

43rd Annual Report of the California Horse Racing Board

A Department of the Business,
Consumer Services and Housing Agency

A Summary of
Fiscal Year 2012–13 Revenue and
Calendar Year 2013 racing in California

California Horse Racing Board

David Israel, Chairman
Chuck Winner, Vice Chairman
Steve Beneto, Member
Jesse H. Choper, Member
Bo Derek, Member
George Krikorian, Member
Richard Rosenberg, Member
Keith Brackpool, Former Member
Kirk E. Breed, Executive Director
(Passed away August 7, 2013)
Jacqueline Wagner, Asst. Exec. Director

This report covers the fiscal year (July 1, 2012, through June 30, 2013) for revenue purposes, including pari-mutuel handle, fines, taxes, license fees and the distribution of funds, as well as the report of the Postmortem Program. This report covers the 2013 calendar year for reports on race meets and CHRB meetings.

The CHRB general office is located at 1010 Hurley Way, Suite 300, Sacramento, CA 95825. Field offices are located at all operating racetracks. Annual reports are available at: www.chrb.ca.gov (Publications)

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In Memory of...



Kirk Breed, executive director of the California Horse Racing Board from February 26, 2008, until his death August 7, 2013

Names and Locations of Racing and Training Facilities Regulated by the California Horse Racing Board

All of these locations except San Luis Rey Downs, which is a private training center, and the Humboldt County Fair are open during their off seasons for simulcast wagering.



Privately Operated Race Tracks

- 1-Del Mar, Del Mar
- 2-Golden Gate Fields, Albany
- 3-Hollywood Park, Inglewood*
- 4-Los Alamitos, Cypress
- 5-Santa Anita, Arcadia

Racing Fairs

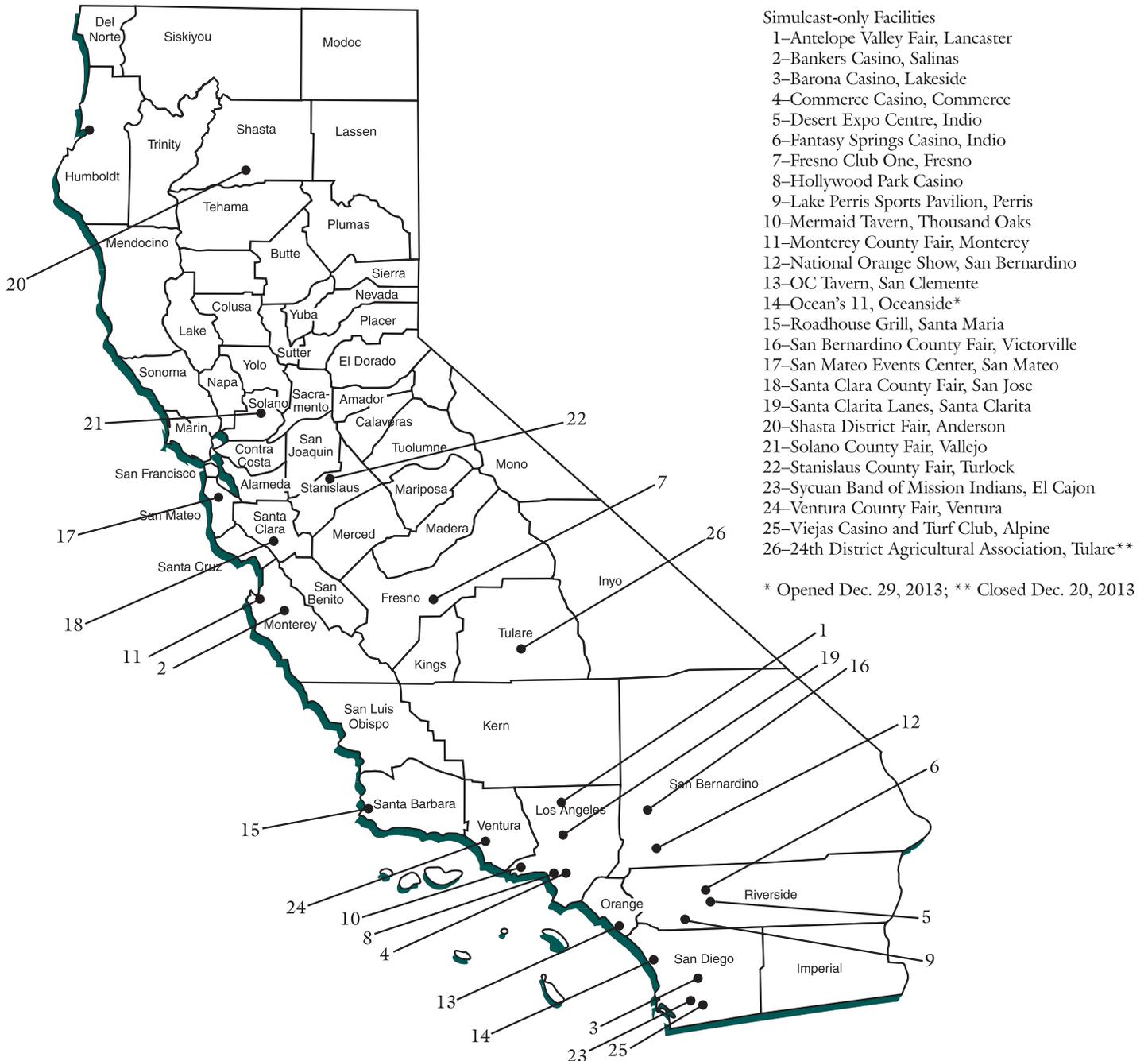
- 6-Alameda County Fair, Pleasanton
- 7-California Exposition, Sacramento
- 8-Fresno District Fair, Fresno
- 9-Humboldt County Fair, Ferndale
- 10-Los Angeles County Fair, Pomona
- 11-San Joaquin, Stockton
- 12-Sonoma County Fair, Santa Rosa

Private Training Facility

- 13-San Luis Rey Downs, Bonsall

*closed December 22, 2013

Names and Locations of Simulcast-Only Facilities Regulated by the California Horse Racing Board



Farewell to Hollywood Park

The Inglewood racetrack that motion picture moguls Jack and Harry Warner opened in 1938 and showcased the likes of Seabiscuit, Citation, Swaps, Round Table, Native Diver, Affirmed, John Henry, Zenyatta and hundreds of other equine stars closed its doors to the public December 22, 2013, after 75 years of operation. Training and stabling continued through January 31, 2014. The 238-acre property is being developed into a mixed-use community of residences, a retail/entertainment center, and 25-acre park system. Simulcast wagering on horse racing will continue at the Hollywood Park Casino on the south end of the property.



The California Horse Racing Board

History and Mission Statement

Horse racing has been taking place in California since the 1800s, but horse racing as we now know it — under the pari-mutuel wagering system — was not made possible until the electorate passed a Constitutional Amendment in 1933. The Horse Racing Law has since been regularly modified, amended, and enhanced to provide for regulation of live racing, off-track wagering, interstate and international wagering, and online account wagering, known as Advance Deposit Wagering, or ADW.

The expressed intent of the Horse Racing Law is to allow pari-mutuel wagering on horse races and:

- ◆ Assure protection of the public.
- ◆ Encourage agriculture and the breeding of horses in this state.
- ◆ Provide uniformity of regulation for each type of horse racing.
- ◆ Provide for maximum expansion of horse-racing opportunities in the public interest.

To accomplish these objectives, the Constitutional Amendment authorized pari-mutuel wagering on the results of horse races at licensed race meetings and created the California Horse Racing Board (CHRB/Board) to oversee the industry's activities in this state. In addition, as a member of the Association of Racing Commissioners International (RCI), the CHRB exchanges information on licensees and disciplinary proceedings with other commissions of the RCI through the National State Racing Information System.

The CHRB is a seven-member commission appointed by the Governor. It

directs a statewide staff in the licensure and oversight of all race meetings in the state where pari-mutuel wagering is conducted, as well as off-site simulcast wagering locations and ADW companies.

Mission Statement

The mission of the CHRB is to ensure the integrity, viability, and safety of the California horse-racing industry by regulating pari-mutuel wagering for the protection of the public, promoting horse racing, breeding, and wagering opportunities, and fostering safe racing through the development and enforcement of track safety standards and regulations for the health and welfare of all participants.

Principal activities of the CHRB include:

- ◆ Adopting rules and regulations to protect the public and ensure the safety of the human and equine participants.
- ◆ Licensing racing associations and racing-industry participants and officials.

- ◆ Allocating racing days and charity days conducted by racing associations and fairs.
- ◆ Encouraging innovative expansion of wagering opportunities, such as mini-satellites.
- ◆ Monitoring and auditing pari-mutuel handle and takeout, and the appropriate use of takeout distributions.
- ◆ Assessing racing surfaces to determine safety standards for the benefit of the participants.
- ◆ Enforcing laws, rules, and regulations pertaining to horse racing in California.
- ◆ Acting as a quasi-judicial body in matters pertaining to horse-racing meets.
- ◆ Collecting the State's lawful share of revenue derived from horse-racing meets.

The following pages explore some of these programs and functions in more depth.

Members of the California Horse Racing Board

The Board consists of seven members appointed by the Governor; generally to four-year terms, who are subject to Senate confirmation. Members are eligible for reappointment at the discretion of the Governor. The terms are specific; no more than two of the terms expire in any calendar year.

At least four members of the CHRHB must concur in the taking of any official action or in the exercise of any of the Board's duties, powers, or functions. The member commissioners elect their chairman, who presides over meetings of the Board. The members also elect a vice chairman to preside in the absence of the chairman or when necessary a 1st vice chair and a 2nd vice chair.

Commissioners receive a per diem of \$100 for each day spent in attendance at meetings and are reimbursed for travel and other expenses necessarily incurred in the performance of their official duties.

Committees of the Board

In accordance with the Bagley-Keene Open Meeting Act, the executive director is directed to provide public notice of a meeting of a standing committee,

other than a meeting of the Stewards' Committee. Whenever a Board quorum is expected at any meeting of a committee, the executive director shall give notice that the meeting is a Special Meeting of the California Horse Racing Board limited to the agenda, the items to be discussed at the meeting, and the expected commissioners in attendance so that legal notice may be published.



**David Israel,
Chairman 2013**

Former syndicated newspaper columnist, now a television and movie writer and producer.

Appointed to the CHRHB by Governor Arnold Schwarzenegger on July 15, 2008. Reappointed by Gov. Schwarzenegger through January 1, 2014.



**Chuck Winner,
Vice Chairman 2013**

Founded Winner & Associates, LLC, in 1975. Appointed to the CHRHB by Governor Edmund G. Brown Jr. on April 9, 2012, through July 26, 2015.

Members of the California Horse Racing Board



**Steve Beneto,
Member**

Founded Beneto Inc. in 1979. Appointed to the CHRB by Governor Edmund G. Brown Jr. on May 21, 2012, through January 1, 2016.



