,954.43	16,240.65	2,511.33	13,729.32	841,683.75	119,423.28	1,867.50	231,473.16	95,836.81	514,373.78
Monticello S	0	14.56	14.56	0	2.91	2.91	0.06	0	0.06	2.97	10.88	0.01	0.86	0.44	1.67
Northfield P	7,021,622.93	12,283,019.81	19,304,638.99	1,264,225.49	2,739,264.68	4,003,490.17	127,038.14	9,434.77	117,603.37	4,121,093.54	629,759.13	10,357.70	1,148,374.57	576,685.14	2,396,033.83
Northlands P	26,942.04	40,080.94	67,023.11	4,257.24	9,940.05	14,197.29	257.26	33.75	223.51	14,420.80	1,567.86	26.12	4,012.07	2,010.69	8,398.04
Northville	113,235.49	212,349.18	325,584.64	19,334.32	59,245.27	78,579.59	2,118.95	113.24	2,005.71	80,585.30	5,360.30	72.86	19,579.01	9,767.51	51,238.78
Northville Dc	170.03	324.74	494.76	28.91	90.92	119.83	3.02	0.32	2.7	122.53	28.71	0.4	28.31	14.84	79.38
Ocean Down	51,215.25	81,674.04	132,889.07	9,621.26	19,924.00	29,545.26	921.85	178.5	743.35	30,288.61	5,502.32	82.12	7,891.46	3,998.86	18,398.29
Plainridge Ra	102,954.51	169,693.28	272,647.05	19,580.03	43,929.52	63,509.55	1,905.41	677.68	1,227.73	64,737.28	6,281.41	91.76	16,286.90	8,337.97	40,112.41
Pocono Dow	1,787.86	4,511.91	6,299.77	339.71	1,050.41	1,390.12	32.36	1.2	31.16	1,421.28	382.13	5.88	376.25	208.39	836.64

Poconos	881,931.15	1,425,470.07	2,307,400.29	167,619.00	360,056.71	527,675.71	14,417.04	6,248.28	8,168.76	535,844.47	119,317.42	1,773.07	137,239.28	70,239.22	328,365.97
Pompano	1,096,550.12	1,822,272.34	2,918,821.09	220,013.29	473,776.59	693,789.88	18,972.50	2,101.71	16,870.79	710,660.67	103,772.27	1,515.65	174,209.22	75,614.12	460,837.33
Pompano Mt	3,508.23	5,855.94	9,364.27	719.06	1,602.39	2,321.45	62.51	13.78	48.73	2,370.18	552.44	7.26	545.18	253.06	1,571.94
Prairie Mead	41,750.61	63,753.45	105,504.02	6,946.10	13,361.50	20,307.60	629.14	1,172.59	-543.45	19,764.15	3,111.39	52.17	6,302.05	3,230.70	10,231.40
Prairie Mead	292.29	538.11	830.4	49.69	111.44	161.13	3.48	8.24	-4.76	156.37	50.53	0.92	49.62	21.17	85.58
Prix D' Ameri	23.4	21	44.4	3.93	5.42	9.35	0.08	0	0.08	9.43			2.78	1.55	5.1
Raceway Par	53,084.16	85,299.08	138,382.95	9,555.91	19,189.62	28,745.53	916.93	241.51	675.42	29,420.95	5,207.24	84.76	8,267.22	4,134.04	17,019.69
Rideau Carle'	123,035.01	191,959.91	314,994.75	29,576.10	49,012.85	78,588.95	1,065.06	616.28	448.78	79,037.73	16,357.11	215.03	19,104.07	8,160.22	51,773.44
Rideau Carle'	25.35	14.88	40.22	6.09	3.84	9.93	0.06	0.01	0.05	9.98	2.55	0.03	2.52	1.01	6.45
Rockingham	22,391.16	43,330.28	65,721.50	4,254.82	11,261.22	15,516.04	420.82	159.14	261.68	15,777.72	424.07	6.15	3,926.13	2,152.44	9,699.15
Rosecroft	47,931.61	81,551.72	129,483.20	9,055.03	19,591.19	28,646.22	816.71	159.07	657.64	29,303.86	3,462.13	53.32	7,883.57	4,149.38	17,270.91
Running Ace:	114,546.76	200,395.44	314,941.91	19,473.32	43,341.56	62,814.88	1,833.03	178.7	1,654.33	64,469.21	19,019.17	317.91	18,701.26	8,647.25	37,120.70
Saratoga Har	3,565.16	8,918.18	12,483.34	641.94	2,060.42	2,702.36	43.48	18.14	25.34	2,727.70	738.09	11.6	726.48	374.5	1,626.72
Saratoga Har	344,992.45	593,246.07	938,237.48	62,136.68	137,121.81	199,258.49	4,255.06	1,330.64	2,924.42	202,182.91	28,332.12	455.68	56,820.49	29,857.04	115,505.38
Scarborough	34,040.30	53,865.81	87,906.04	6,128.19	14,005.75	20,133.94	659.96	308.13	351.83	20,485.77	5,046.80	72.24	5,252.88	1,901.08	13,331.81
Scioto	322,299.80	507,176.06	829,475.29	58,088.12	113,896.71	171,984.83	5,760.46	536.95	5,223.51	177,208.34	13,532.16	214.28	49,606.56	17,478.06	110,123.72
Sports Creek	12,795.35	21,171.69	33,967.07	2,175.75	5,928.12	8,103.87	206.61	1.42	205.19	8,309.06	2,052.38	28.59	2,023.80	1,019.01	5,266.25
Summerside	2,532.09	4,467.63	6,999.71	639.76	1,478.94	2,118.70	21.16	12.86	8.3	2,127.00	432.38	4.69	427.69	209.99	1,489.32
Swedish Race	1,420.40	2,074.74	3,495.13	283.73	520.52	804.25	3.41	0.34	3.07	807.32	218.18	3.37	214.82	122.33	470.17
Swedish Race	876.88	1,682.95	2,559.83	175.17	433.7	608.87	0	0.31	-0.31	608.56	154.21	2.29	151.92	89.59	367.05
Swedish Race	1,442.63	2,488.65	3,931.27	288.19	611.88	900.07	1.56	0.75	0.81	900.88	244.79	3.81	240.98	137.6	522.3
Swedish Race	2,514.30	1,827.33	4,341.61	502.54	452.17	954.71	2.52	0.3	2.22	956.93	275	4.48	270.51	151.96	534.46
Swedish Race	122.75	64.65	187.4	24.49	13.38	37.87	1.7	0.01	1.69	39.56	12.1	0.2	11.9	6.56	21.1
Swedish Race	950.36	1,292.28	2,242.68	189.77	316.33	506.1	8.14	0.17	7.97	514.07	141.39	2.21	139.18	78.5	296.39
Swedish Race	544.92	1,419.30	1,964.22	108.8	377.55	486.35	0	0.31	-0.31	486.04	117.85	1.68	116.17	68.75	301.12
Swedish Race	810.8	1,182.58	1,993.38	161.88	308.21	470.09	0	0.35	-0.35	469.74	120.09	1.81	118.28	69.77	281.69
Swedish Race	3,308.95	2,816.31	6,125.29	661.31	713.37	1,374.68	58.46	0.15	58.31	1,432.99	389.63	5.98	383.66	214.39	834.94
Swedish Race	36.1	256.82	292.92	7.19	71.45	78.64	0	0.38	-0.38	78.26	17.58	0.23	17.35	10.25	50.66
Swedish Race	1,107.27	2,466.22	3,573.49	221.16	631.08	852.24	1.18	0.66	0.52	852.76	220.83	3.28	217.55	125.07	510.14
Swedish Race	1,150.08	1,805.30	2,955.38	229.66	458.39	688.05	0.9	0.29	0.61	688.66	184.29	2.82	181.47	103.44	403.75
Swedish Race	970.79	2,530.74	3,501.53	193.92	656.85	850.77	0.08	0.49	-0.41	850.36	203.75	2.95	200.79	122.55	527.02
Swedish Race	473.76	940.42	1,414.18	94.64	251.73	346.37	1.01	0.23	0.78	347.15	85.06	1.24	83.83	49.5	213.82
Swedish Race	1,708.53	1,525.72	3,234.25	341.26	372.88	714.14	3.13	0.31	2.82	716.96	206.8	3.34	203.45	113.2	400.31
Swedish Race	2,164.32	2,330.68	4,495.04	432.39	572.31	1,004.70	3.82	0.46	3.36	1,008.06	286.37	4.56	281.81	157.33	568.92
Swedish Race	2,806.81	4,458.04	7,264.90	560.68	1,119.56	1,680.24	9.65	0.58	9.07	1,689.31	455.8	7	448.79	254.28	986.24
Swedish Race	670.3	910.25	1,580.55	133.95	226.62	360.57	0.06	0.14	-0.08	360.49	102.74	1.61	101.13	55.32	204.04
Syracuse Milh	54.3	92.4	146.7	10.4	21.75	32.15	0.48	0	0.48	32.63			8.07	4.4	20.16
The Meadow	1,270,112.77	1,866,907.45	3,137,018.34	217,896.67	468,903.72	686,800.39	21,815.00	3,900.05	17,914.95	704,715.34	135,807.07	2,097.76	184,344.75	109,793.46	410,577.13
The Meadow	466.09	90.69	556.78	83.89	22.32	106.21	6.92	0	6.92	113.13			30.62	19.49	63.02
The Raceway	368,281.98	584,643.03	952,924.46	78,834.18	151,410.68	230,244.86	2,991.00	3,495.29	-504.29	229,740.57	50,797.12	694.31	57,181.85	22,764.03	149,794.69
The Red Mile	124,992.33	218,938.80	343,930.97	22,533.55	53,048.88	75,582.43	2,265.77	3,747.11	-1,481.34	74,101.09	11,085.65	175.46	20,433.41	10,613.36	43,054.32
Tioga Downs	114,971.61	193,589.14	308,560.58	18,290.80	39,926.70	58,217.50	1,220.29	1,485.10	-264.81	57,952.69	16,299.59	303.47	18,569.84	8,354.45	31,028.40
Tioga Downs	69.76	105.6	175.36	12.56	23.89	36.45	1.32	0	1.32	37.77			9.64	5.26	22.87
Trabrenn Are	1,237.48	2,538.99	3,776.50	322.64	879.34	1,201.98	0	0	0	1,201.98	174.25	1.84	205.87	132.18	863.93
Verden	11.02	31.16	42.18	2.67	8.9	11.57	0	0	0	11.57	2.53	0.03	2.5	1.48	7.59
Vernon Down	74,949.12	101,608.60	176,557.40	13,498.29	23,289.27	36,787.56	744.78	424.56	320.22	37,107.78	9,277.16	151.61	10,626.74	5,296.72	21,184.32
Welsor Trabe	3.8	53.96	57.76	1.14	18.29	19.43	0.03	0	0.03	19.46	3.47	0.03	3.43	2.02	14.01
Windsor	132,386.16	207,729.00	340,114.89	25,639.07	56,487.50	82,126.57	1,049.00	578.73	470.27	82,596.84	9,267.85	126.97	20,488.26	10,679.93	51,428.65
Woodbine	3,317,084.58	4,358,980.12	7,676,063.49	562,858.43	1,051,720.16	1,614,578.59	25,189.45	54,091.75	-28,902.30	1,585,676.29	372,054.33	6,114.25	457,557.84	261,697.27	866,421.18
Yonkers	3,526,115.43	5,099,420.55	8,625,535.64	634,832.56	1,165,317.02	1,800,149.58	37,050.37	22,877.29	14,173.08	1,814,322.66	446,701.22	7,386.04	514,111.70	294,020.88	1,006,190.08
Total:	55,064,463.80	88,426,345.90	143,490,777.70	9,666,086.20	20,370,644.03	30,036,730.23	823,678.01	534,693.95	288,984.06	30,325,714.29	5,326,830.38	86,068.85	8,531,474.92	4,259,528.13	17,534,711.23

Total Divided under 19604

Equals Total Market Access Fee after subtraction of 1-3, the Hub Fee and Import Host Fee

- (1) Contractual Compensation = the amount paid to the ADW provider from ADW wagers that originate in CA, includes hub fee payments and host fee payments (host fee payments can't exceed 3.5%), total amount of both can't exceed 6.5% of the gross. CA B&PC § 19604(a)(5).
- (2) Market Access Fees = money left from an in state ADW wager after payment of winning tickets and contractual compensation, CA B&PC 19604(a)(11). Set amounts go to the Center for Equine Health (.0011%); Department of Industrial Relations (.0003%); and to the Participants (.00165%), which is evenly divided between the trainer pension plans for backstretch personnel and the welfare fund for horsemen and backstretch personnel. CA B&PC § 19604(f).
- (3) Net Market Access Fee, Residual Provision or Residuary = After the distribution of 1-3, the remainder of the market access fees for ADW wagers that originate in CA are distributed as outlined in CA B&PC §§ 19604(f)(5)(A) through (D).