**Jesse H. Choper,
Member**

Earl Warren Professor of Law at the University of California, Berkeley. Appointed to the CHRB by Governor Arnold Schwarzenegger on March 30, 2007. Reappointed by Gov. Schwarzenegger through January 1, 2015.



**Bo Derek,
Member**

Actress, active in humanitarian efforts for people and animals. Appointed to the CHRB by Governor Arnold Schwarzenegger on July 15, 2008. Reappointed by Gov. Schwarzenegger through January 1, 2014.



**George Krikorian,
Member**

CEO of Krikorian Premiere Theaters since 1984. Appointed to the CHRB by Governor Edmund G. Brown Jr. on May 6, 2013, through July 26, 2013. Reappointed by Gov. Brown through July 26, 2017.



**Richard Rosenberg,
Member**

Former worldwide head of the Music Department of the William Morris Agency, later became a member of the executive committee. Appointed to the CHRB by Governor Arnold Schwarzenegger on September 24, 2009. Reappointed by Gov. Edmund G. Brown Jr. through July 26, 2016.



**Keith Brackpool,
Former Member**

Co-founder of Cadiz, Inc, a land and water resource management company. Appointed to the CHRB by Governor Arnold Schwarzenegger on September 24, 2009, through July 26, 2013. Resigned from the Board January 17, 2013.

Board and Committee Meetings

Racing commissioners met 30 times in 2013 for public Board and Committee meetings. Noticed meetings are open to the public and include a published agenda. The following 11 Board meetings were held:

January 17, 2013
Santa Anita Park

February 21, 2013
Santa Anita Park

April 11, 2013
Santa Anita Park

May 23, 2013
Cal Expo

June 20, 2013
Hollywood Park

July 18, 2013
Del Mar Simulcast Facility

August 22, 2013
Del Mar Simulcast Facility

September 19, 2013
Los Angeles County Fair

October 24, 2013
Santa Anita Park

November 21, 2013
Hollywood Park

December 12, 2013
Santa Anita Park

Committee Meeting Dates

Medication & Track Safety
January 31, 2013
UC Davis

Medication & Track Safety
February 20, 2013
Santa Anita Park

Medication & Track Safety
April 10, 2013
Santa Anita Park

Jockey & Driver Welfare
April 10, 2013
Santa Anita Park

Exchange Wagering, Ad Hoc
May 2, 2013
Hollywood Park

Medication & Track Safety
May 22, 2013
UC Davis

Pari-Mutuel, ADW & Simulcast
June 19, 2013
Hollywood Park

Legislative, Legal & Regulations
June 19, 2013
Hollywood Park

Jockey & Driver Welfare
July 19, 2013
Del Mar Simulcast Facility

Medication & Track Safety
July 19, 2013
Del Mar Simulcast Facility

Pari-Mutuel, ADW & Simulcast
August 21, 2013
Del Mar Simulcast Facility

Legislative, Legal & Regulations
August 21, 2013
Del Mar Simulcast Facility

Mini-Satellite Wagering Task Force
August 23, 2013
Del Mar Simulcast Facility

Medication & Track Safety
September 18, 2013
Los Angeles County Fair

Jockey & Driver Welfare
September 18, 2013
Los Angeles County Fair

Medication & Track Safety
October 23, 2013
Santa Anita Park

Jockey & Driver Welfare
October 23, 2013
Santa Anita Park

Pari-Mutuel, ADW & Simulcast
November 20, 2013
Hollywood Park

Medication & Track Safety
November 20, 2013
Hollywood Park

CHRB Operating Budget

July 1, 2012 June 30, 2013

Appropriations	Item	Total
Personal Services	\$4,072,000	
Operating Expenses	7,416,305	
Total Appropriation		\$11,488,305
Expenditures — Personal Services		
Salaries and Wages	2,992,582	
Staff Benefits	1,290,122	
Total Personal Services		\$4,282,704
Operating Expenses and Equipment		
General Expense	173,560	
Printing	11,955	
Communications	77,079	
Postage	5,000	
Travel-in-State	207,086	
Travel-out-of-State	54	
Training	4,279	
Facilities Operation	145,940	
Contractual & Professional Services-Interdepartmental	3,677,744	
Contractual & Professional Services-External	2,381,662	
Consolidated data center	159,871	
Central Administration Services: Pro Rata	361,237	
Equipment	0	
Total Operating Expenses and Equipment		\$7,205,467
Total Expenditures		* \$11,488,171
Unexpended Balance FY 2012-13		134
Total Expenditures & Unexpended Balance		\$11,488,305

* Includes year-end accruals

State Operations

Governor Edmund G. Brown Jr.'s Reorganization Plan took effect July 1, 2013. This comprehensive overhaul of state government, as approved by the Legislature, eliminated or consolidated dozens of departments and entities. As part of this reorganization, the CHRB came under the Business, Consumer Services, and Housing Agency, headed by Secretary Anna Caballero and Undersecretary James Goldstene.

Horse racing's specialized and complex regulatory requirements drive the CHRB's organizational structure and determine the responsibilities for its operational divisions.

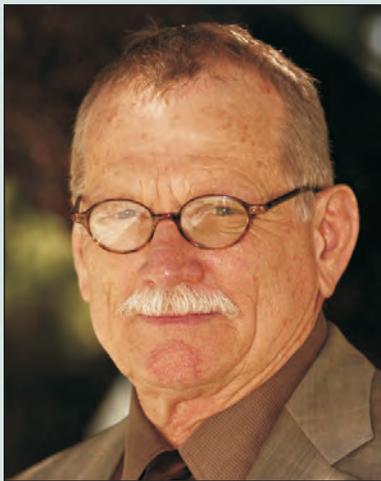
The Board appoints an executive director to carry out its objectives. The post of executive director, formerly held by the late Kirk Breed, is responsible for the department's operations and regulation of the horse-racing industry. The executive director is supported in this regard by the assistant executive director, Jacqueline Wagner; by the general counsel, Robert Miller, as well as by supervisory personnel and staff at CHRB offices and at all of the state's racetracks.

The executive and management team plans and oversees the CHRB's budget and directs the department's operational divisions: Administrative Services, Legislation and Regulations,

Audits, Licensing, Information Technology, and Enforcement.

Horse racing's dynamics, complexity, and broad geographical base place a tremendous responsibility on the Board's staff. To assist in this day-to-day oversight, the CHRB contracts with stewards and veterinarians for on-track activities, and with the University of California, Davis, for drug testing and safety-related services.

The horse-racing industry operates seven days a week — 365 days a year. Even when there is no live racing, the stable areas and training facilities remain active. To meet the demands associated with this schedule, the executives and key managers remain available at any hour of the day.



Kirk E. Breed,
Former Executive Director
Appointed February 25, 2008.
Passed away August 7, 2013.
Previously a lobbyist in
Sacramento specializing in
horse-racing matters.



Jacqueline Wagner,
Assistant Executive Director
Appointed December 5, 2011.
Previously Manager of Policy &
Regulations from 1997 to 2004
and from 2005 to 2011.

Enacted Legislation

The following five horse-racing bills were chaptered in 2013:

SB 819 – Committee on Government Reorganization; Chapter 438	Specifies that designated amounts that would have otherwise been distributed to a purse account be made available to the organization operating the Breeders' Cup Championship series for the purpose of promoting and supporting the Breeders' Cup, including the payment of purses in Breeders' Cup Championship races.
AB 432 – Assembly Member V. Manuel Perez; Chapter 264	Requires any racing association or racing fair receiving exchange wagering fees to distribute a specified portion of that revenue to the official registering agency, which shall distribute those revenues in a specified manner.
AB 1074 – Assembly Member Toni Atkins; Chapter 428	Establishes a maximum of 49 weeks per year of thoroughbred race dates in a combined central and southern zone for distribution by the CHRB, as specified. In addition, this bill extends the sunset date of the California Marketing Committee.
AB 1226 – Assembly Member Isadore Hall III; Chapter 434	Prohibits the deduction of entry, nomination or other fees from the jockey's riding fee, unless the entry, nomination or other fees are paid exclusively by the owner and not reimbursed by any other person or entity.
AB 1423 – Committee on Governmental Organization; Chapter 435	Requires certain amounts generated at harness race meetings that are held in trust by the California Exposition and State Fair to be distributed to harness horsemen who participated in a certain race meeting in the form of purses, and to the California Exposition and State Fair in the form of commissions.

Regulatory Changes

The following rules were amended, repealed, or added during 2013, including the adoption of Article 27, Exchange Wagering, to provide for the conduct of exchange wagering in California. The adoption of Article 27 required the addition of 25 new rules — Rules 2086 through 2093.*

Rule 1462
(amended)

Duty to Maintain Record of Races: Reflects change in ownership of the Daily Racing Form.

Rule 1658
(amended)

Vesting of Title to Claimed Horse: Provides that title to a claimed horse, ordinarily vested in the successful claimant after the claiming race, shall be voided by the stewards if the horse suffers a fatality during the running of the race or is found by the racing or official veterinarian to be physically unfit for racing following the race.

Rule 1843.2
(amended)

Classification of Drug Substances: Revises the CHRB Penalty Categories Listing by adding and reclassifying specified drug substances to reflect changes to the Association of Racing Commissioners International Uniform Classification Guidelines for Foreign Substances.

Rule 2086
(added)

Definitions: Provides definitions of exchange wagering terms.

Rule 2086.1
(added)

Authorization for Exchange Wagering: Provides that exchange wagering may be conducted upon approval of the CHRB, as provided in Article 27, and under the provisions of Business and Professions Code section 19604.5.

Rule 2086.5
(added)

Application for License to Operate Exchange Wagering: States that a license must be obtained from the CHRB before exchange wagers may be accepted.

Rule 2086.6
(added)

Operating Plan Required: Requires that an exchange wagering applicant submit an operating plan with any application for a new or renewal license.

Rule 2086.7
(added)

Exchange Wagering Data: Requires the exchange provider to enter into an agreement with the nonprofit horse racing database for the purposes of pari-mutuel accounting and analysis of data related to exchange wagering.

Rule 2086.8
(added)

Monitoring Systems and Notification: Provides that the exchange provider will furnish full access to the provider's monitoring system and that the provider shall automatically notify the CHRB of any wagering anomalies and agreed-upon thresholds.

Rule 2086.9
(added)

Financial and Security Integrity Audits Required: Requires that the exchange provider undergo specified yearly audits, which shall be submitted to the CHRFB as required.

Rule 2087
(added)

Suspending Markets: Describes the circumstances under which an exchange provider may suspend markets and states requirements for notification of the CHRFB when a market is suspended.

Rule 2087.5
(added)

Antepost Market: States what constitutes an antepost market.

Rule 2087.6
(added)

Cancellation of Matched Wagers: Sets the conditions in which a matched wager may be cancelled or voided by an exchange provider.