CA Wager Distributions  
 Date Range : 3/2/2008-8/17/2013  
 Report By : Track  
 Distributing Hosts : Los Alamitos Quarters  
 ADWCompany: All ADW Companies  
 Track: All Tracks  
 Zone : All California  
 Day/Night : Day and Night  
 Wager Source : All  
 Weekdays : All Days  
 Breed : Harness

Track	Handle	Retained from F	Hub Fee	5.5% Import	Host Fe	Market	Access	Licen	CHRB	Sup F	&an	Equine	DIR	Backstretch	Location	Fee	AB 480	Worke	Retirement	FTWIT	Breeders	Purses	1072	Track
Alberta Downs Harness	4,557.55	1,076.42	250.44	136.73	689.25	0	0	0	4.95	1.35	7.42	89.99	0	0	13.44	0	13.79	277.39	0	13.79	277.39	0	281	
Baden-Austria	1,059.44	333.5	62.89	37.08	233.53	0	0	0	1.15	0.31	1.73	20.96	0	0	3.13	0	5	99.77	0	5	99.77	0	101.53	
Balmoral	11,254,724.05	2,417,801.81	671,442.63	343,473.31	1,402,885.87	0	0	0	12,182.40	3,322.51	18,273.57	221,497.70	0	0	33,201.47	0	29,318.11	536,653.25	0	29,318.11	536,653.25	0	548,435.17	
Bangor Raceway	111,350.65	24,868.92	6,595.09	3,520.82	14,753.01	0	0	0	120.64	32.91	180.95	2,193.26	0	0	328.49	0	301.81	5,747.09	0	301.81	5,747.09	0	5,847.59	
Batavia	23,852.77	5,127.45	1,455.37	581.83	3,090.25	0	0	0	25.84	7.05	38.75	469.71	0	0	70.37	0	60.25	1,198.59	0	60.25	1,198.59	0	1,219.70	
Batavia Night	9.05	2.23	0.58	0.27	1.38	0	0	0	0.01	0	0.01	0.18	0	0	0.03	0	0.03	0.55	0	0.03	0.55	0	0.56	
Berlin Karlshorst	355.3	122.08	21.12	10.66	90.3	0	0	0	0.39	0.11	0.58	7.04	0	0	1.05	0	1.96	39.34	0	1.96	39.34	0	39.85	
Berlin Mariendorf	5,592.44	1,734.47	331.5	195.74	1,207.23	0	0	0	6.09	1.66	9.13	110.65	0	0	16.5	0	25.82	514.37	0	16.5	514.37	0	523.12	
Buffalo	616,583.57	131,824.05	36,540.46	10,881.42	84,402.17	0	0	0	668.05	182.21	1,002.07	12,146.25	0	0	1,818.93	0	1,789.84	33,058.83	0	1,789.84	33,058.83	0	33,735.76	
Charlottetown	13,799.06	3,966.66	836.31	413.97	2,716.38	0	0	0	15.01	4.1	22.51	272.83	0	0	40.71	0	57.26	1,142.15	0	40.71	1,142.15	0	1,161.73	
Charlottetown Matinee	2,065.73	560.77	126.02	61.97	372.78	0	0	0	2.25	0.61	3.37	40.84	0	0	6.09	0	7.79	154.53	0	6.09	154.53	0	157.25	
Chester Racecourse	2,673,426.24	592,267.73	159,512.86	87,346.95	345,407.92	0	0	0	2,895.14	789.6	4,342.70	52,638.62	0	0	7,886.63	0	7,157.82	133,516.37	0	7,157.82	133,516.37	0	136,179.79	
Colonial Downs	104,283.70	22,091.83	6,142.42	2,680.12	13,269.29	0	0	0	112.9	30.79	169.34	2,052.63	0	0	307.64	0	289.55	5,087.09	0	307.64	5,087.09	0	5,219.31	
Connaught Park/Hippoc	259.7	66.44	14.1	7.79	44.55	0	0	0	0.28	0.08	0.42	5.13	0	0	0.77	0	1.06	18.15	0	0.77	18.15	0	18.67	
Delaware County Fair	49,635.40	9,719.47	2,996.63	1,489.06	5,233.78	0	0	0	53.66	14.63	80.49	975.69	0	0	146.42	0	104.66	1,906.77	0	104.66	1,906.77	0	1,951.47	
Delaware County Fair IV	2,877.40	610.47	169.73	86.32	354.42	0	0	0	3.11	0.85	4.67	56.61	0	0	8.49	0	7.55	135.24	0	8.49	135.24	0	137.87	
Delaware County Futur	1,009.46	195.31	63.42	30.28	101.61	0	0	0	1.09	0.3	1.64	19.82	0	0	2.98	0	2.09	36.37	0	2.98	36.37	0	37.32	
Dover Downs	3,088,504.95	587,180.84	183,139.26	93,364.36	310,677.22	0	0	0	3,347.38	912.94	5,021.08	60,861.36	0	0	9,111.11	0	6,210.69	111,372.91	0	6,210.69	111,372.91	0	113,836.54	
Du Quoin State Fair	10,869.45	2,283.01	644.35	350.5	1,288.16	0	0	0	11.76	3.21	17.63	213.75	0	0	32.07	0	27.55	485.08	0	32.07	485.08	0	497.1	
Flamboro	239,997.57	60,783.16	14,380.38	7,199.93	39,202.85	0	0	0	260.51	71.06	390.75	4,736.31	0	0	708.01	0	860.99	15,920.13	0	708.01	15,920.13	0	16,254.94	
Fraser Downs	444,656.07	93,002.06	26,463.98	10,682.35	55,855.73	0	0	0	481.5	131.33	722.25	8,754.42	0	0	1,311.75	0	1,141.57	21,456.70	0	1,311.75	21,456.70	0	21,856.86	
Freehold	984,400.24	209,043.32	58,532.33	23,906.10	126,604.89	0	0	0	1,065.78	290.68	1,598.66	19,377.56	0	0	2,903.99	0	2,727.40	48,758.66	0	2,727.40	48,758.66	0	49,881.46	
Georgian Downs	158,471.35	40,083.25	9,496.28	4,754.14	25,832.83	0	0	0	172.03	46.93	258.02	3,127.41	0	0	467.51	0	574.66	10,478.01	0	467.51	10,478.01	0	10,708.21	
Grand River/Elmira	62,640.17	15,454.20	3,858.85	1,879.21	9,716.14	0	0	0	67.96	18.54	101.94	1,235.55	0	0	184.79	0	208.5	3,909.04	0	184.79	3,909.04	0	3,989.79	
Harrington Raceway	1,595,207.89	350,977.99	94,744.14	40,519.43	215,714.42	0	0	0	1,729.51	471.71	2,594.27	31,445.48	0	0	4,705.90	0	4,681.03	84,098.95	0	4,681.03	84,098.95	0	85,986.12	
Hassloch-Pfalzischer	57.38	13.31	3.39	1.72	8.2	0	0	0	0.06	0.02	0.09	1.13	0	0	0.17	0	0.16	3.26	0	0.17	3.26	0	3.31	
Hawthorne	257,794.04	55,866.30	15,223.47	8,792.73	31,850.10	0	0	0	278.98	76.08	418.47	5,072.32	0	0	760.49	0	704.3	12,094.24	0	760.49	12,094.24	0	12,445.13	
Hazel Park	157,578.69	38,366.02	9,458.81	4,727.36	24,179.85	0	0	0	170.7	46.56	256.04	3,103.47	0	0	464.86	0	526.92	9,703.11	0	464.86	9,703.11	0	9,908.28	
Hippodrome Trois-Rivie	415.84	107.46	22.58	12.48	72.4	0	0	0	0.45	0.12	0.68	8.21	0	0	1.23	0	1.72	29.58	0	1.23	29.58	0	30.43	
Hippodrome de Montre	600.97	157.79	32.63	18.03	107.13	0	0	0	0.65	0.18	0.98	11.87	0	0	1.77	0	2.56	43.92	0	1.77	43.92	0	45.19	
Hippodrome de Quebec	406.48	104.37	22.07	12.19	70.11	0	0	0	0.44	0.12	0.66	8.02	0	0	1.2	0	1.66	28.58	0	1.2	28.58	0	29.41	
Hoosier Park	1,444,131.24	296,031.07	84,300.14	50,544.76	161,186.17	0	0	0	1,561.53	425.89	2,342.28	28,391.16	0	0	4,260.20	0	3,177.94	59,940.76	0	4,260.20	59,940.76	0	61,086.62	
Illinois State Fair	12,240.42	2,587.27	721.8	396.98	1,468.49	0	0	0	13.24	3.61	19.86	240.72	0	0	36.11	0	30.48	556.11	0	36.11	556.11	0	568.34	
Illinois State Fair Matine	1,937.34	394.73	112.72	62.19	219.82	0	0	0	2.09	0.57	3.14	38.08	0	0	5.72	0	4.8	81.63	0	5.72	81.63	0	83.78	
Indiana Downs	1,621,759.16	330,207.64	95,744.12	45,604.97	188,858.55	0	0	0	1,754.69	478.56	2,632.02	31,903.15	0	0	4,784.20	0	3,943.81	70,867.95	0	4,784.20	70,867.95	0	72,493.69	
Kawartha Downs	22,821.43	5,092.65	1,446.15	684.64	2,961.86	0	0	0	24.72	6.74	37.08	449.45	0	0	67.32	0	62.94	1,144.35	0	67.32	1,144.35	0	1,169.28	
Krieau	816.05	236.06	48.38	28.56	159.12	0	0	0	0.89	0.24	1.33	16.13	0	0	2.41	0	3.34	66.89	0	2.41	66.89	0	67.89	
Lebanon Raceway	18,433.46	3,967.15	1,115.37	559.79	2,291.99	0	0	0	19.96	5.45	29.93	362.77	0	0	54.38	0	46.13	878.33	0	54.38	878.33	0	894.87	
Maywood	4,189,358.94	901,393.72	249,345.97	132,050.96	519,996.79	0	0	0	4,534.25	1,236.63	6,801.36	82,440.53	0	0	12,358.64	0	10,706.29	198,886.29	0	12,358.64	198,886.29	0	203,032.04	
Meadowland Metro Six	312.15	62.49	18.25	10.93	33.31	0	0	0	0.34	0.09	0.51	6.13	0	0	0.92	0	0.71	12.19	0	0.92	12.19	0	12.43	
Meadowlands Harness	15,499,376.74	2,972,386.17	917,207.37	542,478.53	1,512,700.27	0	0	0	16,740.80	4,565.70	25,111.19	304,377.85	0	0	45,723.19	0	29,585.55	537,627.84	0	45,723.19	537,627.84	0	548,966.57	
Meadowlands Harness	1,684.49	284.85	102.15	58.96	123.74	0	0	0	1.81	0.49	2.72	32.93	0	0	4.97	0	2.19	38.94	0	4.97	38.94	0	39.69	
Mohawk	4,370,389.59	866,807.62	260,554.46	148,967.91	457,285.25	0	0	0	4,727.71	1,289.40	7,091.54	85,957.99	0	0	12,892.68	0	8,802.19	166,693.16	0	12,892.68	166,693.16	0	169,830.98	
Monticello	1,852,793.94	403,097.01	110,153.49	50,962.81	241,980.71	0	0	0	2,006.29	547.19	3,009.44	36,477.90	0	0	5,465.76	0	5,096.13	93,687.51	0	5,465.76	93,687.51	0	95,689.78	
Monticello Special	14.56	2.97	0.86	0.44	1.67	0	0	0	0.02	0	0.02	0.29	0	0	0.04	0	0.04	0.62	0	0.04	0.62	0	0.64	
Northfield Park	9,666,743.91	2,048,519.98	572,369.04	311,018.86	1,165,132.08	0	0	0	10,458.51	2,852.37	15,687.75	190,154.24	0	0	28,516.94	0	24,133.68	442,004.63	0	28,516.94	442,004.63	0	451,322.11	
Northlands Park	25,194.72	5,311.57	1,492.24	755.84	3,063.49	0	0	0	27.26	7.44	40.88	495.48	0	0	74.33	0	64.41	1,163.31	0	74.33	1,163.31	0	1,190.42	
Northville	77,852.20	19,414.88	4,671.07	2,335.57	12,408.24	0	0	0	84.47	23.04	126.7	1,535.80	0	0	229.66	0	274.72	5,014.14	0	229.66	5,014.14	0	5,119.94	
Northville Downs	494.76	122.53	28.31	14.84	79.38	0	0	0	0.54	0.15	0.81	9.76	0	0	1.46	0	1.87	31.97	0	1.46	31.97	0	32.84	
Ocean Downs	80,911.73	18,489.23	4,806.55	2,390.44	11,292.24	0	0	0	87.68	23.92	131.52	1,594.15	0	0	238.69	0	235.85	4,446.61	0	238.69	4,446.61	0	4,534.04	
Plainridge Racecourse	101,320.60	23,737.33	5,989.37	2,988.76	14,759.20	0	0	0	109.83	29.96	164.													

Pocono Downs Matinee	6,299.77	1,421.28	376.25	208.39	836.64	0	0	0	6.82	1.86	10.24	124.06	0	0	18.58	0	16.44	326.51	0	332.15
Poconos	1,692,906.45	385,871.18	100,686.99	50,042.58	235,141.61	0	0	0	1,834.50	500.34	2,751.73	33,354.15	0	0	4,994.08	0	4,809.98	92,648.33	0	94,246.86
Pompano	1,580,743.11	370,032.66	93,655.70	46,999.32	229,377.64	0	0	0	1,713.26	467.28	2,569.86	31,149.60	0	0	4,663.22	0	5,000.66	90,900.11	0	92,913.42
Pompano Matinee	9,364.27	2,370.18	545.18	253.06	1,571.94	0	0	0	10.17	2.77	15.25	184.82	0	0	27.63	0	37.54	640.32	0	653.32
Prairie Meadows	51,756.98	9,257.82	3,059.22	1,380.59	4,818.01	0	0	0	55.98	15.27	83.97	1,017.78	0	0	152.68	0	95.48	1,677.02	0	1,719.68
Prairie Meadows Matin	830.4	156.37	49.62	21.17	85.58	0	0	0	0.9	0.24	1.35	16.31	0	0	2.45	0	1.81	30.86	0	31.67
Raceway Park	76,590.93	16,350.30	4,537.39	2,361.11	9,451.80	0	0	0	82.89	22.61	124.33	1,506.92	0	0	225.95	0	193.54	3,612.61	0	3,682.69
Rideau Carleton Racew	254,441.32	63,773.38	15,300.17	6,396.59	42,076.62	0	0	0	276.22	75.35	414.32	5,021.98	0	0	750.61	0	921.49	17,135.62	0	17,480.80
Rideau Carleton Racew	40.22	9.98	2.52	1.01	6.45	0	0	0	0.04	0.01	0.07	0.79	0	0	0.12	0	0.15	2.6	0	2.67
Rockingham Park	7,710.15	1,819.92	417.91	231.3	1,170.71	0	0	0	8.36	2.28	12.54	151.97	0	0	22.75	0	27.27	466.24	0	479.16
Rosecroft	49,779.02	11,225.25	2,958.78	1,622.83	6,643.64	0	0	0	53.92	14.71	80.88	980.27	0	0	146.85	0	131.72	2,594.87	0	2,640.56
Running Aces Harness	297,475.28	60,907.00	17,670.92	8,151.31	35,084.77	0	0	0	321.76	87.76	482.64	5,850.15	0	0	877.55	0	686.09	13,277.23	0	13,501.53
Saratoga Harness Matir	11,901.90	2,601.96	692.15	357.06	1,552.75	0	0	0	12.89	3.51	19.33	234.3	0	0	35.11	0	33.44	601.15	0	612.94
Saratoga Harness Racev	417,199.19	90,153.40	25,229.98	12,515.98	52,407.44	0	0	0	451.6	123.17	677.39	8,210.66	0	0	1,230.74	0	1,060.24	20,132.11	0	20,520.84
Scarborough Downs	78,411.89	18,242.25	4,718.76	1,709.13	11,814.36	0	0	0	85.02	23.2	127.54	1,545.81	0	0	231.33	0	253.44	4,725.44	0	4,822.49
Scioto	213,615.59	45,385.13	12,635.85	5,325.16	27,424.12	0	0	0	231.27	63.08	346.9	4,204.72	0	0	630.16	0	579.24	10,570.27	0	10,798.37
Sports Creek Raceway	31,357.31	7,653.89	1,864.99	940.72	4,484.18	0	0	0	34.01	9.28	51.02	618.39	0	0	92.51	0	105.46	1,948.78	0	1,988.72
Summerside Raceway	6,565.73	1,996.50	401.94	196.97	1,397.59	0	0	0	7.15	1.95	10.72	129.89	0	0	19.37	0	29.78	594.16	0	604.53
Swedish Race Course V	3,087.39	710.62	190.72	108.06	411.84	0	0	0	3.34	0.91	5.02	60.79	0	0	9.11	0	8.25	160.9	0	163.54
Swedish Race Course V	1,771.71	426.62	105.35	62.01	259.26	0	0	0	1.92	0.52	2.88	34.91	0	0	5.23	0	5.16	103.63	0	105.04
Swedish Race Course V	3,553.55	809.33	218.65	124.38	466.3	0	0	0	3.85	1.05	5.77	69.96	0	0	10.48	0	9.18	181.57	0	184.42
Swedish Race Course V	4,187.33	919.49	261.39	146.56	511.54	0	0	0	4.53	1.24	6.8	82.38	0	0	12.35	0	10.21	195.32	0	198.71
Swedish Race Course V	187.4	39.56	11.9	6.56	21.1	0	0	0	0.2	0.06	0.3	3.68	0	0	0.55	0	0.45	7.83	0	8.01
Swedish Race Course V	2,148.82	491.31	133.63	75.21	282.47	0	0	0	2.33	0.64	3.49	42.3	0	0	6.34	0	5.69	109.9	0	111.82
Swedish Race Course V	860.7	200.34	50.86	30.12	119.36	0	0	0	0.93	0.26	1.4	16.95	0	0	2.54	0	2.35	47.17	0	47.78
Swedish Race Course VI	1,662.40	388.4	98.71	58.18	231.51	0	0	0	1.8	0.49	2.7	32.74	0	0	4.9	0	4.56	91.49	0	92.78
Swedish Race Course VI	5,646.03	1,297.19	355.26	197.62	744.31	0	0	0	6.12	1.67	9.17	111.16	0	0	16.66	0	15.54	289.41	0	294.66
Swedish Race Course w	292.92	78.26	17.35	10.25	50.66	0	0	0	0.32	0.09	0.48	5.78	0	0	0.86	0	1.04	20.91	0	21.18
Swedish Race Course w	3,330.29	797.53	203.18	116.56	477.79	0	0	0	3.61	0.99	5.42	65.62	0	0	9.82	0	9.56	189.99	0	192.82
Swedish Race Course w	2,647.96	619.77	163.32	92.68	363.77	0	0	0	2.87	0.78	4.3	52.15	0	0	7.81	0	7.23	143.2	0	145.47
Swedish Race Course w	2,943.31	716.69	167.79	103.02	445.88	0	0	0	3.19	0.87	4.79	58.02	0	0	8.68	0	8.96	179.37	0	181.97
Swedish Race Course w	982.5	235.93	58.29	34.39	143.25	0	0	0	1.07	0.29	1.6	19.36	0	0	2.9	0	2.85	57.18	0	57.98
Swedish Race Course W	3,063.25	676.25	193.11	107.22	375.92	0	0	0	3.32	0.91	4.97	60.27	0	0	9.03	0	7.41	143.8	0	146.28
Swedish Race Course w	4,115.42	914.05	258.81	144.04	511.2	0	0	0	4.46	1.22	6.68	80.99	0	0	12.14	0	10.09	196.1	0	199.46
Swedish Race Course w	6,478.30	1,486.33	402.23	226.75	857.35	0	0	0	7.02	1.92	10.53	127.55	0	0	19.11	0	17.2	334.22	0	339.81
Swedish Race Course w	1,509.49	344.64	96.59	52.83	195.22	0	0	0	1.64	0.45	2.45	29.72	0	0	4.45	0	3.9	75.67	0	76.96
The Meadows	2,129,592.84	484,169.03	126,247.77	74,535.96	283,385.30	0	0	0	2,306.44	629.06	3,459.65	41,935.03	0	0	6,282.31	0	5,829.38	110,447.07	0	112,493.61
The Raceway @ Wester	792,603.77	189,547.48	47,242.62	18,267.39	124,037.47	0	0	0	859.95	234.54	1,289.91	15,635.21	0	0	2,338.19	0	2,536.30	50,170.96	0	50,972.41
The Red Mile	157,765.04	33,139.02	9,347.53	4,732.95	19,058.54	0	0	0	170.79	46.58	256.18	3,105.14	0	0	465.41	0	402.53	7,220.77	0	7,391.06
Tioga Downs	255,829.97	47,299.12	15,288.01	6,836.86	25,174.25	0	0	0	276.2	75.34	414.29	5,021.58	0	0	754.71	0	485.46	8,979.69	0	9,165.87
Trabrenn Arena Hambu	2,675.57	844.23	145.6	93.65	604.98	0	0	0	2.91	0.79	4.37	52.95	0	0	7.89	0	14.97	256.83	0	264.23
Verden	42.18	11.57	2.5	1.48	7.59	0	0	0	0.05	0.01	0.07	0.83	0	0	0.12	0	0.16	3.16	0	3.2
Vernon Downs	120,204.72	25,349.86	7,198.74	3,606.14	14,544.98	0	0	0	130.07	35.49	195.1	2,364.77	0	0	354.61	0	288.96	5,535.63	0	5,639.99
Windsor	144,667.75	35,411.87	8,615.04	4,577.26	22,219.57	0	0	0	156.95	42.81	235.44	2,853.68	0	0	426.77	0	494.75	8,904.53	0	9,104.87
Woodbine	6,013,194.82	1,232,826.84	357,704.11	206,166.87	668,955.86	0	0	0	6,505.80	1,774.33	9,758.70	118,286.99	0	0	17,738.95	0	12,903.28	248,746.34	0	253,242.58
Yonkers	6,906,541.69	1,450,283.37	411,192.18	237,732.41	801,358.78	0	0	0	7,471.64	2,037.74	11,207.43	135,847.49	0	0	20,374.33	0	16,244.02	301,037.12	0	307,137.98
Total:	82,214,206.66	17,163,202.76	4,883,587.49	2,636,053.26	9,643,562.02	0	0	0	88,957.32	24,261.72	133,435.66	1,617,396.66	0	0	242,532.44	0	196,626.81	3,632,674.28	0	3,707,656.41

Total that gets divided under 19604

Equals Total Market Access Fee after subtraction All in red are residuary debits off of Market Access Fee of 9,643,562.02

Equals net total left over that go to

1-3 is Hub Fee, Import Host Fee

DIR, Backstretch, Workers Comp, Retirement are (2) Market Access Fee Deductions

tracks after all expenses come off

Location Fee is Satellite Wagering Commission that goes to location

from preceding columns

(1) Contractual Compensation = the amount paid to the ADW provider from ADW wagers that originate in CA, includes hub fee payments and host fee payments (host fee payments can't exceed 3.5%), total amount of both can't exceed 6.5% of the gross. CA B&PC § 19604(a)(5).

(2) Market Access Fees = money left from an in state ADW wager after payment of winning tickets and contractual compensation, CA B&PC 19604(a)(11). Set amounts go to the Center for Equine Health (.0011%); Department of Industrial Relations (.0003%); and to the Participants (.00165%), which is evenly divided between the trainer pension plans for backstretch personnel and the welfare fund for horsemen and backstretch personnel. CA B&PC § 19604(f).

(3) Satellite Wagering Commissions (location fee) = 2% or the first \$250k by the amount handled on ADW wagers that originate in CA; 1.5% of the next \$250k of the amount handled on ADW wagers that originate in CA annually; 1% of the next \$250k of the amount handled on ADW wagers that originate in CA annually; and .5% of anything in excess of \$750K by the amount handled on ADW wagers that originate in CA annually are distributed as satellite wagering commissions CA B&PC §19604(f)(4). This Fee goes to the Location as a satellite commission, in this case Los Alamitos because search was for them as distributing host.

(4) Net Market Access Fee, Residual Provision or Residuary = After the distribution of 1-3, the remainder of the market access fees for ADW wagers that originate in CA are distributed as outlined in CA B&PC §§ 19604(f)(5)(A) through (D).

Breeders Incentive Includes Breeders Incentive breakout, which is labeled as "Breeders" Above.

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EXHIBIT "2"





Takeout Summary Report  
pitboss

Back to CHRIMS ADW Menu

Date Range : 09/01/2013-09/30/2013  
 Distributing Host(s) : Golden Gate  
 ADW Company : TVG  
 Breeds : Harness  
 Tracks : All Tracks  
 Wager Source : All

	North	South	All California	Export	Total
License Fee	0.00	0.00	0.00	0.00	0.00
SB 16 License Relief	0.00	0.00	0.00	0.00	0.00
Total License Fees	0.00	0.00	0.00	0.00	0.00
CHRB Support	0.00	0.00	0.00	0.00	0.00
F & E	0.00	0.00	0.00	0.00	0.00
Equine Research Lab	63.02	0.00	63.02	0.00	63.02
DIR	17.19	0.00	17.19	0.00	17.19
Backstretch	94.54	0.00	94.54	0.00	94.54
Location Fee	1,145.87	0.00	1,145.87	0.00	1,145.87
AB 480 Reserve	0.00	0.00	0.00	0.00	0.00
Workers Comp Fund	0.00	0.00	0.00	0.00	0.00
Retirement Fund	171.85	0.00	171.85	0.00	171.85
OTWINC	1,252.46	0.00	1,252.46	0.00	1,252.46
Breeders	265.27	0.00	265.27	0.00	265.27
SB 16 Breeders	0.00	0.00	0.00	0.00	0.00
Total to Breeders	265.27	0.00	265.27	0.00	265.27
Purses	2,596.52	0.00	2,596.52	0.00	2,596.52
SB 16 Purses	0.00	0.00	0.00	0.00	0.00
To OTWINC	-613.95	0.00	-613.95	0.00	-613.95
SB 1072 Purses	0.00	0.00	0.00	0.00	0.00
Total to Purses	1,982.56	0.00	1,982.56	0.00	1,982.56
Track	2,700.34	0.00	2,700.34	0.00	2,700.34
SB 16 Track	0.00	0.00	0.00	0.00	0.00
To OTWINC	-638.50	0.00	-638.50	0.00	-638.50
Total to Track	2,061.83	0.00	2,061.83	0.00	2,061.83
Export Host Fee	0.00	0.00	0.00	0.00	0.00
Total to CA stakeholders	7,054.59	0.00	7,054.59	0.00	7,054.59
Commingled Guest	0.00	0.00	0.00	0.00	0.00
Hub Fees	3,437.60	0.00	3,437.60	0.00	3,437.60
Import Host Fee	1,942.45	0.00	1,942.45	0.00	1,942.45
Breakage	330.06	0.00	330.06	0.00	330.06
Takeout	12,104.57	0.00	12,104.57	0.00	12,104.57
Retained from Public	12,434.63	0.00	12,434.63	0.00	12,434.63
Payable To Public	45,819.07	0.00	45,819.07	0.00	45,819.07
Total Handle	58,253.70	0.00	58,253.70	0.00	58,253.70
*SB 16 Savings	0.00	0.00	0.00	0.00	0.00

VENDOR ID	NAME	REFERENCE NUMBER	DATE	DOCUMENT AMOUNT	AMOUNT PAID	DISCOUNT	NET
CALIF0069-GGT	CALIFORNIA STANDARD BRED SIRES	TVG-ODS 9/1-30/13	09/30/2013	\$265.27	\$265.27	\$0.00	\$265.27
PRA Race Meeting Trust							
TOTALS:				\$265.27	\$265.27	\$0.00	\$265.27

PAYMENT NUMBER: PMNT0003439  
 CHECK DATE: 10/17/2013  
 CHECK NUMBER: 004403

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ADW CA Wager Distributions  
pltboss