Rule 2088
(added)

Non-Starters and Declared or Scratched Entries: Requires the exchange provider to void matched wagers on non-starters, declared or scratched entries, except in an antepost market.

Rule 2088.6
(added)

Cancellation of Unmatched Wagers: Allows cancellation of an unmatched wager by the provider or the account holder.

Rule 2089
(added)

Errors in Payments of Exchange Wagers: Sets the procedures to remedy errors in payment of exchange wagers.

Rule 2089.5
(added)

Requirements to Establish an Exchange Wagering Account: States what is necessary for a person to establish an exchange wagering account.

Rule 2089.6
(added)

Deposits to an Exchange Wagering Account: Describes how deposits may be made to an exchange wagering account and the conditions relating to those deposits.

Rule 2090
(added)

Posting Credits for Winnings from Exchange Wagers: Sets basic requirements for the posting of credits for winnings from matched wagers.

Rule 2090.5
(added)

Debits to an Exchange Wagering Account: Provides instructions for the debiting of accounts.

Rule 2090.6
(added)

Withdrawals by Account Holder: Describe how withdrawals will be completed by an account holder..

Rule 2091
(added)

Closing an Inactive Exchange Wagering Account: Provides for the closing of inactive accounts and the return of any remaining funds to the account holder.

Rule 2091.5
(added)

Suspending an Exchange Wagering Account: States the circumstances under which an account may be suspended and requirements for notifying the CHRB when an account is suspended.

Rule 2091.6
(added)

Powers of the CHRB to Review and Audit Records: Describes the CHRB's authority to access records and financial information of exchange wagering providers.

Rule 2092
(added)

Exchange Wagers Placed After the Start of a Race: Provides the requirements for placing exchange wagers after a race has begun.

Rule 2092.5
(added)

Prohibitions on Wagers to Lay a Horse to Lose: Prohibits certain classes of licensees from placing wagers to lay a horse to lose; prohibits others from making such wagers for the licensees; provides that only the owner of an account may use that account to place such a wager.

Rule 2092.6
(added)

Suspension of Occupational License: States the CHRB of Stewards may suspend the license of any person if it determines there is probable cause to believe such person may have committed an act of fraud in connection with exchange wagering or any other action or inaction that threatens the integrity or fairness of exchange wagering.

Rule 2093
(added)

Certain Practices Related to Exchange Wagering: Describes actions an exchange provider may or must take in relation to an account holder and the displaying of wagers.

* Article 27, Exchange Wagering, which encompasses Rules 2086 through 2093, was adopted by the CHRB and approved by the Office of Administrative Law (OAL). Since OAL approval of Article 27, no license to operate exchange wagering has been issued in California. Funding for implementation of the IT security component necessary for operation of exchange wagering has not yet been approved by the Legislature.

Licensing

The CHRB licensing unit is comprised of two racing license supervisors and eight racing license technicians assigned to the thoroughbred, quarter horse, and harness venues. During a licensed racing meet at any of the racetracks in the state, a licensing field office of the CHRB is established at the operating facility.

The licensing unit issued 9,035 original, renewal, or duplicate licenses in FY 2012-13. Licenses issued included 3,352 new or renewal owner licenses, 389 new or renewal trainer or assistant trainer licenses, 125 new or renewal jockey or apprentice jockey licenses, 1,808 new or renewal groom or stable employee licenses, and 629 new or renewal pari-mutuel clerk licenses as well as many other classes of occupational licenses. The issuance of these licenses generated \$857,525 in licensing fee revenue for the General Fund.

The live-scan fingerprint technology and digital photograph identification card system continued to streamline the licensing process. The applicant's

fingerprints were digitally captured and the fingerprint image transmitted to the California Department of Justice and the Federal Bureau of Investigation National Crime Information Center (NCIC) databases. The NCIC database contains criminal history information from federal, state, local, U.S. territory, and foreign criminal justice agencies as well as authorized courts. License applicants were screened for disqualifying criminal histories by querying these automated criminal history records. Additionally, all CHRB licensees were subjected to the same criminal history checks upon scheduled license renewal intervals.

The licensing staff verified that all licensed trainers had the required workers' compensation insurance. The rac-

ing program was checked daily to ensure that participants were properly licensed. Racing license technicians are trained on the complex circumstances of multiple partnerships, racing syndications, stable names, and various types of corporations, so they were able to explain the requirements to applicants and assist them in selecting the type of license that best met their needs. As part of the verification process, the racing license technicians utilized computer databases, consulted with other racing jurisdictions, and also worked closely with CHRB enforcement personnel.

Appointed CHRB Officials — FY 2012–13

STEWARDS

Grant Baker
Scott Chaney
Albert Christiansen
James Dreyer
John Herbuveaux
Luis Jauregui
Thomas McCarthy

Darrel McHargue
William Meyers
Ruben Moreno
Dennis Nevin
Paul Nicolo
Wayne Oke
Jeffery Salmon

Kim Sawyer
George Slender
Victor Stauffer
Thomas Ward
Randy Winick

OFFICIAL VETERINARIANS

Dr. Jill Bailey
Dr. Gary Beck
Dr. B. William Bell
Dr. Donald Dooley

Dr. Jennifer Durenberger
Dr. Forrest Franklin
Dr. Robert Goodbary
Dr. Timothy Grande

Dr. Barrie Grant
Dr. Sidney Gustafson
Dr. Deborah Lamparter
Dr. Dana Stead

Racing Supervision

The responsibility for onsite supervision of race meetings is placed with racing officials appointed or approved by the CHR. The racing officials are the stewards, safety stewards, paddock judges, patrol judges, starters, clerks of scales, official veterinarians, racing veterinarians, horse identifiers, horseshoe inspectors, and timers. The stewards have overall responsibility for the conduct of the race meetings.

The CHR selects and contracts with stewards based on their experience and expertise. Each panel of three stewards at a race meeting has been delegated the powers and duties necessary to ensure the integrity of racing and to oversee compliance with the Horse Racing Law and CHR rules.

The CHR directly appoints all stewards and official veterinarians, while the other racing officials are nominated by the racing associations subject to CHR approval.

The Legislature provides an annual appropriation to meet the costs of direct racing supervision. The CHR paid \$2,199,993 in FY 2012-13 for stewards and official veterinarians. Other racing officials were paid by the associations in the manner prescribed and agreed to by the CHR.

Acting for the CHR in matters relating to the race meetings assigned to them, the stewards used their delegated authority for the following:

- ◆ Oversaw entries, declarations, and the placing of horses for the official order of finish.
- ◆ Conducted administrative hearings on matters involving racing infractions and other offenses.
- ◆ Issued rulings based on those hearings to impose suspensions of license, impose fines, and/or bar individuals from the enclosure for racing offenses.
- ◆ Presided over exams required for certain classes of licenses.

- ◆ Made recommendations to the CHR regarding the qualifications and fitness for licensure of applicants referred to them by the Board's licensing staff.

- ◆ Maintained minutes of all such proceedings for review by the Board and the public.

The stewards attended Stewards' Committee meetings, allowing them to discuss issues, rule changes, and interpretations of policy and to receive information. They shared their views and experiences relating to race reviews, veterinary practices, proper administrative hearing procedures, and other important work-related matters. The meetings helped them remain current on laws, regulations, and policies, helping ensure that all stewards' decisions are made in a fair and consistent manner throughout the state.

The official veterinarians, overseen by the Equine Medical Director (EMD, Dr. Rick Arthur), enforced CHR regulations relating to veterinary practices, medication, and the health and welfare of the horse. They supervised operations of the receiving barn, the collection of urine and blood samples for testing, and the preparation and documentation of the samples to be transported to the laboratory.

The official veterinarians consulted with the EMD and track veterinarians, examined horses for fitness, maintained a health and racing soundness record for each racehorse eligible to compete at a meeting, reviewed confidential reports of veterinary treatments

of horses under their general supervision; maintained records of infirm horses, accidents, and injuries; approved prescribed therapeutic treatment regimens; and otherwise acted as the Board's veterinary advisors for each race meeting.

The horse identifiers accurately identified all breeds of racehorses that had to be identified before starting in any race. The horse identifiers supervised the tattooing of horses and maintained that information in the identification records of each horse, along with photographs and other information relating to unique markings, color, pedigree, and a narrative description.

Safety stewards enforced compliance with safety standards. They also:

- ◆ Monitored training to ensure that exercise riders, outriders, and pony riders observed all rules.
- ◆ Established horse ambulance protocol for quick response during training and racing.
- ◆ Implemented use of certified paramedics on ambulance crews.
- ◆ Oversaw continuing education classes for provisional exercise riders and apprentice jockeys.
- ◆ Investigated selected horse fatalities.
- ◆ Approved licenses for all riders.
- ◆ Conducted field sampling and testing for the Track Surface Standards program.

CHRIMS

California is the only state with a statewide pari-mutuel database providing services to racetracks, horsemen, and government. Services provided by CHRIMS, formerly known as the California Horse Racing Information Management System, include data collection, takeout calculation, database management, software development, pari-mutuel accounting, money room balancing, customer resource management, and statistical analysis.

CHRIMS is a not-for profit, mutual benefits corporation whose members include Northern California Off-Track Wagering Inc. and Southern California Off-Track Wagering Inc. An eight-member board of directors, which includes representatives from day and night racing associations, horsemen, and racing fairs, oversees the CHRIMS operation.

The CHRIMS databases contain California wagering and attendance data dating back to 1985. The database applications fulfill the various needs and demands related to elements such as pari-mutuel settlements and accounting, account wagering, net pool pricing, customer rewards, runner statistics, and trend analysis.

CHRIMS has been instrumental in helping the California racing industry cope with the demands associated with the huge challenges that have resulted from the changing landscape of

pari-mutuel wagering during the past 20 years. Specialized applications enable data technicians to electronically collect wagering data and calculate the distribution of takeout based upon California pari-mutuel horse-racing law and contractual business rules.

Each day, CHRIMS downloads pari-mutuel data from various totalizator systems. This data includes wagers, takeout commissions, breakage, minus pools, runners pay, refunds, uncashed tickets, and vouchers information. The raw data is translated into the CHRIMS database parameters. CHRIMS data can be sorted by a myriad of criteria, including by race, pool, host track, location of bet, breed, zone, zip code, state, wagering device, and stop betting time. CHRIMS connects to and downloads data from AmTote, United Tote, and Sportech, and the three licensed California ADW companies, which are TwinSpires, TVG, XpressBet, and Watch & Wager.

CHRIMS partners with the California Marketing Committee on its technology projects, manages the intrastate tote wagering telecommunications network, and provides data relating to the specifics of races (distance, surface, class, etc.) via downloads from Equibase. CHRIMS also provides services to racetracks outside California, including Gulfstream Park, Keeneland, Ellis Park, The Red Mile, Aqueduct, Belmont, Saratoga, Colonial Downs, Tampa Bay Downs, Louisiana Downs, Meadowlands Park, New Meadowlands, and Sam Houston Race Park, as well as the Kentucky and North Dakota Horse Racing Commissions.