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Date Range: 7/17/2013-9/04/2013  
 Report By: Race Date  
 Distributing Hosts: Del Mar Thoroughbred Club  
 ADW Company: All ADW Companies  
 Track: All Tracks  
 Zone: All California  
 Day/Night: Day and Night  
 Wager Source: All  
 Weekdays: All Days  
 Breed: Harness

Race Date	Handle	Retained from Public	Hub Fee	Import Host Fee	Market Access	License	CHRB Support Fee	F & E	Equine	DIR	Backstretch	Location Fee	AB 480 Reserve	Workers Comp	Retirement Fund	OTWINC	Breeders	Purses	1072	Track
7/17/2013	12,332.35	2,753.71	728.37	405.72	1,619.62	0.00	0.00	0.00	13.35	3.64	20.03	242.79	0.00	0.00	36.38	265.15	56.21	484.64	0.00	497.40
7/18/2013	11,406.75	2,094.79	672.98	379.80	1,042.01	0.00	0.00	0.00	12.34	3.37	18.53	224.33	0.00	0.00	33.65	245.25	51.95	223.36	0.00	229.24
7/19/2013	19,467.55	4,061.06	1,147.99	664.80	2,248.27	0.00	0.00	0.00	21.05	5.74	31.57	382.66	0.00	0.00	57.43	418.55	88.59	613.27	0.00	629.42
7/20/2013	14,317.50	2,917.23	843.68	490.26	1,583.29	0.00	0.00	0.00	15.47	4.22	14.21	281.27	0.00	0.00	42.24	307.83	65.16	416.43	0.00	427.40
7/21/2013	9,528.00	2,168.40	562.99	279.06	1,326.35	0.00	0.00	0.00	10.37	2.82	11.48	187.68	0.00	0.00	28.11	204.85	43.45	411.38	0.00	422.22
7/22/2013	11,175.95	2,365.50	659.18	374.58	1,331.74	0.00	0.00	0.00	12.09	3.30	11.13	219.79	0.00	0.00	32.97	240.28	50.88	372.24	0.00	382.05
7/23/2013	17,803.20	3,827.73	1,050.69	602.11	2,174.93	0.00	0.00	0.00	19.26	5.75	11.89	350.21	0.00	0.00	52.52	382.77	81.08	619.30	0.00	635.61
7/24/2013	10,632.05	2,388.90	628.01	351.07	1,409.02	0.00	0.00	0.00	11.51	3.14	11.27	209.34	0.00	0.00	31.36	228.59	48.46	424.05	0.00	435.22
7/25/2013	12,253.50	2,695.50	723.54	412.13	1,559.86	0.00	0.00	0.00	13.26	3.62	19.90	241.17	0.00	0.00	36.15	263.45	59.83	457.21	0.00	469.25
7/26/2013	24,696.80	4,912.93	1,451.59	844.33	2,615.01	0.00	0.00	0.00	26.65	7.27	39.97	484.53	0.00	0.00	72.86	530.98	112.31	661.48	0.00	678.90
7/27/2013	16,378.65	3,058.32	963.09	563.96	1,531.27	0.00	0.00	0.00	17.66	4.82	26.49	321.02	0.00	0.00	48.32	352.14	74.32	338.75	0.00	347.68
7/28/2013	6,392.10	1,400.40	377.33	203.83	819.24	0.00	0.00	0.00	6.92	1.89	10.38	125.80	0.00	0.00	18.86	137.43	29.12	241.23	0.00	247.58
7/29/2013	11,645.50	2,456.84	686.83	385.74	1,384.27	0.00	0.00	0.00	12.60	3.44	18.89	229.01	0.00	0.00	34.35	250.38	53.02	386.21	0.00	396.38
7/30/2013	19,988.65	4,069.93	1,177.92	663.87	2,228.14	0.00	0.00	0.00	21.60	5.89	32.39	392.64	0.00	0.00	58.97	429.76	90.90	590.22	0.00	605.77
7/31/2013	11,562.75	2,564.97	682.83	383.88	1,498.26	0.00	0.00	0.00	12.52	3.41	18.78	227.61	0.00	0.00	34.11	248.60	52.69	444.39	0.00	456.10
8/1/2013	12,034.95	2,602.89	710.39	401.52	1,490.98	0.00	0.00	0.00	13.02	3.55	19.54	236.80	0.00	0.00	35.50	258.75	54.82	428.84	0.00	440.14
8/2/2013	20,817.60	4,300.04	1,227.42	705.60	2,367.02	0.00	0.00	0.00	22.50	6.14	33.75	409.14	0.00	0.00	61.41	447.58	94.72	637.47	0.00	654.26
8/3/2013	22,512.10	4,534.75	1,325.38	760.12	2,449.25	0.00	0.00	0.00	24.32	6.63	36.48	442.20	0.00	0.00	66.41	484.01	102.37	635.03	0.00	651.76
8/4/2013	9,148.95	1,930.14	529.54	285.05	1,105.55	0.00	0.00	0.00	9.90	2.70	14.84	179.93	0.00	0.00	26.99	196.70	41.65	312.30	0.00	320.53
8/5/2013	13,805.75	2,823.36	813.86	456.47	1,553.03	0.00	0.00	0.00	14.92	4.07	22.39	271.34	0.00	0.00	40.73	296.82	62.81	414.52	0.00	425.44
8/6/2013	14,247.55	3,178.19	841.48	468.06	1,868.65	0.00	0.00	0.00	15.43	4.21	23.14	280.49	0.00	0.00	42.03	306.32	64.93	558.69	0.00	573.41
8/7/2013	11,099.30	2,441.37	655.38	365.92	1,420.07	0.00	0.00	0.00	12.07	3.28	18.82	218.46	0.00	0.00	32.74	238.64	50.57	417.64	0.00	428.64
8/8/2013	8,301.85	1,835.85	490.26	274.72	1,070.87	0.00	0.00	0.00	8.99	2.45	13.48	163.42	0.00	0.00	24.49	170.49	37.83	316.69	0.00	325.04

Race Date	Handle	Retained from Public	Hub Fee	Import Host Fee	Market Access	License	CHRB Support Fee	F & E	Equine	DIR	Backstretch	Location Fee	AB 480 Reserve	Workers Comp	Retirement Fund	OTWINC	Breeders	Purses	1072	Track
8/9/2013	8,695.00	1,958.14	513.56	292.16	1,152.42	0.00	0.00	0.00	9.42	2.57	14.12	171.19	0.00	0.00	25.65	186.94	39.63	346.88	0.00	356.02
8/10/2013	7,351.40	1,657.16	434.78	236.99	985.39	0.00	0.00	0.00	7.96	2.17	11.94	144.76	0.00	0.00	21.69	158.06	33.51	298.70	0.00	306.57
8/11/2013	8,650.00	1,839.33	510.45	272.94	1,055.94	0.00	0.00	0.00	9.36	2.55	14.04	170.16	0.00	0.00	25.52	185.98	39.39	300.50	0.00	308.42
8/12/2013	14,803.45	3,225.23	873.68	501.72	1,849.83	0.00	0.00	0.00	16.02	4.37	24.03	291.30	0.00	0.00	43.67	318.28	67.44	535.31	0.00	549.41
8/13/2013	14,258.40	3,155.81	842.01	468.49	1,845.31	0.00	0.00	0.00	15.44	4.21	23.16	280.67	0.00	0.00	42.06	306.56	64.98	546.90	0.00	561.31
8/14/2013	14,148.85	3,057.22	835.12	467.94	1,754.16	0.00	0.00	0.00	15.31	4.18	22.97	278.37	0.00	0.00	41.74	304.20	64.44	504.80	0.00	518.10
8/15/2013	11,718.75	2,562.43	691.95	375.95	1,494.53	0.00	0.00	0.00	12.69	3.46	19.03	230.65	0.00	0.00	34.57	251.95	53.40	438.59	0.00	450.15
8/16/2013	9,109.80	2,034.67	538.01	303.33	1,193.33	0.00	0.00	0.00	9.86	2.69	11.80	179.34	0.00	0.00	26.87	195.86	41.52	356.50	0.00	365.89
8/17/2013	8,073.10	1,797.07	476.72	244.04	1,075.51	0.00	0.00	0.00	8.74	2.38	11.11	158.95	0.00	0.00	23.82	173.57	36.80	324.79	0.00	333.35
8/18/2013	7,286.85	1,599.52	430.18	248.20	931.14	0.00	0.00	0.00	7.89	2.15	11.83	143.42	0.00	0.00	21.50	156.67	33.20	273.62	0.00	280.83
8/19/2013	9,732.50	2,089.35	574.22	312.77	1,192.31	0.00	0.00	0.00	10.53	2.87	15.80	191.47	0.00	0.00	28.71	209.25	44.33	340.22	0.00	349.18
8/20/2013	13,727.55	3,047.19	810.71	441.55	1,794.93	0.00	0.00	0.00	14.86	4.05	22.29	270.24	0.00	0.00	40.50	295.14	62.56	535.58	0.00	549.69
8/21/2013	8,471.60	1,727.48	498.60	279.73	949.15	0.00	0.00	0.00	9.14	2.49	13.71	166.20	0.00	0.00	24.99	182.14	38.57	252.61	0.00	259.27
8/22/2013	10,742.65	2,308.04	634.01	356.50	1,317.53	0.00	0.00	0.00	11.62	3.17	17.44	211.34	0.00	0.00	31.69	230.97	48.92	376.22	0.00	386.13
8/23/2013	5,779.60	1,310.29	341.40	194.23	774.66	0.00	0.00	0.00	6.26	1.71	9.39	113.80	0.00	0.00	17.05	124.26	26.34	234.84	0.00	241.03
8/24/2013	13,417.25	2,042.90	792.19	413.46	837.25	0.00	0.00	0.00	14.53	3.96	21.79	264.08	0.00	0.00	39.58	288.47	61.15	70.90	0.00	72.77
8/25/2013	9,533.70	2,057.86	562.53	292.94	1,202.39	0.00	0.00	0.00	10.32	2.81	15.48	187.60	0.00	0.00	28.12	204.98	43.43	350.22	0.00	359.45
8/26/2013	9,716.40	2,110.48	573.41	323.17	1,213.90	0.00	0.00	0.00	10.52	2.87	15.77	191.20	0.00	0.00	28.66	208.90	44.26	351.22	0.00	360.48
8/27/2013	12,034.85	2,672.00	710.80	387.22	1,573.98	0.00	0.00	0.00	13.03	3.55	19.55	236.93	0.00	0.00	35.50	258.75	54.85	469.71	0.00	482.09
8/28/2013	9,278.55	2,003.00	547.57	309.04	1,146.39	0.00	0.00	0.00	10.04	2.74	15.06	182.52	0.00	0.00	27.37	199.49	42.25	329.12	0.00	337.79
8/29/2013	11,526.65	2,542.09	682.14	377.56	1,482.39	0.00	0.00	0.00	12.48	3.40	18.72	226.89	0.00	0.00	34.00	247.82	52.53	437.51	0.00	449.03
8/30/2013	13,482.25	2,524.76	796.65	438.55	1,289.56	0.00	0.00	0.00	14.59	3.98	21.88	265.20	0.00	0.00	39.77	289.87	61.40	292.59	0.00	300.29
8/31/2013	13,456.40	2,528.28	793.78	398.57	1,235.93	0.00	0.00	0.00	14.56	3.97	21.84	264.75	0.00	0.00	39.70	289.31	61.30	316.08	0.00	324.40
9/1/2013	8,859.80	1,953.56	523.13	287.78	1,142.65	0.00	0.00	0.00	9.59	2.67	14.39	174.40	0.00	0.00	26.14	190.49	40.37	337.87	0.00	346.77
9/2/2013	8,443.15	1,815.05	500.54	269.46	1,045.05	0.00	0.00	0.00	9.14	2.49	13.70	166.11	0.00	0.00	24.91	181.53	38.46	300.36	0.00	308.28
9/3/2013	13,049.30	2,904.23	770.68	433.63	1,699.92	0.00	0.00	0.00	14.13	3.85	21.19	256.89	0.00	0.00	38.50	280.56	59.47	505.99	0.00	519.32
9/4/2013	10,793.60	2,421.02	637.54	358.99	1,424.49	0.00	0.00	0.00	11.69	3.19	17.53	212.51	0.00	0.00	31.84	232.06	49.20	427.59	0.00	438.86
Total:	607,690.75	128,326.96	35,859.09	20,011.14	72,456.79	0.00	0.00	0.00	657.42	179.32	986.11	11,952.61	0.00	0.00	1,792.69	13,065.39	2,767.37	20,260.56	0.00	20,794.27

Send to Excel

To return to this Page use the 'back key' in your browser

MEETING TRUST

2108

Number	Comment	Amount	Discount Amount	Net Amount
	2013 BREEDERS/STALLION AWARDS EV 1-37	2,767.37	0.00	2,767.37
	BREEDERS AWARDS -ADW (SOUTH)		2,767.37	

10/16/2013 CA STANDARD BRED SIRES STAKES

Check Total:

2,767.37

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# EXHIBIT "3"



November 7, 2012

Mr. Francisco Gonzales  
 Senior Management Auditor  
 California Horse Racing Board  
 1010 Hurley Way, Suite 300  
 Sacramento, CA 95825

Dear Mr. Gonzales,

On behalf of the California Exposition & State Fair, we respectfully request your direction as to where Cal Expo can forward quarter horse breeders fees generated on quarter horse races through ADW from March 2, 2008 through June 30, 2012.

In the past, we have been told by Mr. Rick English that breeders fees generated by each host stay with the host. We do not agree with this assumption and feel it is contrary to current statute. We have forwarded all Thoroughbred Breeders Fees generated through ADW to the CTBA. We are aware of the fact that Los Alamitos has also directed Thoroughbred Breeders Fees to the CTBA as well. We have not forwarded quarter horse breeders fees to Los Alamitos.

From March 2, 2008 through June 30, 2012, Cal Expo as host, has generated a total of \$24,524.68 in quarter horse breeders fees through imported out of state ADW on quarter horse races and are currently holding these funds.

From March 2, 2008 through June 30, 2012, Los Alamitos as host, has generated a total of \$153,017.74 in harness racing breeders fees through imported out of state ADW on harness races and have never forwarded any of these funds to the California Standardbred Sires Stakes Committee.

Simply, we would like to close out our books on the recently concluded Cal Expo harness racing meet and your direction related to this matter will assist us in this endeavor.

Respectfully,  
 CALIFORNIA EXPOSITION & STATE FAIR

David Elliott,  
 Assistant General Manager, Racing Events

cc	Kirk Breed	David Neumeister
	Robert Miller	Renee Mancino
	Jackie Wagner	Alan Horowitz
	Norbert Bartosik	Chris Schick

CALIFORNIA HORSE RACING BOARD  
1010 HURLEY WAY, SUITE 300  
SACRAMENTO, CA 95825  
(916) 263-6000  
FAX (916) 263-6042



December 11, 2012

Dave Elliott  
Assistant General Manager, Racing Events  
1600 Exposition Blvd  
Sacramento, CA 95815

SUBJECT: Quarter Horse Breeder Fee

Dear Mr. Elliott,

Please forward the quarter horse breeder fees for the period of March 2, 2008 through June 30, 2012 to the California Horse Racing Board (CHRB). The CHRB will deposit the money in an escrow account while waiting for resolution of who is entitled to receive such funds. If you have any questions, feel free to call me at (916)263-6010.

Sincerely,

A handwritten signature in black ink, appearing to read "Francisco G. Gonzalez", written over a horizontal line.

Francisco G. Gonzalez  
Chief Auditor

# EXHIBIT "4"



# CAL EXPO

June 24, 2009

Ms. Lynn Wright, Del Mar Thoroughbred Club  
 Ms. Raechelle Gibbons, CARF  
 Mr. Bob Snyder, Los Alamitos Race Course  
 Ms. Gina Lavo, Santa Anita  
 Mr. Mark Fritsche, Hollywood Park  
 Ms. Hue Banh, Los Angeles County Fair  
 Mr. Adam Njaa, Golden Gate Fields

Dear Controllers,

On behalf of the California Standardbred Sires Stakes Committee, Cal Expo, and Doug Burge of the California Thoroughbred Breeders Association, we respectfully request your assistance in a very important matter.

Since the start of ADW in California, specific distributions from the Net Market Access Fees have been collected and distributed by all racing associations. Examples of these distributions are Location Fees, Equine Fees, DIR, Jockeys Retirement, Backstretch, Purses, Track Commissions, and Breeders Incentive Awards.

It has come to our attention that some breeders fees (incentive awards) generated by all associations in California have been sent to the CTBA as a distribution without being segregated. In other words, there are some associations who have either held Harness ADW breeders fees awaiting direction as to where to send them OR some have not segregated the Breeders Fees from thoroughbred and harness and have sent the entire distribution to the CTBA.

With the concurrence of Doug Burge of the CTBA, we are simply requesting that any and all harness breeders fees generated by all associations that have not been paid to date, any and all harness breeders fees that have been held awaiting direction as to where to send them, and any and all harness breeders fees generated from July 1, 2009 and later be forwarded to the following address:

California Standardbred Sires Stakes Committee  
 PO Box 254509  
 Sacramento, CA  
 95865  
 Attn: Susan Travers, Administrator

CALIFORNIA EXPOSITION & STATE FAIR

P.O. Box 15649 • Sacramento, CA 95852-1649

State of California • Arnold Schwarzenegger, Governor

California Controllers  
June 24, 2009  
Page 2

Please make the checks payable to the CSSSC.

If you have any questions regarding this matter please contact me at your convenience by email [delliott@calexpo.com](mailto:delliott@calexpo.com) or telephone at 916-263-3283.

On behalf of the CSSSC, Cal Expo, and the CTBA we sincerely appreciate your anticipated cooperation.

Sincerely,  
CALIFORNIA EXPOSITION & STATE FAIR



David Elliott,  
Assistant General Manager, Racing Events

cc: Mr. Doug Burge, CTBA  
Mr. Alan Kirschenbaum, CSSSC  
Mr. Craig Fravel  
Mr. Chris Korby  
Mr. Mike Sedar  
Ms. Bernie Thurman

LAW OFFICES OF

## ROBERT H. TOURTELOT, PLC

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ROBERT H. TOURTELOT\*†  
 tourtelotlaw@gmail.com

\*A PROFESSIONAL CORPORATION  
 †MEMBER CALIFORNIA AND HAWAII BAR

November 7, 2013

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

Attn.: Robert Miller, Esq

Re: Night Racing Industry's ADW Imports Split Rate On Races Conducted after 6:00p.m.  
 During the 2013 Racing Year

Dear Honorable Members of the California Horse Racing Board:

As I believe some of you are aware, I was retained in September of this year by Los Alamitos Quarter Horse Racing Association and its owner, Dr. Edward Allred, to advise and assist them in connection with the above-referenced matter. I do not intend to comment in this letter as to the "Breeders Incentives" issue as I do not believe my retention was intended to include this issue and, in fact, I have had no discussions with Dr. Allred and/or any other representative of Los Alamitos concerning the Incentives. This letter is intended to respond to Mr. Miller's email of October 2, 2013, inviting counsel to submit any comments they wish with the Board to consider in this matter.

In addressing the issue of the Night Racing Industry's ADW Imports Split Rate On Races Conducted after 6:00p.m., I think the best place for the Board to start is to recognize that this is an "issue" because, at the most, there may be an ambiguity in Assembly Bill 471 ("AB 471"), which was signed into law in August of 2001 by then Governor Davis and became California Business & Professions Code, section 19604 (herein B&P 19604.) While AB 471 dealt primarily with back stretch labor relations, it also included a provision allowing Advance Deposit Wagers or "ADW" to be accepted by California Racing Associations.

It is true, at least as best as my research has revealed, there is not any published "formal" legislative history as to AB 471, at least as to the ADW portion of the bill; however, we do have a letter from former Assemblyman Robert Hertzberg, a copy of which has been supplied to the Board. Assemblyman Hertzberg, along with Assemblyman Herb Wesson, was the author

Page 2

of AB 471. In his letter addressed to the Board, Assemblyman Hertzberg sets forth his clear understanding, as well as the intentions of the Legislature as to the AB 471. While Assemblyman Hertzberg was the author of the bill, Dr. Allred was the impetus behind it.

The dispute before the Board involves, at best, an ambiguity in B & P 19604 as to the language providing for the ADW allocations and distributions between quarter horse racing and harness racing. B & P 19604 has been in effect since 2001, some twelve years before an issue as to the distribution/allocations was first raised by anyone. It was raised by representatives of an entity known as Watch and Wager, a company based in England, as I understand, which took over the harness racing at Cal Expo in 2012-2013. Watch and Wager representatives said that none of the harness racing folks had ever really read B & P 19604 before or, had not read it very clearly. Having been Chairman of the CHRB at the time AB 471 was being discussed, negotiated and drafted, I find the statements of Watch and Wager, at best, somewhat disingenuous. I know for a fact that Kirk Breed was involved in the discussions and gave input on AB 471 on behalf of the Board during the time it was being finalized. While I cannot swear on a bible that the harness racing people were involved in the process, I cannot believe that they did not know about the Bill and what it contained. So, for at least eleven years since the enactment of B & P 19604, the parties and CHRIMS, the entity that allocated and distributed consistently for the past twelve years since B & P 19604 was the distributions from Night Racing Industry's ADW Imports Split Rate On Races Conducted after 6:00p.m.. For twelve years, CHRIMS has, without dispute, recognized the "quarter horse" portions of the ADW split applied to all horse racing operating under and pursuant to a quarter horse racing license.

What we believe is most significant is the fact that during the entirety of this eleven-year period, the CHRB was reviewing the CHRIMS allocations and proposed distributions and never once raised any issues as to how the law was being applied. I am referring to CHRB's in-house Auditor, John Reagan. Having worked fairly closely with John during the two years I was Chairman of the CHRB, I can say without reservation that John would have read, re-read and understood B & P 1960 better than anyone connected with horse racing in California. John never raised an issue as to the distribution allocations between quarter horse racing and harness racing. Not a word for eleven years! The reason why he never raised an issue is that he read the statute to mean precisely that which Assemblyman Hertzberg intended it to mean, what Dr. Allred intended it to mean when he conceived of it, and what CHRIMS understood the statute to mean

We are attaching a clip from a February 19, 1999 CHRB news release reporting on the previous CHRB meeting and John's comments to the Board on track handles and related financial matters. This clip shows how precise John was as to financial matters. We submit that this clip is indisputable evidence of John Reagan's knowledge of the law relating to his work at the CHRB and his knowledge of financial matters involving the tracks. Of course, Mr. Reagan's comments did not refer to AB471 and/or B & P 19604, as this CHRB meeting was in 1999. Leaving aside

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the fact that everyone in harness racing and in quarter horse racing, for eleven plus years, understood B & P 19604 and how the distributions were to be allocated, etc., one must consider the fact that the Chief Auditor of the CHRB was, without a doubt, aware of B & P 19604, had probably read it a number of times, received and reviewed each and every CHRIMS set of proposed distributions and allocations, and he never once raised any questions as to B & P 19604, nor, not even once did Mr. Reagan ever raise an objection to any of the proposed distributions/allocations as prepared by CHRIMS pursuant to B & P 19604. The reason, again, why John Reagan, the CHRB's Chief Auditor, never once questioned any of the allocations/distributions was because, just as with every other person, firm and/or corporation who was an interested party in the ADW distributions and allocations, understood the law to be precisely what its author, Assemblyman Hertzberg; and Dr. Ed Allred, intended it to be and how it was intended to work: TheCHRB News Release:

February 19, 1999: CHRB:

In other business, John Reagan of the CHRB staff reported that full-card simulcasting from other states, which began January 1 under a new state law (SB 27), continues to generate additional handle without any serious adverse effect on wagering on-track. However, due largely to a contract dispute that has at least temporarily shut down the California exported racing signal to the New York simulcast market, overall handle in California from all sources is just holding steady.

"On-track handle in the north is down by less than one half of one percent," explained Reagan. "Off-track handle continues with solid gains at 10.5 percent. Interstate handle decreased by almost 10%, reflecting the loss of the New York market. Overall handle is currently down 1%.

"In the south," continued Reagan, "the on-track handle is up over 2%, the off-track handle is up 13%, and the interstate handle is down 6.7% for an overall handle that is up 1.7%."

Reagan also reported the results of the statewide experiment involving the importation of 65 races from Aqueduct, Gulfstream Park, Turf Paradise, Turfway Park, Australia, and Hong Kong on February 17, a Wednesday on which there was no live racing in California. He reported that handle in the north was just over \$1 million, while handle in the south was \$1,355,000. Attendance in the north was 3,000. Southern attendance figures were not immediately available, but they are expected to total more than 3,000".

I believe it is important for the Members to understand that while the main portion of racing at Los Alamitos is quarter horse, a small percentage of their races are for other breeds, including Thoroughbreds, Appaloosa, Paints, Arabian and Mules. Los Alamitos is licensed by the CHRB to race these other breeds under and pursuant to its quarter horse racing license. To be

Page 4

able to race these other breeds and to receive the distributions allocated on the basis they have been made for eleven years, i.e including commissions from these other breed races, is of vital financial importance to Los Alamitos and has enabled it to increase its fan base and betting public. This is the reason why Dr. Allred decided the law had to be implemented, i.e. AB 471 as to the ADW allocations. Who knows if Los Alamitos would be here today as a functioning race track were it not for the passage of AB 471.

We find it most interesting that the first time anyone, including the harness racing folks in Sacramento at Cal Expo, raised even a hint of an issue with the distributions/allocations under B & P 19604 as impermissibly including the other breeds' racing at Los Alamitos, i.e. non-quarter horses being included in the quarter horse portion of the ADW split, was in 2012 after Watch & Wager took over harness racing at Cal Expo.

For eleven years these harness racing folks never said a word. It is inconceivable to us that at the time AB 471 was being negotiated and then signed into law that the Harness Racing people at Cal Expo viewed the ADW split as being anything other than it being made with the quarter horse portion referenced in the statute as applying to all horse racing operations under and pursuant to the quarter horse license, i.e. including other breeds racing at Los Alamitos.

We believe it bears repeating here that it was not until new management of the harness racing operation at the Cal Expo, out of the blue, last year, some 12 years after B & P 19640 was enacted, which statute was being implemented by the horse racing industry, including the CHRB, without a single identifiable objection over the course of the past twelve years, suddenly complained about the existing format for ADW distribution funds to the respective racing associations and their horsemen.

The Harness Horseman Association's, Renee Mancino, wrote the The Board on March 14, 2013, wherein she stated:

"Clearly, all concerned here misread this provision since the implementation of the statute."

This may be what the Watch & Wager people want the Members to believe, but it is not the truth! We do not believe anyone misread the statute and we believe all interested parties read AB 471, as well as the statute when it was enacted.. As Assemblyman Hertzberg stated in his letter of August 19, 2013 to the Board Members, a copy of which is attached as an Exhibit and, by this reference, incorporated herein,:

"It was my intention that all such racing (mix breeds) operated pursuant to a quarter horse license would be included in the 'quarter horse' portion of the ADW split. I recall discussing this issue at the time and felt that adding a further definition would unnecessarily complicate the legislation. It was my view that the established custom and practice regarding the ADW split was sufficient. Until

Page 5

now, the interpretation relied on at the time has continued to be the custom and practice for more than a decade, all of which speaks for itself and for an interpretation consistent with that expressed in this writing..."