CHRIMS processes host fees and settlements for European Wagering Services, Ellis Park, eBet Online, Louisiana Downs, Monmouth Park, New Meadowlands, and Sam Houston Race Park. CHRIMS Inc. received \$406,677 from unredeemed vouchers in 2013.

Laboratory Services

To protect animal health and the integrity of horse racing, the CHRB requires analysis of blood and urine samples from horses in competition. The Kenneth L. Maddy Equine Analytical Chemistry Laboratory at UC Davis is the authorized equine drug-testing laboratory for California horse racing. Funded by wagering revenues, the laboratory tested 60,978 samples in FY 2012-13. Faculty and staff also develop highly specialized methods to document effects of certain drugs and substances on equine performance.

The laboratory analyzed 35,713 post-race urine and blood samples, including in-depth testing of 12,729 for anabolic steroids, 24,347 TCO₂ blood samples, 547 out-of-competition blood samples, 195 evidence submissions, and 176 other samples for various purposes in FY 2012-13. The cost to the State of California was \$1,937,250.

Urine and blood samples are obtained post-race from the winner of every race, horses finishing second and third in certain stakes races, and from any other horses selected at random from each program, as well as other horses designated by the stewards. The testing of post-race samples is the backbone of the CHRB's drug regulation program. Post-race testing includes in-depth testing for anabolic steroids and over 1,250 other prohibited drugs, from regularly used therapeutic medications to potent stimulants such as dermorphin (i.e., "Frog Juice").

Checking for bicarbonate loading, a prohibited practice known as "milkshaking," is conducted on thoroughbreds and harness horses through TCO₂ testing. Thoroughbred TCO₂ testing is done pre-race; harness horse TCO₂ testing is primarily done pre-race, but some TCO₂ sampling is done 90 minutes post-race on winners. The CHRB thoroughbred and pre-race harness TCO₂ programs are in compliance with the Racing Medication and Testing Consortium (RMTC) Best Practices recommendations and the Association of Racing Commissioners International (RCI) model rule for TCO₂ testing.

Out-of-competition testing (OCT) was conducted throughout the fiscal year. Out-of-competition testing is critical for compliance in human sports testing and is absolutely necessary to detect certain prohibited drugs. Out-of-competition testing targets blood-doping agents, anabolic steroids, beta-2 agonists, and other biopharmaceutical agents. The OCT program is used to monitor compliance with anabolic steroid reporting procedures and for surveillance of other drugs of interest.

The laboratory maintains a portion of every urine sample for retrospective testing should a new test become available. Hundreds of samples underwent retrospective testing for carbazochrome, dermorphin, zilpaterol and ractopamine. Combined with out-of-competition testing, the CHRB is prepared for the next generation of performance-enhancing drugs.

The laboratory, which is under the direction of its chief chemist, Dr. Scott Stanley, was re-accredited by the American Association for Laboratory Accreditation to international standards and was the first laboratory in the U.S. accredited to the RMTC accreditation program. The laboratory utilizes state-of-the-art scientific instrumentation, including LCMS screening processes. The combined testing panel covers over 1,250 drugs utilizing a spectral library for forensic identification. The laboratory routinely adds new drugs and updates its metabolite profiles as new information becomes available.

The laboratory conducts ongoing research to improve testing capabilities

for potential drugs of abuse and to provide horsemen and veterinarians with information to better treat their horses and remain in compliance with horse-racing rules.

The Maddy Laboratory conducted research or published scientific papers on amikacin, butorphanol, carbazochrome, ceftiofur, clenbuterol, dehydroepiandrosterone (DHEA), dexamethasone, dexmedetomidine, dextromethorphan, domperidone, firocoxib (Equioxx®), gamma-aminobutyric acid (GABA), insulin, medetomidine, methocarbamol, methylprednisolone acetate, neostigmine, pergolide mesylate, penicillin, selective androgen receptor modulators (SARMs), tolazoline, tramadol, tranexamic acid, triamcinolone acetonide, and numerous other drugs. Of particular interest was research to better regulate the use of corticosteroids, especially intra-articular corticosteroids in horse racing. The pharmacology research is conducted under the direction of Dr. Heather Knych, the Maddy lab's veterinary pharmacologist. Much of the Maddy lab's research program is funded by outside sources, including the Center for Equine Health (CEH), Racing Medication Testing Consortium (RMTC), Dolly Green Research Foundation, Grayson/Jockey Club Research Foundation, California Department of Food and Agriculture, and many others. A grant from the prestigious Grayson/Jockey Club is particularly interesting. The research project will attempt to determine whether variations of genotype affects drug metabolism.

Racing Safety Program

California Business and Professions Code section 19481 requires the California Horse Racing Board to establish safety standards to improve the safety of horses, riders, and workers at the racetrack. Business and Professions Code section 19481.3 requires the stewards to prepare a report that identifies the circumstances and likely causes for all on-track accidents. In addition, the Business and Professions Code establishes the qualifications for licensing and the duties of trainers and veterinarians.

The CHRB's Racing Safety Program was initiated in early 2010 to directly address the requirements of the Business and Professions Code and to reduce the incidence of debilitating and fatal injuries at California racetracks and training facilities. There are four major elements of the CHRB Racing Safety Program:

1. The UC Davis J.D. Wheat Orthopedic Research Laboratory Racing Injury Prevention Program;
2. The UC Davis California Animal Health and Food Safety (CAHFS) Laboratory System Postmortem Program;
3. Fatality Investigations; and,
4. The Track Safety Standards Program.

The Racing Injury Prevention Program was a collaborative effort between the CHRB and UC Davis. The program commenced in October of 2011. Program activities were suspended in the spring of 2013 due to budget restrictions.

Enhanced orthopedic postmortem examinations were conducted by veterinarians using specialized equipment and tests, following the initial CAHFS necropsy. The key emphasis of each ex-

amination was the identification of pre-existing conditions that lead to career-ending and fatal injuries. From July 2011 through May 2013, enhanced necropsies were conducted for every musculoskeletal fatality that occurred in California.

Knowledge of pre-existing conditions provides valuable insight into the events that precede catastrophic breakdown. Analysis of these events offers opportunities to develop management strategies for injury prevention and clinical diagnostic methods for early injury detection. Management factors as diverse as racetrack surfaces and training and racing regimens have been associated with career-ending injuries in racehorses. Consequently, another focus of the program involves identification of factors that can be managed for injury prevention. Education of trainers, owners, veterinarians, grooms, and all caretakers of the horse is essential to injury prevention. Education modules are being developed for online access to state-of-the-art information about injury development, detection, and prevention.

The CHRB/CAHFS Postmortem Program identifies the pathology related to the death of the racehorse and provides scientific understanding of why the fatality occurred. This program is

ongoing and is reported on the following page, 23, of this annual report.

The CHRB looks closely at every racehorse fatality that occurs within the enclosure at all California racetracks and authorized training facilities. If there is something that raises a red flag, the investigators pursue it further as directed. The objective of the fatality investigation is to establish the reason or cause of the fatal accident. The results of the investigation are compiled into a research database that tracks the underlying cause of these accidents, whether they occur during racing, training, or in the stable area.

The Track Safety Standards Program has the objective of updating the operating and maintenance standards for all racing surfaces in California, including dirt, synthetic, and turf courses. The project addresses the development of standard racing surface performance measurement tools and surface material performance testing in the laboratory. The Track Safety Standards program has advanced to the point where it is appropriate to start measuring selected parameters to develop surface performance histories and to establish operating ranges against which each racing surface will be inspected.

Equine Postmortem Program

The State of California monitors all fatal equine injuries at California racetracks and authorized training facilities. This is accomplished through the CHR/UC Davis/CAHFS Postmortem Program. The Postmortem Program annual report is presented to the Board by UC Davis/CAHFS faculty and provides a descriptive report of findings from the Postmortem Program for FY 2012-13. The report is available on the CHR website under the Veterinary link.

CHR/UC Davis/CAHFS Postmortem Program began in 1990 as a partnership between the CHR and the California Animal Health and Food Safety (CAHFS) laboratory system under the School of Veterinary Medicine at UC Davis. The Postmortem Program has become a model for the racing industry. It was established to study the nature of injuries occurring in racehorses, to determine the reasons for these injuries, and to develop prevention strategies.

CHR Rule 1846.5 requires a necropsy (autopsy) for all horses dying within a CHR facility. More than 6,000 necropsies have been performed under the program over the last 22 years, but 2012-13 saw the lowest number of fatalities for any full racing year since FY 1994-95. CAHFS laboratories at Davis and San Bernardino conduct all of the postmortems except those from the Fresno fairgrounds, which are performed at the CAHFS lab in Tulare. CAHFS veterinary pathologists perform the necropsy and prepare a report. Depending on the specifics of the case, additional testing such as toxicology including drug testing, microbiology, histology, virology, or other specialized tests may be necessary before a final report is issued.

Funding for the entire program is a cooperative effort. The CHR funds the postmortem examinations, the racing associations provide transportation to the CAHFS laboratories, and specific studies are funded by research grants from private and public sources, including the Center for Equine Health at UC Davis.

Musculoskeletal injuries are the most common cause of fatalities at CHR facilities. From July 1, 2011, until late spring of 2013, specimens from all musculoskeletal injuries were forwarded to the J.D. Wheat Veterinary Orthopedic Research Laboratory (VORL) at the School of Veterinary Medicine at UC Davis for in-depth analysis as part of the CHR's Racing Safety Program. Details on the racing safety program can be found on page 22 of this report.

The uniquely equipped VORL is under the direction of Dr. Sue Stover. The immediate goal of the enhanced necropsy program was to determine the causes and reasons for horse injuries and fatalities. The ultimate goal of this and other programs is to improve detection of injuries earlier to reduce serious non-fatal injuries and prevent catastrophic fatalities on the track. There is a distinct link between equine safety and jockey safety. Nearly a third of all jockey falls are associated with a catastrophic injury to the horse.

In-depth analysis of necropsy specimens at VORL has demonstrated the role of undiagnosed stress fractures contributing to catastrophic fractures of the pelvis, femur, humerus, scapula, tibia, third metacarpal (shin), and other bones. Pre-existing pathology at the site of the fatal injury is a re-occurring finding at necropsy, with nearly 90 percent of musculoskeletal racing and training fatalities showing pre-existing

pathology associated with the fatal injury. This means there is an opportunity for early detection and injury prevention.

Dr. Stover and her team have been focusing on proximal sesamoid bone fractures for several years. Proximal sesamoid bone fractures and associated fetlock (ankle) injuries are the single major cause of fatal racehorse injuries, both racing and training. What has been determined is proximal sesamoid bone fractures, as has been seen with other fractures, very frequently have pre-existing bone pathology.

Research findings are published in veterinary medical journals and presented at racing industry, veterinary medical, and other professional meetings available to the public. A list of the published scientific articles for each year can be found in the appendix of the annual postmortem reports on the CHR website.