I will be available at the PM/ADW Committee on November 20, 2013 to answer any questions the Board Members as to the legal and equitable basis for why we believe the Board should reject the contention of Watch & Wager and uphold the custom and practice of the past twelve years in this matter. Los Alamitos would be seriously prejudiced by a ruling by the Board in accordance with the Harness Racing Association's position. As I have discussed herein-above, prior to the enactment of B & P 19604, Los Alamitos had been racing breeds other than quarter horses. It had been doing so because of a need to increase its ever-decreasing fan/bettor base. It counted on the split of the ADW distributions which included non-quarter horse breeds racing. Had someone said to Dr. Allred back in 2001 that the ADW split was not going to include distribution from the other breeds, I cannot say what he would have done. While it is pure conjecture on my part, what I can say that it would be a tremendous loss to the Southern California racing fans and bettors were Los Alamitos to go the way of Hollywood Park. The loss of jobs to all who earn a living from racing at Los Alamitos, not to mention the loss of dollars to the State of California which it would lose, would be monumental, to say the least.

And so, relying on the custom and practice, as well as John Reagan approving the CHRIMS projected distributions for all those years, Dr. Allred has kept Los Alamitos in business running. He does this because he loves horse racing as much as anyone in the business and he would be devastated if the harness racing folks were to prevail on this "technical" argument, which argument flies in the face of everything everyone has believed to be true and has operated in good faith in reliance upon what Dr. Allred and Assembly Hertzberg, as well as John Reagan of the CHRB, always believed the statute provided.

We can all get up and argue what the statute means as it is written, as we each have our own views.. However, I am of the considered opinion that the Board should not be tempted to go in the direction Watch & Wager would like it to go. It has the testimony from Assemblyman Hertzberg, which is as close to "legislative intent" as you are ever going to get. Equally important, the Board has the undeniable facts, that:

1. The distribution formula was in effect prior to 2001; and
2. The parties, without dispute, continued to operate under the pre-2001 for some twelve years.

The doctrine of law/equity which, I submit, must carry the day on this issue is that of Laches. In 1961, our U.S. Supreme court in the case of Costello v. U.S., at 365 U.S. 265, defined laches as a defense (here, to the harness racing association's attempt to have the Board interpret B

Page 6

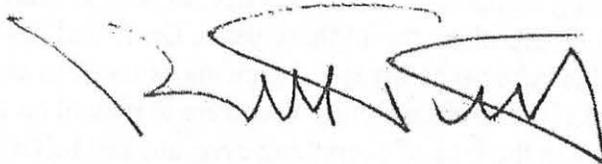
& P 19604 that requires proof of:

1. Lack of diligence by the party against whom the defense is asserted (Watch & Wager); and
2. Prejudice to the party asserting the defense.

What this says is that, generally speaking, laches is a defense in equity which California clearly recognizes that stands for the proposition that a court will not find for the plaintiff if the plaintiff delayed in bringing the case, and that delay harmed the defendant. The harness people delayed in bringing up this issue to the Board and Los Alamitos has most definitely been prejudiced by the same. Watch & Wager took over the harness racing at Cal Expo; however, they must "stand in the shoes" of the Harness Industry as to B & P 19604. They are not permitted to ignore the fact that previous owners and operators never once raised an objection to how the bill was being interpreted.

I look forward to answering any questions on both November 20<sup>th</sup> and 21<sup>st</sup> that any Member might have in this matter. Thank you for your kind attention to my comments.

Respectfully submitted,



RHT:rt

cc: All interest parties

Robert H. Tourtelot

Attorney for Los Alamitos Quarter Horse Racing

ROBERT M. HERTZBERG  
 350 S. Grand Ave, 25<sup>th</sup> Floor  
 Los Angeles, CA 90071

August 19, 2013

Mr. David Israel  
 Mr. Richard Rosenberg  
 California Horse Racing Board  
 1010 Hurley Way, Ste 300  
 Sacramento, CA 95825

RE: AB 471 (Hertzberg) of 2001

Dear Board Members:

As you know, on August 12, 2001, Governor Gray Davis signed AB 471 (Hertzberg) into law. I am the author of AB 471 and I am writing to clarify for the Board the discussions, intentions and negotiations relating to the introduction and passage of this measure.

As a matter of background, in 2000, my colleague, Assemblyman Herb Wesson, introduced AB 2760 relating to the same subject matter. While AB 2760 successfully passed the Legislature it was vetoed by Governor Gray Davis. I subsequently introduced AB 471 and made the changes the Governor desired with regard to the account wagering provisions.

The language was negotiated with the guidance and input of Rod Blonien, Ed Allred, the Governor's staff, and my staff. As has been my policy and practice while serving in the legislature, I maintained a detailed involvement in the negotiation and drafting of AB 471. As you may also be aware, Kirk Breed provided input into the policy as well. An agreement was reached by all parties and the bill was passed and signed into law consistent with the understanding expressed in this letter.

While the bill dealt primarily with the labor relations process for back stretch employees, the measure also permitted racing associations to accept "Advance Deposit Wagers ("ADW").

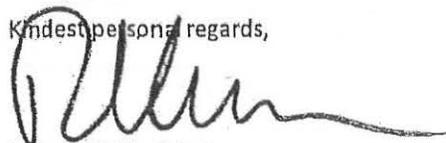
It was my understanding that for the last decade, and at the time of the passage of AB 471, the ADW split has been divided, as intended in my original legislation. It was my intent that the "quarter horse" portion would apply to all horses racing operating under and pursuant to a quarter horse license.

It is my understanding that Los Alamitos Race Track operates under a quarter horse license. While I understand that quarter horses are the main portion of the races at Los Alamitos, I am told that there are occasions where other breeds, including Thoroughbreds, Appaloosas, Paints, Arabians, etc., will race at that facility.

It was my intention that all such racing operated pursuant to a quarter horse licenses would be included in the "quarter horse" portion of the ADW split. I recall discussing this issue at the time and felt that adding a further definition would unnecessarily complicate the legislation. It was my view that the established custom and practice regarding the ADW split was sufficient. Until now, the interpretation relied on at the time has continued to be the custom and practice for more than a decade, all of which speaks for itself and for an interpretation consistent with that expressed in this writing. I urge the Board to resolve this issue in accordance with its intent.

Please feel free to contact me if you need further information.

Kindest personal regards,



Robert M. Hertzberg

CC: Members of the California Horse Racing Board

## The Tucker Group

November 12, 2013

As I've watched the discussion concerning the disagreement between the Harness and the Quarter Horse racing industries, I'm struck by the mistaken belief that this is a legal matter to be resolved by the regulatory body. This is simply a legislative matter to be resolved, if need be, by the Legislature.

As a former legislator and chairman of the committee with oversight of the horse racing industry, I've had the pleasure of authoring a few of the laws currently regulating the industry. For example, I carried the bill authorizing the TOC as the official association representing thoroughbred owners in this state. I've also authored laws concerning insurance, housing, liquor, labor, transportation, and a host of other subjects. For two of my eight years in the Assembly, no other legislator carried more bills than I did, and I didn't write any of them!

Now, as it was back then, and even before my time, all of the bills were written by Legislative Counsel. Legislative Counsel is the in-house legal arm of California's Legislature. Every bill or constitutional amendment proposed by the Legislature is written by this group of lawyers. They are told what the objective is and they do the research and writing to ensure if passed, the proposed new law would be correct and constitutional. They do not use words lightly. Words like "and", "or", "may", "shall", are not used without great consideration.

There are safeguards built into the process to make certain the proposed new law is correct. For example, the bill must be in print a certain number of days before it can be voted upon. That is to guarantee drafting mistakes aren't made and it also gives all interested parties enough time to read the proposed law and voice concerns, support, or opposition.

I understand the current owners of harness racing have found items in statute that treat their industry different than others within the greater industry. To change that, go to the Legislature and not the CHRB! The CHRB would be setting a dangerous precedent if it decided, after years of allowing a statute to be interpreted one way, to suddenly and arbitrarily change the interpretation of that statute, and by doing so, obligating one party to pay another on the basis of the "new", "fair" interpretation.

Fairness has nothing to do with the legislative process. Business and Professions Codes are filled with examples of different treatment within the "same profession". For example, optometrists and ophthalmologists are both doctors that treat eyes. However, only one can perform surgeries. Under the harness industry's "fairness" test, the optometrists would ask the medical board to arbitrarily change the statutes because they aren't allowed to perform surgeries like ophthalmologists. It would be absurd to assume the optometrists could bill the ophthalmologists for lost revenues.

Let me give you an example closer to home. Two months ago, SB 678 was amended to authorize internet poker in California. It specifically authorized two entities (Indian casinos and card clubs) while

explicitly excluding one entity (horse racing). Was it fair? NO. Was it legal and constitutional? Yes. That is the legislative process. Horse racing wouldn't have been able to go to the CHRB, the Gaming Commission, or the Attorney General's office to complain the law wasn't fair. It would have lost in the same arena that authorized its very existence in the first place. That is the way the legislative process works and has ALWAYS worked.

In every "settlement agreement" offered by the harness industry, one common request persists: ignore the language of the statute and agree to the "new understanding" as we have decided it means. Or they suggest the two parties work together to "clarify" the language to the benefit of the harness industry. If they are convinced they are correct, why would they continue to suggest the desire to have the language changed?

In conclusion, to assume or infer that the quarter horse industry engaged in any "illegal" activity as a result of how the statute was interpreted in good faith by them, as well as others in the industry, including the Board itself, is not only reckless but dangerous. To say the Los Alamitos pro-rata division is illegal, the PCQHRA incentive awards distribution isn't fair, and what the meaning of "or" is to the point of denying next year's racing schedule hurts not only the night industry, but racing in total.

I would urge the Board to reject the new interpretation of existing statutes and instead direct the parties back to the Legislature to resolve these issues in the manner they've historically been handled.

Sincerely,

Curtis Tucker

STAFF ANALYSIS  
DISCUSSION AND ACTION REGARDING THE ALLOCATION AND DISTRIBUTION OF  
ADVANCE DEPOSIT WAGERING (ADW) HARNESS FUNDS GENERATED PURSUANT  
TO BUSINESS AND PROFESSION CODE SECTION 19604(f)(5)

Pari-Mutuel/ADW and Simulcast Committee Meeting  
November 20, 2013

BACKGROUND

Business and Profession Code section 19604(f)(5)(A) states that with respect to wagers on each breed of racing, the amount remaining shall be distributed to the racing association or fair that is conducting live racing on that breed during the calendar period in the zone which the wager originated. That amount shall be allocated to that racing association or fair as commissions, to horsemen participating in that racing meeting in the form of purses, and as incentive awards, in that same relative proportion as they were generated or earned during the prior calendar year at that racing association or fair on races conducted or imported by that racing association or fair after making all deductions required by applicable law.

Business and Profession Code section 19604(f)(5)(C) states that notwithstanding any provisions of this section to the contrary, with respect to wagers on out-of-state and out-of-country thoroughbred races conducted after 6 p.m., Pacific time, 50 percent of the amount remaining shall be distributed as commissions to thoroughbred associations and racing fairs, as thoroughbred and fair purses, and as incentive awards in accordance with subparagraph (A), and the remaining 50 percent, together with the total amount remaining from advance deposit wagering originating from California out-of-state and out-of-country harness and quarter horse races conducted after 6 p.m., Pacific time, shall be distributed as commissions on a pro rata basis to the applicable licensed quarter horse association and the applicable licensed harness association, based upon the amount handled in state, both on- and off-track, on each breed's own live races in the previous year by that association, or its predecessor association. One-half of the amount thereby received by each association shall be retained by that association as a commission, and the other half of the money received shall be distributed as purses to the horsemen participating in its current or next scheduled licensed racing meeting.

ANALYSIS

Historically, the racing fairs and associations made distributions on incentive awards to each breed pursuant to Business and Profession Code section 19604(f)(5)(A). For instance, Cal Expo Harness paid the incentive award to the quarter horse and thoroughbred breeds; similarly Pacific Coast Quarter Horse Racing Association (PCQHRA) pays the thoroughbred breeder fee. However, PCQHRA did not pay the same fee to the harness industry on the grounds that it believes the horse racing law does not require it to pay such fee.

The California Standardbred Sires Stakes Committee (CSSSC) is the Board recognized standardbred breed organization. As such, the CSSSC mailed a letter to the Board, dated July 30,

2012 indicating that the PCQHRA had not paid the breakage and purse pools on the harness meet operation. CSSSC indicates in its letter that from 2009 to 2011, about \$102,217.63 is still outstanding from PCQHRA. Further, CHRB ran a report that shows in 2012, about \$36,105.53 was earned as breeder's fees and potentially due to the standardbred organization. This brings the grand total to \$138,323.16 from 2009-2012.

The California Horse Racing Board held a meeting on December 11, 2012 with the CSSSC and the PCQHRA to learn why the PCQHRA did not pay the harness breed fee. PCQHRA believes that 19604(f)(5)(C) gave it an exception. On the other hand the CSSSC argues that the Business and Professions Code section 19604(f)(5)(A) should apply since it states it addresses the breeder fee.

This item was heard by the Pari-Mutuel Committee on August 21, 2013 meeting. Both parties were instructed to solve this issue on their own. Because the parties could not achieve an agreeable solution, the Pari-Mutuel Committee is to rehear this issue. The Committee will learn about the progress made by both parties and possibly propose a solution to the Board.