While the focus has always been on musculoskeletal injuries, the necropsy program has been an avenue to study a number of non-musculoskeletal conditions important to equine health and safety issues. The CHR has been concerned with the sudden deaths during or immediately after racing or training. Sudden deaths are an internationally recognized phenomenon, but the CHR conducted an in-depth investigation into an unusual clustering of sudden deaths on the main track at Hollywood Park from one barn and one trainer. That report also can be found on the CHR website under the Veterinary link. While the report, issued November 21, 2013, did not identify an explanation for the clustering, the multi-year effort did greatly improve necropsy and toxicology procedures for sudden death fatalities.

Fatalities at CHRB Facilities by Track and Surface July 1, 2012 — June 30, 2013

Track	Racing*			Training**			Other***	Total
	Dirt	Synthetic	Turf	Dirt	Synthetic	Turf		
Cal Expo (Harness)				2			1	3
Cal Expo (State Fair)	1							1
Del Mar		5	2		4			11
Fairplex (Pomona)	1						1	2
Ferndale	1							1
Fresno	4							4
Golden Gate Fields		9	3		11		16	39
Hollywood Park		7	4		15		15	41
Los Alamitos	36			1			19	56
Pleasanton	1			2			4	7
San Luis Rey Downs								0
Santa Anita	10		5	21			7	43
Santa Rosa								0
Stockton	1							1

*Racing includes any fatality associated with racing.

**Training includes any fatality associated with training.

***Other includes any non-exercise related fatality. The most common cause of death in the Other group is gastro-intestinal diseases, such as colic, colitis, and enteritis, followed by respiratory disease, primarily pneumonia and pleuropneumonia, and neurological diseases, including West Nile Virus and equine protozoal myeloencephalitis (EPM).

Track	Racing Surface		
	Dirt	Synthetic	Turf
Cal Expo (Harness)	8,340		
Cal Expo (State Fair)	460		
Del Mar		2,089	753
Fairplex (Pomona)	1,024		
Ferndale	351		
Fresno	593		
Golden Gate Fields		7,518	1,802
Hollywood Park		3,497	1,644
Los Alamitos	9,535		
Pleasanton	951		
Santa Anita	4,391		2,541
Santa Rosa	676		286
Stockton	457		

Horse Racing in California

The Breeders' Cup returned to California for the 10th time in the event's 30-year history when Santa Anita hosted the World Championships on Friday, November 1, and Saturday, November 2. The two-day event attracted a total of 94,628 fans to the Arcadia oval — 58,795 for Saturday's Breeders' Cup Classic program. Wagering on the 14 Breeders' Cup World Championship races totaled \$136.5 million. But California horse racing is not limited to one fabulous weekend. Racing took place at 12 racetracks in California throughout the year, as described in the following pages.



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California Horse-Racing Meetings During 2013

Thoroughbred Race Meetings — Central & Southern Zones		
Santa Anita Park		12/26/12—4/21/13
Hollywood Park		4/25/13—7/14/13
Del Mar		7/17/13—9/4/13
Santa Anita		9/27/13—11/3/13
Hollywood Park		11/7/13—12/22/13
Thoroughbred Race Meetings — Northern Zone		
Golden Gate Fields		12/26/12—6/16/13
Golden Gate Fields		8/16/13—9/15/13
Golden Gate Fields		10/17/13—12/15/13
Quarter Horse Race Meetings — Statewide		
Los Alamitos		12/28/12—12/22/13
Harness Race Meetings — Statewide		
Cal Expo		12/26/12—5/25/13
Cal Expo		10/5/13—12/21/13
Fair Meetings — Statewide		
Pleasanton	Alameda County Fair	6/20/13—7/7/13
Cal Expo	State Fair	7/12/13—7/21/13
Santa Rosa	Sonoma County Fair	7/26/13—8/11/13
Ferndale	Humboldt County Fair	8/13/13—8/25/13
Pomona	Los Angeles County Fair	9/6/13—9/22/13
Stockton	San Joaquin Fair	9/20/13—9/29/13
Fresno	Fresno District Fair	10/3/13—10/14/13

Handle 2013

Statistics in this report may differ slightly from those released by the racing associations and fairs shortly after their meets concluded due to updated information on ADW (Advance Deposit Wagering) and non-commingled handle.

Annual Report	Thoroughbred Associations										Racing Fairs				2013		
	Del Mar	Golden Gate	Hollywood Spring	Hollywood Fall	Hollywood Winter/Spring	LATC Adulm-Incl Breeders Cup	Sanita Anita	Alameda County	Fairplex	Fresno District	Humboldt County	San Joaquin County	Sonoma County	State Fair	Watch & Wager	Night Meets	Total
Days	37	156	49	27	71	24	12	13	9	8	6	13	8	69	154	656	
Starters	2,895	9,612	3,285	1,950	4,975	1,971	866	1,034	616	313	400	869	516	7,053	9,356	45,711	
Number of Live Races	329	1,305	432	239	616	220	115	136	88	53	51	116	73	895	1,398	6,066	
Average field size per race	8.80	7.37	7.60	8.16	8.08	8.96	7.53	7.60	7.00	5.91	7.84	7.49	7.07	7.88	6.69	7.54	
Track and Mortar Bets in California																	
<u>On Track</u>																	
Live Races	76,332,280	24,550,160	26,471,255	14,706,720	64,866,594	39,787,793	2,904,952	3,750,172	2,426,417	565,954	454,173	2,696,944	900,891	2,690,279	16,756,936	279,861,518	
Other California Tracks (Intrastate)	1,669,468	16,402,264	4,525,522	2,512,318	10,303,791	2,430,176	855,979	358,108	307,919	18,090	171,213	597,278	358,723	-	-	40,510,848	
Races run outside California	12,725,215	21,368,827	15,136,718	5,462,333	18,052,216	4,880,379	1,134,042	1,582,036	186,187	9,539	321,119	409,443	340,496	498,231	7,778,476	89,885,254	
Total	90,726,963	62,321,251	46,133,495	22,681,370	93,222,601	47,098,348	4,894,973	5,690,315	2,920,523	593,582	946,504	3,703,665	1,600,110	3,188,510	24,535,411	410,257,620	
<u>Off Track in Host's Zone:</u>																	
Live Races	43,197,173	25,000,310	43,831,699	22,706,569	60,136,687	24,447,079	2,160,290	6,331,644	1,345,657	376,316	786,354	2,298,270	1,267,986	13,510,284	37,385,676	284,781,994	
Other California Tracks (Intrastate)	9,021,856	41,312,732	12,840,393	7,111,443	18,687,099	5,457,853	3,042,601	2,104,122	2,679,208	405,895	1,719,585	4,499,324	2,578,983	-	-	111,461,095	
Races run outside California	28,796,858	71,090,460	51,290,260	19,007,567	59,167,752	19,794,006	6,349,540	9,609,784	4,263,179	636,985	4,132,322	6,529,082	4,073,366	8,026,263	37,887,211	330,654,645	
Total	81,015,887	137,403,502	107,962,352	48,825,578	137,991,538	49,698,938	11,552,431	18,045,550	8,288,044	1,419,197	6,638,270	13,326,676	7,920,336	21,536,547	75,272,888	726,897,735	
<u>Off Track Outside Host's Zone:</u>																	
Live Races	12,697,265	62,323,912	16,500,963	8,351,942	25,379,287	9,983,926	3,802,720	2,036,411	2,448,534	617,964	1,284,885	4,274,291	2,269,844	-	-	151,971,943	
Other California Tracks	35,050,405	9,194,940	29,901,851	15,922,907	43,779,898	19,235,887	618,104	3,783,895	337,728	39,811	159,876	665,757	380,742	4,802,944	29,016,674	192,891,420	
Races run outside California	2,102,309	23,845,914	3,850,637	1,874,962	7,097,918	1,246,630	1,672,732	474,702	1,313,974	652,003	851,482	2,783,225	1,491,572	-	-	49,258,060	
Total	66,005,710	81,788,956	83,643,589	37,747,535	104,131,228	39,125,779	6,343,382	13,698,758	4,170,323	1,636,117	3,539,519	7,410,863	4,120,459	11,163,716	33,474,229	289,670,300	
Outside Host's zone	7,144,074	13,973,281	6,428,874	3,883,455	9,557,785	4,830,969	584,050	765,744	456,440	250,563	155,440	922,639	482,186	-	-	49,435,502	
TOTAL GENERATED IN CALIFORNIA	257,589,900	357,810,902	260,669,273	121,489,880	370,282,439	150,737,961	27,177,555	40,236,778	18,283,864	4,517,423	12,564,618	29,638,135	16,392,934	40,691,716	162,299,201	1,307,907,070	
Exports to Out of State																	
Commingled	215,762,647	172,073,835	201,582,116	119,757,167	340,584,733	230,748,827	7,566,228	19,157,774	5,537,149	1,706,630	2,709,912	8,456,495	4,226,217	23,097,356	86,986,885	1,439,953,971	
Non Merged	8,954,562	10,544,403	8,874,096	5,605,298	11,748,258	4,300,004	686,445	2,163,866	442,361	169,736	201,826	836,806	455,239	-	6,970,201	61,953,099	
TOTAL GENERATED OUTSIDE CALIFORNIA	224,717,209	182,618,237	210,456,211	125,362,465	352,332,991	235,048,831	8,252,673	21,321,639	5,979,511	1,876,367	2,911,738	9,293,301	4,681,455	23,097,356	93,957,086	1,507,907,070	
TOTAL RACES RUN AT HOST TRACK PLUS RACES RUN AT OTHER TRACKS	482,307,109	540,429,139	471,125,485	246,852,345	722,615,429	385,786,792	35,430,228	61,558,417	24,263,374	6,393,789	15,476,356	38,931,436	21,074,390	63,789,073	256,256,287	3,372,289,649	
TOTAL DISTRIBUTED BY HOST*	462,465,769	464,131,946	448,195,647	234,616,948	687,678,358	370,971,897	31,043,458	58,756,262	21,358,400	5,525,263	14,036,031	33,734,505	18,322,360	63,789,073	256,256,287	3,170,882,204	

*Excludes California bets placed outside host's zone

California Racetracks

The vast horse-racing industry in California included racetracks that stretch from the Humboldt County Fair near the Oregon border down to Del Mar just above San Diego and the Mexican border. The racetracks, together with simulcast outlets and Advance Deposit Wagering (telephone and Internet), make horse racing accessible to all of California and the world.

HIGHLIGHT

Handle Increased As Baffert and Bejarano Led the Standings

SANTA ANITA PARK

Santa Anita Park concluded its 71-day winter/spring meeting with overall handle of \$687,678,358 — up from \$671 million the year before. Much of the increase was attributed to the continued expansion of online account wagering (ADW). Santa Anita Derby Day, April 6, proved to be the high point of the meet, as an on-track crowd of 33,005 wagered \$4,047,710, which contributed to a total pari-mutuel handle of \$19,897,306 on that day.

Hall of Fame trainer Bob Baffert finished the meet with 38 wins to take his third consecutive Santa Anita training title and record 11th overall. Baffert's biggest win came in the 76th running of the Santa Anita Handicap when favored Game On Dude romped by a record 7¾ lengths to become just the fourth horse to ever win the Big 'Cap twice — this time under jockey Mike Smith for Joe Torre's Diamond Pride LLC, the Lanni Family Trust, Mercedes Stable LLC, and Bernard Schiappa.

Jockey Rafael Bejarano returned to the top of the riding standings to win his fourth title as Santa Anita's leading rider with 93, 31 more than second-place finisher Edwin Maldonado. Bejarano had finished second in the riding standings the previous two seasons.

Several on-track activities were designed to broaden the track's reputation and

brand as not only the crown jewel of thoroughbred racing but as an important member of the Southern California entertainment community. The Horse Racing TV (HRTV) Film Festival brought together nearly three dozen veteran and aspiring filmmakers to create five-minute documentaries themed "A Day at the Races." Kramer Productions' film "One," which chronicled sports anchor Jim Rome's star filly Mizdirection, won the \$10,000 first prize. Also, more than 50 young women competed to be among the finalists to represent California in the first-ever Ms. Racing Queen pageant held at Gulfstream Park in Fort Lauderdale. Tatiana Schoeppler was named Ms. Racing Queen. She won the top prize of \$100,000.



BENOIT PHOTO

Game On Dude and jockey Mike Smith are well clear of all challengers in winning the Santa Anita Handicap.

Improvements to the Facility Were Appreciated by the Huge Crowds on Hand for the Breeders' Cup

With a rejuvenated grandstand, world-class racing, picturesque weather, and a final weekend that included the two-day Breeders' Cup World Championships, Santa Anita's autumn meet ended with a flourish, posting more than a 10-percent gain in overall handle during the 24-day session, while giving rise to heightened expectations for the new year and beyond. The Breeders' Cup will return to Santa Anita for the third straight year in 2014.

On-track attendance for the two Breeders' Cup days totaled 94,628 — with 58,795 on Breeders' Cup Classic Day, Saturday, and 35,833 Breeders' Cup Day One, Friday — resulting in a two-percent increase over the 2012 Breeders' Cup. The out-of-state handle for the autumn meet, the third such at the historic facility, was up 15 percent, while on-track handle remained even with 2012, as did on-track attendance. Total handle for the 24 days reached \$370,971,897.

“We intend to build upon the foundation we’ve established at this meet,” said Santa Anita Chairman Keith Brackpool. “We accomplished a great deal, in terms of renovations and modernization, in a very short period of time. This is the new Santa Anita. The Chandelier Room is one of the finest experiences at any track in the country. The Club House Mezzanine now features giant-tile technology screens and associated surround sound. This area is now quite spectacular, and most importantly, it will motivate increasing numbers of people to enjoy the on-track experience here on a regular basis.

“The future of racing and of Santa Anita is bright. We have an incredible, historic venue, and the renovations we’ve made have merged the glory of Santa Anita’s original design with amenities now necessary for long-range success in the decades to come.”

While Rafael Bejarano earned yet another Santa Anita riding title with 26 wins, Gary Stevens grabbed the spotlight by winning two Breeders' Cup races with Be-



BENOIT PHOTO

holder in the Distaff and Mucho Macho Man in the Classic. Stevens returned to the saddle in January after a seven-year retirement.

Beholder, ridden by Gary Stevens, winning the Breeders' Cup Distaff, the second Breeders' Cup victory of her relatively short career.

HIGHLIGHT

Innovative Sales and Incentive Programs Helped Attract Runners and Boost Handle

DEL MAR

Blessed with its sweet salt air, Pacific breezes, and warm summer sunshine, Del Mar starts its racing seasons odds-on to be a winner, and the 2013 summer meet lived up to expectations when betting figures pushed higher with fans wagering \$462,465,769 over the course of the 37-day meet for a daily average of \$12.4 million, up more than four percent over 2012. Attendance averaged 17,600 per afternoon. Daily purse payouts to participants averaged \$709,000 — a record for any meet in the state.

“We have a great crew that runs this race meet, we have our outstanding California horsemen, and we have our enthusiastic Del Mar fans,” said Del Mar Thoroughbred Club president Joe Harper on closing day. “When you put them all together at a place like Del Mar, it just clicks.”

Despite horse shortages in the state and across the country, Del Mar registered a slight increase in field size for the third year in a row, rising to 8.8 runners a race. The track’s “Ship and Win” program, where owners are encouraged by bonuses to bring horses from out of state to run at Del Mar, continued for the third year in a row and contributed to an influx of 149 horses from other states. Many of them started more than once and became part of the Southern California horse colony.

Del Mar also conducted a “race ready” horse sale in its paddock following racing on the first Sunday of the meet. The session saw 17 runners — including 10 2-year-olds — added to the local ranks at a final sales total of \$1,257,000.

A pair of Southern California regulars — Rafael Bejarano and John Sadler — led their respective jockey and trainer standings for the third time at Del Mar.

Game On Dude won the track’s premier race, the \$1,000,000 TVG Pacific Classic.



BENOIT PHOTO

Owners Joe Torre (left) and Bernie Schiappa lead their star Game On Dude and jockey Martin Garcia into the Del Mar winner’s circle after they won the \$1,000,000 TVG Pacific Classic by a resounding 8½ lengths.

HIGHLIGHT

Personal Achievements Were Among the Many Highlights During the Final Spring-Summer Meet at the Historic Race Track

HOLLYWOOD PARK

The highlights of the final spring-summer meet at Betfair Hollywood Park include: a repeat victory by Game On Dude in the \$500,000 Hollywood Gold Cup; a fourth local training title for John Sadler, the first tie — between Rafael Bejarano and Edwin Maldonado — atop the jockey standings in 67 years; a record-tying performance by trainer Mike Puype; milestones for Bejarano and fellow jockey Victor Espinoza and trainer Mike Mitchell; plus a trio of female firsts on the final Friday night card in track history.

Total handle for the 49-day meet reached \$448,195,647, up \$7 million from the 2012 meet, which ran one more day (50). About half of the gain was attributed to the increasingly popular online account wagering (ADW) program.

Game On Dude became only the third horse — joining California-breds and three-time winners Native Diver and Lava Man — to win the Gold Cup more than once. He scored the one-length victory under 127 pounds — the most by a Gold Cup winner since Perrault carried that impost in 1982.

Bejarano and Espinoza reached the 3,000 victory plateau during the meet. Bejarano hit the magic number May 11 aboard Ondine, while Espinoza's 3,000th win came atop Flashy Delight May 31. Sadler earned his latest training title at Betfair Hollywood Park with 29 victories, five more than Puype. Sadler also led the spring-summer meet in 2008 and autumn meets in 2007 and 2009.

Puype, who had three winners closing day, tied a record established by Allen Drumheller in 1955 by winning six consecutive races in a span of three days (June 20-22). Mitchell and Hall of Famer Jerry Hollendorfer tied for most stakes winners among trainers. Each finished with five.

Kristine Leahy, a sports anchor/reporter for KBCS/KCAL Television, became the

first female to serve as a track announcer at Betfair Hollywood Park when she called a pair of races July 5. The first of those races was won by 10-pound apprentice jockey Cecily Evans, the first victory of her professional career. Evans guided Wrinkle Room to a neck win over favored Rossi Reserve. Some 30 minutes later, Karen Headley, a longtime assistant to her father Bruce Headley, earned her first victory as a trainer when Keep Movin' won a \$20,000 maiden claimer.

Bejarano and Maldonado finished in a deadlock with 51 victories, one more than Joe Talamo. It was the first tie at the top of the jockey standings at a spring/summer meet since Ralph Neves and Jack Westrope both won 56 races in 1946.



BENOIT PHOTO

Repeat winner Game On Dude takes the Hollywood Gold Cup under jockey Mike Smith.

75 Years of Racing History Came to a Conclusion December 22, 2013, with the Final Program at Hollywood Park

Hollywood Park wrapped up 75 years of history with the conclusion of its 2013 autumn meet on Sunday, December 22, with an 11-race card that nearly extended into darkness for more than 13,000 fans attending the final program — some who hadn't been to Hollywood Park in years but took this last opportunity to attend the races in Inglewood. The lines to get in were so long that management opened the gates for free admission partway into the card, making an accurate attendance figure impossible to calculate. One estimate based largely on the number of vehicles in the parking lot was 25,000.

“With the conclusion of the final meet, we'd like to express our thanks and gratitude to all employees, horsemen, jockeys, owners — past and present — and, most of all, our loyal customers who have helped make Hollywood Park an extremely special place,” said Hollywood Park president Jack Liebau.

Total handle for the 27-day meet came to \$234,616,948 compared with \$209,480,069 in the previous year's 24-day meet. Daily on-track attendance increased by 15 percent over 2012.

“The handle increase was attributable, among other factors, to the support of owners and trainers at the entry box, the skill and energy of our racing department and the widely held respect for our Cushion Track surface,” said Liebau.

A 2-year-old gelded son of Candy Ride, Shared Belief, was the star of the climactic meet, rolling to impressive wins in the Grade III Hollywood Prevue Stakes Nov. 10 and the Grade I CashCall Futurity Dec. 14.

Shared Belief provided trainer Jerry Hollendorfer with his sixth stakes win of the meet, tying an autumn record set by Hall of Famer Charlie Whittingham in 1984. Hollendorfer broke the tie with his seventh stakes success a week later, taking the Soviet Problem with favored Swiss Lake Yodeler.

Jockey Rafael Bejarano won the autumn riding title for a second time, defeating Joe Talamo 37-34. It was the sixth riding championship for Bejarano, who won four times on closing day.

Hall of Famer Bob Baffert won his second autumn training title in a row — and fourth overall — finishing with 16 wins, one more than John Sadler.



BENOIT PHOTO

Corey Nakatani guides Shared Belief to the gelding's second victory of the meet in the \$750,000 CashCall Futurity.

HIGHLIGHT

Russell Baze Demonstrated The Dedication and Endurance that Have Made Him a Such a Favorite in Northern California

GOLDEN GATE

Business at Northern California's linchpin thoroughbred racetrack held steady in 2013 during the course of 156 racing programs as Golden Gate Fields ran a series of race meets that showed a combined total handle of \$464,131,946 compared with \$457,838,980 wagered on 153 programs in 2012. On-track handle dipped to \$62,321,251 from the \$63,833,004 that fans attending the races in Albany wagered in 2012. But as has become the custom, online account wagering (ADW) continued to increase by outpacing the 2012 total by more than \$5 million to reach a total \$81,788,956 in 2013.