When Cal Expo Harness ceased its activities as the harness operator, it had a balance of \$25,374.22 due to the quarter horse breeder organization. That amount is currently held by the CHRB in an escrow account pending resolution of this issue. The amount is inclusive of all the years Cal Expo Harness was the operator of the harness meet after the Sacramento Harness Association went bankrupt. In addition, Watch and Wager LLC (WAW), the current harness operator, is holding \$7,356.17 earned from September 19, 2012 to October 30, 2013. This amount is potentially due to the quarter horse breed organization.

#### RECOMMENDATION

This item is presented for Committee discussion.

DANIEL SCHIFFER  
 ATTORNEY AT LAW  
 215 N MARENGO AVENUE, STE 346  
 PASADENA CA 91101-1504  
 (626) 844-0097

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Monday, November 11, 2013  
 Honorable David Israel  
 Chairman  
 California Horse Racing Board  
 1010 Hurley Way, Suite 300  
 Sacramento CA 95825

RE: PCQHRA Discussion of ADW Incentive Funds

Dear Honorable Chairman Israel & Members of the CHRB:

At present Pacific Coast Quarter Horse Racing Association (PCQHRA) and California Standardbred Sires Stakes Committee (CSSSC) disagree on the entitlement to receive certain incentive awards for their breeders from Advance Deposit Wagers (ADW) originating in California pursuant to B & P C sec. 19604(f)(5).

PCQHRA argues that **no incentive awards are to be paid under either sub-section (C) or (D):**

1. Incentive awards are to be paid on wagers made on any breed when those ADW wagers originate in California and are made on a race run in California (regardless of time). B & P C sec 19604(f)(5)(A).
2. No incentive awards are paid on ADW 50% of out of state or out of country wagers made on thoroughbred races made after 6 p.m., Pacific time or on out of state or out of country quarter horse or harness races made after 6 p.m. B & P C sec 19604(f)(5)(C).
3. No incentive awards are paid on 50% of ADW wagers on quarter horse or harness races run before 6 p.m., Pacific time. B & P C sec. 19604(f)(5)(D).

A. **THE STATUTORY LANGUAGE CONTROLS:**

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Market Access Fees (“MAF”), as defined by B & P C sec 19604(f), are those monies distributed to the associations, after payout to the public as return on wagers and the deduction of specified moneys for earmarked purposes. (B & P C sec 19604 (f)(1)-(4). The associations then divide the monies for further distribution as provided in B & P C sec 19604(f). There are two different formulas within this code section.

1. **MAFs created by ADW bets on races run in California:**

Subsection (f)(5)(A) creates the rule for the distribution of the MAFs generated by ADW bets on races run in California. The formula is simple: the association licensed for each breed accumulates all the MAFs from the various hubs and divide them among the association, the horsemen and as incentive awards in the same relative proportion that they were generated or earned by each breed in the pervious year. The MAFs may be further divided by “zone” but that only applies to thoroughbreds per 19604(a)(14) as neither the harness or quarters have multiple zone racing.

Subsection (f)(5)(A), contemplates the division of monies received from wagers originating in California on races run in California. So when a hub receives this type of wager on another breed the remaining MAF is sent to the association for that breed to be divided by the association, horsemen and incentive awards per the formula specified in Subsection (f)(5)(A). It should be noted that this sub-section specifically states that the division will include “incentive awards.”

2. **MAFs created by out of state or out of country Thoroughbred, Quarter horse or Harness horse wagers:**

B & P C sec 19604(f) then goes on to create formulas for different kinds of ADW bets. At issue in this controversy are the division formulas created by the use of the words, “**Notwithstanding any provisions of this section to the contrary...**”. When this clause is

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used it means that **it shall supersede and prevail over any thing contrary to this clause. Any thing that contradicts or withstands this clause shall be ineffective and inoperative qua this clause.**<sup>1</sup>

A rule for division is stated in Subsection (f)(5)(C), again using the superseding language, **“Notwithstanding any provisions of this section to the contrary...”**. This section specifies that distribution of those MAF monies from wagers originating in California through the hubs after 6 pm, Pacific time, on thoroughbred, quarter horse and harness out of state or out of country races. The formula for wagers made on the specified thoroughbred races is that the 50% of the MAFs are returned to the thoroughbred associations, racing fairs, etc., and are distributed between the association, horsemen and incentive awards pursuant to the formula stated in Subsection (f)(5)(A).<sup>2</sup>

The other 50% of the MAFs received from the thoroughbred wagers, augmented by the MAFs received from wagers on out of state or out of country quarter horse and harness races after 6 p.m. Pacific time are divided on a “pro rata basis between the quarter horse association and the harness horse association in proportion to the amount on wagering on each breed’s live racing in the previous calendar year.” Pro rata is used to describe a proportionate allocation. A method of assigning an amount to a fraction, according to its share of the whole,<sup>3</sup> and, by specifying in this Subsection the “applicable licensed quarter horse association and applicable licensed harness association”, the statute tells the stakeholders what two entities are defined in the proportionate formula.

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<sup>1</sup> See [ask.com](#)

<sup>2</sup> It is important to note that the division formula for the thoroughbred portion of these bets specifically includes the term “incentive awards” as part of the formula.

<sup>3</sup> See [ask.com](#)

FROM THE DESK OF

DANIEL SCHIFFER

Subsection (f)(5)(D), again using the superseding language, “**Notwithstanding any provisions of this section to the contrary...**”, creates a further exception to the distribution formula. This Subsection specifies the distribution of MAFs from wagers originating in California on out of state and out of country non-thoroughbred races before 6 p.m. Pacific time. Here the formula for distribution is that 50% of the MAFs are distributed between the quarter horse and harness horse associations for further distribution pursuant to the formula stated in Subsection (f)(5)(C), i.e., 50% to the association and 50% to the horsemen, unless altered by contract. The remaining 50% of the MAFs specified in Subsection (f)(5)(D) are distributed to the thoroughbred associations, racing fairs, etc., for further distribution pursuant to the formula stated in Subsection (f)(5)(A).<sup>4</sup>

Once those amount are received by each breed’s association those moneys are divided 50/50 between the association and the horsemen, unless otherwise agreed pursuant to contract. B & P C sec 19604(f)(5)(C), which defines the division of these moneys is silent as to incentive awards. Therefore, since this section represents the exception to the prior rule, and **incentive awards are not specifically stated as part of the division formula, they therefore cannot be part of the division of these funds.**

**B. THE BOARD SHOULD NOT BE SWAYED BY CSSSC’S ATTEMPTS TO DISREGARD THE ACTUAL STATUTORY LANGUAGE**

The ADW statute, albeit very complicated and technical, is not easily read. The actual language of the code must be given its true meaning and then adhered to. The precludes to both B & P C sec 19604(f) (5)(C) and (D) both begin with the phrase “**Notwithstand-**

<sup>4</sup> Once again, by defining the breakdown using this particular section, the statute specifically states that “incentive awards” are part of the division formula.

FROM THE DESK OF

DANIEL SCHIFFER

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ing any provisions of this section to the contrary...” and the use of that phrase cannot be ignored. It defines those section as standing on their own. Likewise the use of the phrase “in proportion to” followed by specific reference to the two arithmetic numbers to be used in determining the formula cannot be substituted by a formula that is nonexistent in the text of the statute.

CSSSC argues that the formula is tied to “zones”; but “zones” aren’t referenced in these sections. Those portions of the code which do not lend themselves favorably to the CSSSC cannot be glossed over since the statute specifically states several instances when “incentive awards” are part of the division formula, while the division formula in the subsections at issue do not specify the inclusion of “incentive awards.” Since the specific reference was not included it cannot be inferred that they are part of the formula.

**C. AT PRESENT NO ONE KNOWS WHAT THE CHRIMS REPORT ACTUALLY STATES**

It is inappropriate for CSSSC to tell this Board that certain figures represent certain things. There has been no inquiry into what makes up the numbers specified in the ADW calculations and stated on the CHRIMs reports as “Breeder’s Awards.” PCQHRA and CSSSC both agree that when ADW wagers originate in California and are made on a race run in California (regardless of time) “incentive awards” to the respective breeds are generated. PCQHRA is informed and believes that those awards are being paid to the respective breeder’s association for division among the California breeding industry.

PCQHRA is unwilling to accept the CSSSC’s assertion concerning accumulation of breeder’s awards or their amounts. Therefore the fact that CHHA accumulated certain monies which they then paid to the CHRB as “incentive funds” for the benefit of the Quarter horse breeders does not legitimize their characterization of them as “incentive

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DANIEL SCHIFFER

tive awards.” Nor does this action mandate a reciprocal action by the Quarter horse interests for the benefit of the harness interests. Mr. Tourtelot’s letter details the history that has preceded this controversy and that argument applies to this side of the controversy as well.

In truth we are talking about a small portion of the wagers here: i.e., out of state or out of country wagers through ADW. Even if the parties could agree on entitlement there still remains that without an audit no one knows exactly how much monies are involved.

PCQHRA respectfully requests that, if the CHRB is inclined to determine that incentive awards are owing to any one, they instruct their employees to conduct an audit to determine the exact amounts.

**D. THE BOARD IS REQUESTED TO SEEK AN INDEPENDENT INTERPRETATION OF THIS STATUTE**

CSSSC seems to have found a champion for their cause in CHRB counsel Robert Miller. However Mr. Miller (nor the AG’s Office) has ever issued a written opinion interpreting this statute. The CHRB was asked by PCQHRA (via this office’s letter of February 13, 2013) to interpret these code sections prior to the mandatory distribution of the 2012 incentive awards and Mr. Miller refused to address the issue. Later Mr. Miller used inflammatory language at CHRB hearings, including referring to the historical division of the MAFs as “illegal.” He has never substantiated on the record why they are “illegal.”<sup>5</sup> Finally on October 2, 2013, Mr. Miller advised counsel for Watch and Wager and Los Alamitos that this controversy would be placed on the November agenda of the CHRB meeting and requested briefing by November 7, 2013, but, despite knowing that PCQHRA and its counsel are vitally interested in this controver-

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<sup>5</sup> Mr. Regan of the CHRB objected strongly to Mr. Miller’s characterization. See Mr. Tourtelot’s November 7, 2013 to the Board discussing Mr. Regan’s role.

FROM THE DESK OF

DANIEL SCHIFFER

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sy, failed to give PCQHRA or its counsel advance notice of the hearing or briefing schedule; consequently, with apologies, this letter is being submitted after that deadline.

Given Mr. Miller's failure to act impartially in this matter it is requested that the Board seek an independent interpretation so that the true meaning of this statute can be ascertained.

Respectfully submitted,

Daniel Q. Schiffer, Esq.

## The Tucker Group

November 12, 2013

As I've watched the discussion concerning the disagreement between the Harness and the Quarter Horse racing industries, I'm struck by the mistaken belief that this is a legal matter to be resolved by the regulatory body. This is simply a legislative matter to be resolved, if need be, by the Legislature.

As a former legislator and chairman of the committee with oversight of the horse racing industry, I've had the pleasure of authoring a few of the laws currently regulating the industry. For example, I carried the bill authorizing the TOC as the official association representing thoroughbred owners in this state. I've also authored laws concerning insurance, housing, liquor, labor, transportation, and a host of other subjects. For two of my eight years in the Assembly, no other legislator carried more bills than I did, and I didn't write any of them!

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explicitly excluding one entity (horse racing). Was it fair? NO. Was it legal and constitutional? Yes. That is the legislative process. Horse racing wouldn't have been able to go to the CHRB, the Gaming Commission, or the Attorney General's office to complain the law wasn't fair. It would have lost in the same arena that authorized its very existence in the first place. That is the way the legislative process works and has ALWAYS worked.

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I would urge the Board to reject the new interpretation of existing statutes and instead direct the parties back to the Legislature to resolve these issues in the manner they've historically been handled.

Sincerely,

Curtis Tucker

STAFF ANALYSIS  
DISCUSSION AND ACTION REGARDING THE NIGHT  
INDUSTRY'S IMPORTATION OF OUT-OF-COUNTRY RACES  
COMMENCING AFTER 5:30 P.M. PURSUANT TO BUSINESS AND  
PROFESSIONS CODE SECTION 19596.3 (b) (c)

Pari-Mutuel/ADW and Simulcasting Committee Meeting  
November 20, 2013

#### BACKGROUND

Los Alamitos has been importing thoroughbred races from Australia since 2007 under an agreement with thoroughbred racing associations, citing Business and Professions Code section 19596.3 as its authority to do so. Recently, harness interests at Cal Expo have challenged that agreement by indicating their belief that the same statute requires their consent. They raised this issue at the October 2013 Regular Board meeting during a discussion of the Los Alamitos license application for the 2014 racing season. The Board put over consideration of the Los Alamitos license application to give the Board's general counsel additional time to study the matter and for the Pari-Mutual/ADW and Simulcast Committee (Committee) to bring the parties together for a possible resolution.

#### ANALYSIS

The Committee has asked those with an interest in this matter to provide "bullet point" summaries of their reasoning. Additionally, the Board's general counsel has studied the statute and will provide an opinion on its requirements for the importation of races from other countries. As of this writing, the parties had not reached a resolution of this matter on their own.

#### RECOMMENDATION

This item is presented for Committee discussion and action. Staff recommends that the Committee hear from the interested parties.

DISCUSSION AND ACTION REGARDING THE NIGHT  
INDUSTRY'S IMPORTATION OF OUT-OF-COUNTRY RACES  
COMMENCING AFTER 5:30 P.M. PURSUANT TO BUSINESS AND  
PROFESSIONS CODE SECTION 19596.3 (b) (c)

Pari-Mutuel/ADW and Simulcasting Committee Meeting  
November 20, 2013

19596.3. Notwithstanding any other provision of law, a thoroughbred racing association or fair may distribute the audiovisual signal and accept wagers on the results of out-of-country thoroughbred races during the calendar period the association or fair is conducting a race meeting, without the consent of the organization that represents horsemen participating in the race meeting. Out-of-country races shall be imported under the following conditions:

(a) A thoroughbred association or fair shall conduct the wagering in accordance with the applicable provisions of Sections 19601, 19616, 19616.1, and 19616.2.

(b) No thoroughbred association or fair may accept wagers pursuant to this section on out-of-country races commencing after 5:30 p.m., Pacific standard time, without the consent of the harness or quarter horse racing association that is then conducting a live racing meeting.

(c) A thoroughbred racing association or fair distributing the audiovisual signal and accepting wagers on the results of out-of-country races pursuant to this section may execute an agreement with an association that conducts thoroughbred races in the southern zone to allow that association to distribute the signal and accept wagers on the results of out-of-country thoroughbred races, except that the license fees paid to the state shall be double the amount paid by a quarter horse racing association specified in subdivision (b) of Section 19605.7.

BROAD & GUSMAN, LLP  
ATTORNEYS AT LAW

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October 18, 2013

David Israel  
Chairman  
California Horse Racing Board  
1010 Hurley Way, Suite 300  
Sacramento, California 95825

**Re: Application for License to Conduct a Horse Racing Meeting of the Los Alamitos Quarter Horse Racing Association**

Dear Chairman Israel:

I am writing on behalf of my client, Watch and Wager LLC to object, in part, to the granting of the Application of the Los Alamitos Quarter Horse Racing Association, and to request that the CHRB only approve that application with the condition that Los Alamitos not import the signal of out-of-country races absent the consent of my client, as is mandated by California law.

Business and Professions Code section 19596.3 provides:

Notwithstanding any other provision of law, a thoroughbred racing association or fair may distribute the audiovisual signal and accept wagers on the results of out-of-country thoroughbred races during the calendar period the association or fair is conducting a race meeting, without the consent of the organization that represents horsemen participating in the race meeting. Out-of-country races shall be imported under the following conditions:

(a) A thoroughbred association or fair shall conduct the wagering in accordance with the applicable provisions of Sections 19601, 19616, 19616.1, and 19616.2.

(b) No thoroughbred association or fair may accept wagers pursuant to this section on out-of-country races commencing after 5:30 p.m., Pacific standard time, without the consent of the harness or quarter horse racing association that is then conducting a live racing meeting.

(c) A thoroughbred racing association or fair distributing the audiovisual signal and accepting wagers on the results of out-of-country races pursuant to this section may execute an agreement with an association that conducts thoroughbred races in the southern zone to allow that association to distribute the signal and accept wagers on the results of out-of-country thoroughbred races, except that the license fees paid to the state shall be double the amount paid by a quarter

horse racing association specified in subdivision (b) of Section 19505.7. (emphasis added).

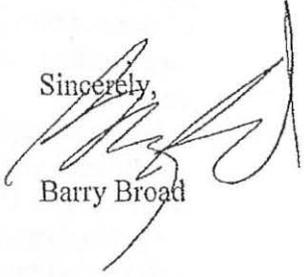
My client conducts a harness racing meeting at Cal-Expo in Sacramento at the same time that Los Alamitos proposes to conduct its meeting. Los Alamitos imports a minimum of 24 races each night pursuant to rights granted by section 19596.3. My client also imports certain races. As such, the races that Los Alamitos imports compete for the attention of the betting public with both my client's live product and the races hosted by my client and causes it to lose revenue. Subdivision (b) clearly and unambiguously prohibits Los Alamitos from importing the signal of out-of-country races at the same time that the harness racing meeting is being conducted "without the consent" of the harness association conducting its meet at the same time.

My client has not given its consent and will withhold that consent until Los Alamitos meets with it and executes an agreement that fairly mitigates the economic damage it suffers as a result of the competition from the out-of-country races that Los Alamitos imports.

At this point, Los Alamitos has refused to discuss the matter. Moreover, in an action overtly intended to harm my client, Los Alamitos has suspended publication of a joint program for the benefit of the betting public that it has published for many years.

For the above reasons, we respectfully request that the Board only approve the Application of Los Alamitos with the condition that it be barred from importing the signal of any out-of-country races on nights that harness racing is being conducted at Cal-Expo until such time as it obtains the consent of my client as mandated by Business and Professions Code section 19596.3(b).

Sincerely,



Barry Broad

# LOS ALAMITOS QUARTER HORSE RACING ASSOCIATION

4961 Katella Avenue Los Alamitos, CA 90720 714-820-2800

November 11, 2013

Mike Martin  
California Horse Racing Board

Mike,

As you requested following are the points LAQHRA would like to make regarding the importation of the Australian racing signal.

- 1) The importation of the Australian signal under the current agreements stipulated by CA B&P code Section 19596.3 has been going on uninterrupted for the past five years with no objections from harness racing associations.
- 2) Not only did harness racing operators not object to the importation of the Australian signal during this time, they directly benefited financially from the importation of this signal through an agreement which allowed them to retain all revenue earned from betting at Cal Expo on the Australia signal.
- 3) 19596.3 (c) specifically states that no thoroughbred association may accept wagers on out of country signals after 5:30 p.m. without the consent "of the harness **OR** quarter horse racing association that is then conducting a live racing meeting". The writers of this regulation, which was reviewed and approved prior to implementation, had every opportunity to use the word **AND** in determining night industry approval, but chose not to do so.
- 4) 19596.3 (d) goes on to specifically and in detail explain the license fees paid to the state from a thoroughbred association's agreement with LAQHRA (a track that conducts thoroughbred races in the southern zone) to import out of country races. There is no mention in this sub section or in any portion of 19596.3 on how to determine license fees paid by a harness association for the importation of an out of country signal.
- 5) The inclusion of the Australian signal as part of the night racing program gives the night satellite facilities a much needed source of additional revenue. This added revenue plays an important role in keeping night satellite facilities open, a fact that benefits both the Quarter Horse and Harness industries. The importance of the night Australia signal would be easily verified by night satellite operators. Any assertion that the night Australia signal has a negative impact on harness handle is not only unquantifiable, it completely ignores the importance of this signal in keeping night satellites open.

We thank you for your attention in this matter and we look forward to further discussions.

Brad McKinzie  
Los Alamitos Quarter Horse Racing Association

**From:** Christopher Schick  
**Sent:** Monday, November 11, 2013 11:00 PM  
**To:** Marten, Mike; Rick English; 'Ed Allred'; 'Dino Perez'; Renee Mancino; Vicky Desomer; David Neumeister; ben kenney; ' ; 'Robert Tourtelot  
**Cc:** Wagner, Jacqueline; Gonzalez, Francisco; Miller, Robert; Voong, Linh; Richard Rosenberg; 'Jesse Choper'  
**Subject:** RE: Nov 20 PMO meeting  
**Attachments:** California Harness Racing Nightly Revenue Loss Due to International Signal.docx

Dear Mike,

We appreciate the opportunity to make some remarks on the importation of the International signal in advance of the Pari- Mutuel Committee meeting on November 20.

The nightly International signal ( Australia) imported to California is made up of generally three tracks on a nightly basis. Each track has either 8 or 9 races nightly, for a total of 24 to 27 races.

The races generally begin at 5:30 pm, and run to about 11:00 pm. The North American pools for the International ( Australia) signal are hosted by Woodbine.

The International ( Australia) California handle from 10/31/2012 thru 10/31/2013 was over 20 million ( \$20,238,000) , commissions after host fees exceeded 4 million ( \$ 4,089,000).

The International ( Australia) California handle on the Friday's and Saturday's that we raced last season 11/1/2012 thru 05/25/2013 was 8.9 million. The average nightly California International signal handle during this period was between 100,000 to 110,000 nightly. The commissions generated during that period was \$1,985,000.

From 11/1/2012 thru 05/25/2013 the harness industry received approximately \$55,000 for our consent. This works out to about \$985 per live race night. We have continued a unwritten agreement made by our predecessor Cal Expo.

After reviewing the effect of this agreement over the past year, it is our view that the harness industry is being seriously damaged by this signal. We have attached a estimate of our nightly revenue shortfall.

We look forward to addressing the Committee.

Sincerely, Chris

Christopher J. Schick

C- 916-243-8215

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## California Harness Racing Industry Nightly Revenue Loss Due to International Signal Impact

Model is based on a conservative nightly California harness handle loss of \$30,000

Promotion Fund	\$ 155.07
Expense Fund	\$1800.00
Workers Comp	\$45.93
Purses	\$1802.45
SB16 to Purses	\$24.90
Breeders/ Sires Awards	\$276.45
Track Commissions	\$1802.45
SB16 to Track	\$24.90

Total daily handle revenue loss \$5932.12

Average nightly current revenue \$985.00

Nightly industry impact \$4947.12

**To:** David Neumeister  
**Subject:** RE: Nov 20 PMO meeting

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**From:** David Neumeister  
**Sent:** Saturday, November 09, 2013 9:30 PM  
**To:** Marten. Mike; Rick English; 'Ed Allred'; 'Dino Perez'; Renee Mancino; Ben Kenney;

**Cc:** Wagner, Jacqueline; Gonzalez, Francisco; Miller, Robert; Voong, Linh; 'Richard Rosenberg

**Subject:** RE: Nov 20 PMO meeting

Hi Mike. As Commissioners Choper and Rosenberg requested, here is the harness industry's bullet point with regard to the Australian races Los Alamitos is bringing in on top of our product every night we race: They need our operator's consent to do it. Obviously, they are importing the signals, at the rate of 20 to 30 races a night, by way of an agreement with a thoroughbred association pursuant to CA B&P Code Section 19596.3(c). Perhaps they think subsection (c) supersedes subsection (b). Simply put, no way. The only logical way this statute can be read is that subsection (c) provides a mechanism for the TB association to bring in the foreign signal at night, as contemplated by the previous subsection. The only other possible rationale for not requiring our operator's consent to bring in the signal would be the "or" in subsection (b). Again, no way. This would mean that the two associations working together to bring in the signal on top of us would only require each other's consent to do so. The statute could not be written to contemplate such an absurd result. The meaning of the pertinent language in subsection (b) is crystal clear: they cannot bring in the signals "without the consent of the harness or quarter horse association that is then conducting a live racing meeting." Under these circumstances, the only possible party whose consent is required by law is the harness operator. To that end, we conservatively estimate that the foreign signals cost us \$30k in handle every night we race. This has to stop. Thanks.

David Neumeister

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## The Tucker Group

November 12, 2013

As I've watched the discussion concerning the disagreement between the Harness and the Quarter Horse racing industries, I'm struck by the mistaken belief that this is a legal matter to be resolved by the regulatory body. This is simply a legislative matter to be resolved, if need be, by the Legislature.

As a former legislator and chairman of the committee with oversight of the horse racing industry, I've had the pleasure of authoring a few of the laws currently regulating the industry. For example, I carried the bill authorizing the TOC as the official association representing thoroughbred owners in this state. I've also authored laws concerning insurance, housing, liquor, labor, transportation, and a host of other subjects. For two of my eight years in the Assembly, no other legislator carried more bills than I did, and I didn't write any of them!

Now, as it was back then, and even before my time, all of the bills were written by Legislative Counsel. Legislative Counsel is the in-house legal arm of California's Legislature. Every bill or constitutional amendment proposed by the Legislature is written by this group of lawyers. They are told what the objective is and they do the research and writing to ensure if passed, the proposed new law would be correct and constitutional. They do not use words lightly. Words like "and", "or", "may", "shall", are not used without great consideration.

There are safeguards built into the process to make certain the proposed new law is correct. For example, the bill must be in print a certain number of days before it can be voted upon. That is to guarantee drafting mistakes aren't made and it also gives all interested parties enough time to read the proposed law and voice concerns, support, or opposition.

I understand the current owners of harness racing have found items in statute that treat their industry different than others within the greater industry. To change that, go to the Legislature and not the CHRB! The CHRB would be setting a dangerous precedent if it decided, after years of allowing a statute to be interpreted one way, to suddenly and arbitrarily change the interpretation of that statute, and by doing so, obligating one party to pay another on the basis of the "new", "fair" interpretation.

Fairness has nothing to do with the legislative process. Business and Professions Codes are filled with examples of different treatment within the "same profession". For example, optometrists and ophthalmologists are both doctors that treat eyes. However, only one can perform surgeries. Under the harness industry's "fairness" test, the optometrists would ask the medical board to arbitrarily change the statutes because they aren't allowed to perform surgeries like ophthalmologists. It would be absurd to assume the optometrists could bill the ophthalmologists for lost revenues.

Let me give you an example closer to home. Two months ago, SB 678 was amended to authorize internet poker in California. It specifically authorized two entities (Indian casinos and card clubs) while

explicitly excluding one entity (horse racing). Was it fair? NO. Was it legal and constitutional? Yes. That is the legislative process. Horse racing wouldn't have been able to go to the CHRB, the Gaming Commission, or the Attorney General's office to complain the law wasn't fair. It would have lost in the same arena that authorized its very existence in the first place. That is the way the legislative process works and has ALWAYS worked.

In every "settlement agreement" offered by the harness industry, one common request persists: ignore the language of the statute and agree to the "new understanding" as we have decided it means. Or they suggest the two parties work together to "clarify" the language to the benefit of the harness industry. If they are convinced they are correct, why would they continue to suggest the desire to have the language changed?

In conclusion, to assume or infer that the quarter horse industry engaged in any "illegal" activity as a result of how the statute was interpreted in good faith by them, as well as others in the industry, including the Board itself, is not only reckless but dangerous. To say the Los Alamitos pro-rata division is illegal, the PCQHRA incentive awards distribution isn't fair, and what the meaning of "or" is to the point of denying next year's racing schedule hurts not only the night industry, but racing in total.

I would urge the Board to reject the new interpretation of existing statutes and instead direct the parties back to the Legislature to resolve these issues in the manner they've historically been handled.

Sincerely,

Curtis Tucker