Easily the biggest story of the year was fan-favorite Russell Baze reaching an amazing milestone by riding his 50,000th career mount, as was fully documented by Barry Bearak of the New York Times in a multi-media presentation that earned a Media Eclipse Award for the prestigious newspaper. The landmark ride came aboard Finish Rich in Nyc in the sixth race on January 25. Although Finish Rich in Nyc finished third, Baze was allowed to enter the winner's circle for a photograph commemorating the historic ride. How impressive is it to ride in 50,000 races? Equibase, horse racing's official record keepers, determined the distance of Baze's races totaled more than 42,924 miles.

Baze led colleagues at all three meetings in 2013, taking top honors at the winter/spring, summer, and fall sessions. Baze has 47 career riding titles at Golden Gate Fields. Among his winning mounts in 2013 was Summer Hit, who came within a neck of sweeping Golden Gate Fields' three Grade 3 stakes for older horses. After narrowly losing the San Francisco Mile, Summer Hit came back to win the All American Stakes followed by an easy victory in the Berkeley Handicap.

Summer Hit is trained by Jerry Hollendorfer, and the victories helped cement yet another training title for Hollendorfer, who now owns 45 training championships at the East Bay track.

Other highlights in 2013 were: Dice Flavor winning the Grade 3 \$200,000 El Camino Real Derby in come-from-behind fashion on February 16; Bill Patterson

securing his first victory as a head trainer with Big Jim in the seventh race on April 19; apprentice Jose Delgadillo getting the first win of his career aboard even-money favorite Seeking the Stitch (his 39th mount) in the fifth race on February 10; bettors pumping in a record \$633,446 into the Pick 5 pool on April 18; and 10-year-old Cost of Freedom reaching millionaire status with a victory in the first race on September 6.



VASSAR PHOTO

Summer Hit and Russell Baze rolling to an easy victory in the \$100,000 Berkeley Handicap.

HIGHLIGHT

Fair Executives, New and Old, Worked Together to Offer Enjoyable Racing Experiences to Local Fans

THE CALIFORNIA FAIRS

The Northern California Fairs connect horse racing back to its historical and agricultural roots. Fairs conduct racing in six distinct communities, bringing 2.1 million people through the gates to enjoy rides, food, entertainment, livestock, education, and family fun. The summer circuit takes racing on a 13-week annual itinerary that reaches communities across the region, from the Bay Area/Silicon Valley to the State capitol and from Napa Valley to the Redwoods, ultimately culminating in the heart of California's Central Valley.

Although the 2013 Northern California summer fair calendar had a familiar look, major changes took place behind the scenes. Three fairs were conducted under new management. Jerome Hoban was named CEO of the Alameda County Fair after Hoban's predecessor, Rick Pickering, left that post to take the top spot at the California State Fair. Pickering's appointment as CEO of California State Fair came after the retirement of 20-year veteran CEO Norb Bartosik. At the Humboldt County Fair, former trainer and businessman Richard Conway stepped in as the new fair manager.

The California Authority of Racing Fairs (CARF) performs administrative work, manages track maintenance equipment, distributes purses, and oversees racing operations at the Alameda County Fair, California State Fair, Humboldt County Fair, San Joaquin County Fair, and Big Fresno Fair.

In response to a diminishing pool of horses in Northern California, CARF's recruitment efforts were redoubled in 2013. CARF offered its traditional out-of-state incentive program for horses that have shipped 600 miles or more as well as a starter incentive at select fairs that offered trainers a \$500 bonus for making five starts and a \$1,000 bonus for making 10 starts. CARF also expanded its 2012 VIP Horsemen's program that provided a single-credential parking and admission program for a core group of owners and trainers travelling the circuit.

HIGHLIGHT

Baze Thrilled the Closing-Day Crowd with a Milestone Victory

PLEASANTON

Fairs offer fans a live connection to the horses, trainers, and jockeys that they normally only see via satellite television or streaming video. This kind of interaction gives these fans a front seat to events like jockey Russell Baze riding his 12,000th winner in a heart-stopping photo finish on the last day of the Alameda County Fair. It was a fitting conclusion to a race meet that posted record opening-day fair attendance of 31,389. Total handle for the 12-day meet was \$31,043,458 compared to \$33,528,300 for the 13-day meet in 2012.

The track showcased the debut of a superstar in the making. The 2-year-old filly She's a Tiger, trained by Jeff Bonde, won her debut at Pleasanton before going on to win the Grade I Del Mar Debutante and then finish first in the \$2 million Breeders' Cup Juvenile Fillies, only to be disqualified to second.

Recruitment efforts lead to an increase in the number of thoroughbred runners and a seven-percent increase in average field size (from 7.22 to 7.70). Jerry Hollendorfer was the leading trainer with 10 wins, and Baze was leading jockey with 25 wins.

HIGHLIGHT

Larger Fields Sparked by Incentives Proved Popular with Fans at State Fair Meet

New attractions and traditional favorites at the 2013 California State Fair led to a 6.5-percent increase in average daily attendance with over 697,000 fairgoers passing through the gates over 17 days. Many of them took the opportunity to enjoy horse racing during their visit. The eight-day race meet showed total handle of \$18,322,360 compared with \$18,631,206 in 2012.

In addition to providing a new \$75,000 Governor's Cup stake route for fillies and mares, management focused on attracting runners with shipping stipends and a trainer bonus based on total starts made during the meet. These incentives resulted in a 13-percent increase in thoroughbred runners (377 runners in 2012 compared to 427 runners in 2013).

Trainers Jerry Hollendorfer, Gill Matos, Terri Eaton, Ed Moger, Jr., Jamey Thomas, John Martin, and Genaro Vallejo each won three races during the meet. The leading jockey was Russell Baze with nine wins.

HIGHLIGHT

Turf Racing in the Middle of the Northern Fair Season Added Touch of Quality to the Sonoma County Meet

As the only fair in the Northern California circuit with a turf course, Wine Country Racing at the Sonoma County Fair attracted a large contingent of Northern California-based turf horses. The 13-day meet carded 95 thoroughbred races, and 33 of those races were run on the turf course. Average thoroughbred field size was 7.67, while an average of 8.03 horses per race competed on turf.

Run independently of CARF in 2013, Sonoma ran two fewer days of racing than the previous year. Total handle for 13 days was \$33,734,505 compared with \$35,267,217 wagered over 15 days in 2012, reflecting more than a 10-percent increase in average daily handle. Fair management attributed the increase to new marketing strategies, enhanced industry relationships, and a later post that mirrored Del Mar on Fridays.

A new trackside dining experience was offered in 2013 that proved to be popular with racing patrons. Sliders Gastro Pub and Sports bar continued to thrive as a gateway to the racing grandstand from the fair. Back by popular demand, the second annual Jockey Foot Race was held on Saturday, August 10.

HIGHLIGHT

Celebrity Appearance at Quaint Meet Made for Memorable Experience

SACRAMENTO

The Humboldt County Fair, located in the Victorian village of Ferndale and known for an atmosphere reminiscent of the early days of racing, opened its 117th fair with a guest appearance by jockey Russell Baze. Baze greeted fans and signed autographs on opening day.

The eight-day meet featured racing on Wednesdays, Fridays, Saturdays, and Sundays — a schedule designed to capture some host revenue during dates concurrently allocated to Golden Gate Fields. Still, a diminishing pool of runners severely impacted Ferndale's field size, resulting in significant declines in business. Total handle in 2013 was \$5,525,263 compared with \$7,613,584 the previous year.

Leading-trainer honors went to Quinn Howey, who scored 16 wins from 29 starts and only had four runners fail to hit the board. Chris Russell led the riders.

HIGHLIGHT

Good Weather and Free Admission Helped Boost Daily Handle

STOCKTON

In 2013, while the San Joaquin County Fair's carnival and livestock auctions took place in June, the race meet ran in September and was consolidated from eight days of racing down to six with a Friday-through-Sunday schedule. Free admission, cool weather, and horsemen eager to run their horses all led to a huge increase in average daily handle (from \$1.81 million in 2012 to \$2.33 million in 2013).

Despite losing five races on a Saturday due to a rain cancellation, the six-day meet outperformed the prior year's eight-day meet when fans wagered \$15,476,356 compared with \$14,511,048 in 2012.

Due to the support of horsemen and the effectiveness of CARF's incentive programs, thoroughbred field size increased from 6.92 in 2012 to 7.84 in 2013.

O.J. Jauregui was the leading trainer with three wins, and Frank Alvarado was the leading jockey with eight wins.

HIGHLIGHT

Upgraded Facility and Large Crowds Marked Continued Success

FRESNO

The Big Fresno Fair, which continually renovates its racing facilities and is known for its large and enthusiastic crowds, recorded its highest attendance in over 20 years by drawing 641,351 patrons during the 13-day event. That upward trend continued into the live horse racing meet. A total of \$21,358,400 was wagered during the nine-day race meet, up five percent from 2012.

Fresno was well represented in the 2013 Breeders' Cup World Championship when the Jerry Hollendorfer-trained Blueskiesrainbows went from a fifth-place finish in the Bulldog at Fresno to a second in the \$500,000 BC Marathon, finishing a length behind London Bridge. The Bulldog Handicap was won by Fire With Fire following the disqualification of first-place finisher Positive Response.

John F. Martin captured the leading trainer title with 14 wins, while Leslie Mawing was the leading jockey with 11 wins.



Fresno horse racing brings fans close to the action.

HIGHLIGHT

Renamed Barretts Race Meet Hoped to Further Enhance Its Image

POMONA

Barretts, the internationally renowned equine sales company, and horse racing at Fairplex Park, centerpiece of the Los Angeles County Fairgrounds, combined their talents to become the Barretts Race Meet at Fairplex in 2013, encompassing the equine auctions, racetrack, live racing meet, pavilion, and barn area.

“This is very exciting news for equine business at Fairplex,” said Jim Henwood, President and CEO of the Los Angeles County Fair Association. “Barretts Sales & Racing will gain momentum in the horse industry along with a strong message that if it’s equine, it’s Barretts. The new name, logo, and brand offer a cohesive identification of the various equine businesses and capitalize on the already strong Barretts reputation in the racing industry.”

Total handle of \$58,756,262 for the 13-day summer meet decreased by 15 percent from the \$67,119,539 figure in 2012 over the same number of days.

For the third consecutive year, Barretts offered two Wednesday twilight programs with a first post of 4 p.m. and, once again, they were popular with fans. “It was a much different crowd than we’re used to seeing on Wednesday when we raced during the afternoon,” said Kim Lloyd, general manager of Barretts Sales & Racing. “We would run twilight racing every night, but with the L.A. County Fair concert series in the grandstand Thursday to Sunday nights, this isn’t possible. However, since we have free admission to the races at the Fair, many of those in attendance are exposed to horse racing for the very first time. We believe Barretts is helping to build a new generation of horseplayers.”

Martin Pedroza, named “King of the Bullring” after winning 13 consecutive riding titles (1999-2011) and 14 overall, was upset in 2012 by Edwin Maldonado, 26-19. His agent, Richie Silverstein, figured the “2013 meet was over” after

Pedroza missed three programs of racing with a severely bruised right knee, which he suffered in a starting gate accident. But Pedroza showed his toughness by returning to the saddle with only four days left to win the jockey championship, 25-20, over second-place Maldonado.

Doug O’Neill began the meet slowly, winning only one race from three starters the first weekend, but he picked up momentum and captured the training title for the ninth time in his career with 13 victories.



Fairplex continues to offer twilight racing with a 4 p.m. first post for Wednesday programs.

HIGHLIGHT

Watch and Wager LLC Expressed Satisfaction with First Full Year of Operation

CAL EXPO HARNESS

Cal Expo started 2013 strong. A new horse incentive program brought 176 horses that had never raced in California. By February it became apparent that the industry's attempt to regain a three-racing-day-per-week schedule was not feasible at this time from a business standpoint. Racing continued as in 2012 on a Friday and Saturday evening schedule through closing night, May 25.

The fall meeting opened October 4 and gave preference to horsemen who had remained in the state over the break. October racing proved very popular with the horsemen. October also brought a few significant personnel additions to the Watch and Wager staff. Hall of Famer Gary Siebel took over as track announcer and simulcast host. Dave Brower, a 20-year veteran of The Meadowlands, also joined the staff doing race analysis.

Handle over the course of 69 racing programs totaled \$63,789,073. Watch and Wager LLC, the new operator of Cal Expo harness, was very satisfied with the first-year results of operations.

Twenty-year-old driving sensation Tyler Smith joined the Cal Expo driving colony for the winter. Tyler is the youngest driver ever to reach 1,000 victories, and was the leading driver at the tough Hoosier Park meet.

Bob Johnson was the leading trainer with 115 wins from 762 starters. Luke Plano captured his third straight driving title with 267 driving wins from 1015 drives.

The very popular California Legends overnight stake series has been expanded, as has the new horse incentive program.



Harness racing is offered throughout most of the year at Cal Expo.

HIGHLIGHT

Construction Began on Expanded Dirt Track, Raising Expectations for the Coming Year

LOS ALAMITOS

Los Alamitos Race Course completed its 2012-2013 racing season with a nearly identical figure in overall daily handle from all-sources compared to 2012. But the year's big story was the approval by the CHRB for Los Alamitos to conduct five weeks of daytime thoroughbred racing in 2014 and the expansion of the racetrack that will enlarge the five-eighths-of-a-mile oval to one mile.

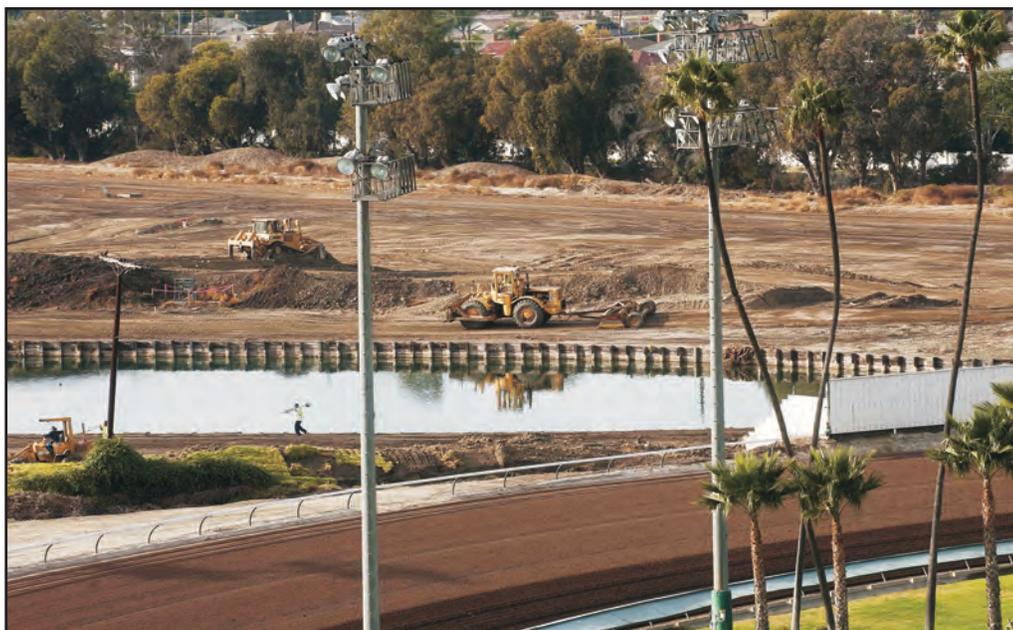
With a crew led by track surface consultant Dennis Moore, construction of the expanded racing surface began December 10 following unanimous approval of the project by the Cypress City Council. The result will be essentially two tracks in one. The existing five-eighths track still will be utilized for night quarter horse racing, separated from a second longer backstretch by temporary rails. The extended far turn will swing back and hook up at the present 550-yard chute for thoroughbred racing.

Los Alamitos will run a two-week summer meeting from Thursday, July 3, through Sunday, July 13, and a three-week winter meeting from Thursday, December 4, through Sunday, December 21.

"The strong positive effects of major thoroughbred racing will be evident on both a short- and long-term basis," said Ed Allred, the owner of Los Alamitos Race Course. "We anticipate a stronger, better Los Alamitos Race Course for years to come as a result of these changes."

Total handle for the year-round, 154-night quarter horse meet of \$256,256,287 was down slightly from the 2012 total of \$260,358,868 over the same number of days.

Racing highlights included Last To Fire winning three of the top Grade 1 races for older horses, including the Grade 1 \$750,000 Champion of Champions. The meet also featured the champion Ochoa, the sport's all-time leader in money earned, winning the Grade 1 Robert L. Boniface Los Alamitos Invitational Championship. Foose Cash Sr won the meet's richest race, the \$1,989,525 Los Alamitos Two Million Futurity.



The Los Alamitos dirt track is being expanded to one mile to accommodate new daytime thoroughbred race meets as well as greatly increased stabling and training for both thoroughbreds and quarter horses.

Simulcast Facilities by Location

Anderson	\$1,363,617.90	4,788
Bakersfield	\$5,531,070.00	28,461
Bankers Casino	\$264,326.20	1,045
Barona	\$13,979,844.30	59,086
Cabazon	\$11,285,919.80	44,786
Commerce Casino	\$23,818,127.70	66,272
Del Mar	\$126,391,607.60	779,367
Ferndale	\$836,567.80	17,407
Fresno	\$7,529,294.10	93,860
Fresno Club One	\$3,087,468.00	4,490
Golden Gate	\$83,380,270.30	420,358
Hollywood Park	\$148,073,630.90	574,852
Lake Perris	\$10,537,976.30	46,428
Lancaster	\$12,621,040.90	49,035
Los Alamitos	\$122,021,969.30	479,459
Monterey	\$5,174,678.60	22,704
OC Tavern	\$9,493,393.60	34,238
Pleasanton	\$35,304,353.90	151,935
Pomona	\$60,776,835.80	223,886
Sacramento	\$25,570,860.70	113,919
San Bernardino	\$22,834,503.80	99,075
San Jose	\$30,031,868.90	113,594
San Mateo County	\$61,588,522.40	182,122
Santa Anita	\$214,632,207.90	966,264
Santa Clarita Lanes	\$8,696,088.90	28,646
Santa Maria Orig Rdhouse Grill	\$3,660,216.10	12,195
Santa Rosa	\$12,677,066.80	85,720
Shalimar (Indio)	\$3,144,729.90	17,726
Stockton	\$14,393,615.50	69,153
Sycuan	\$6,030,418.00	34,262
Tulare	\$2,675,980.10	10,994
Turlock	\$6,302,916.30	19,148
Vallejo	\$14,078,755.00	51,932
Ventura	\$20,772,881.90	61,179
Victorville	\$5,661,116.90	33,130
Viejas	\$7,784,500.80	36,574

Note: Racetracks that offer simulcast wagering include combined pari-mutuel handle for live racing and simulcast wagering.

Horse-Racing Revenues

Senate Bill 16, which took effect in 2009, eliminated the license fees paid to the state by racing associations. In lieu of license fees, the horse-racing industry is responsible for providing support to the CHRB. Each year, the CHRB develops a formula in consultation with the industry. The formula is used to determine the share each racing association should pay towards the funding of CHRB operations. During FY 2012-13, the pari-mutuel handle totaled \$3,039,604,194 and generated \$11,590,000 in horse-racing revenue, which was used to fund CHRB operations.

CHRB support, purses, track commissions, and other distributions are generated from a portion of the wagering handle referred to as the “takeout.”

The takeout is set by law and is a percent taken from each dollar wagered. The takeouts on conventional wagering (win, place, and show pools) are 15.91 percent for thoroughbred race meets, 17.57 percent for quarter-horse meets, 17.51 percent for harness meets, and 16.61 percent for fair meets.

The takeouts on exotic wagering pools (all pools that are not win, place, or show) are, for thoroughbred meets, 22.92 percent for wagers involving two runners or legs and 23.68 percent for wagers involving three or more horses or legs; for quarter-horse meets,

23.04 percent; for fair meets, 23.73 percent; and for harness meets, 23.19 percent.

In general, once the state license fees, breeders and owners awards, equine research, and other mandated amounts have been deducted from the takeout, the remaining funds are divided in a prescribed manner between purses and track commissions.

A pari-mutuel auditor located at each live meet in California prepares a daily audited report of the precise distribution of the wagering handle. The report is submitted to the CHRB, the racing association, and other interested parties.

Breakage is a term used to describe the monies generated by mathematical rounding during the calculation of winning wagers. After a race is run and the results are made official, the totali-

zator system calculates the payout for winning wagers.

The payout for each pool is first calculated on a \$1 amount, which is then used as the basis for paying all winning wagers for that pool.

During the calculation of the \$1 payout, amounts for each pool are rounded down (“broken,” thus the term breakage) to the nearest dime. For example, in calculating a win pool, a \$1 payout of \$2.67 would be “broken” to \$2.60. A \$2 wager on that pool would then return \$5.20.

The 7 cents that is broken for each dollar in the calculation then becomes part of the total breakage for that pool, that race, and that day of racing, etc. Breakage in fy 2012-13 totaled \$5,272,744. State statutes require breakage to be split evenly between purses and commissions.

Charity Days

California horse-racing associations have distributed many millions of dollars to worthwhile charities over the last 70 years. Their donations in the last fiscal year totaled \$778,707.

By law, each racing association must either conduct a specified portion of its race meeting, based on the length of the race meet, for the benefit of charities meeting the statutory criteria and approved by the CHRB, or two tenths of one percent of the live handle for the entire meet. The law also requires that at least 50 percent of the proceeds be distributed to charitable groups within the horse-racing industry. While recognizing the worthwhile nature of all the charitable organizations favored by the various distributing foundations, the CHRB encourages the foundations to exceed this minimum percentage.

On charity racing days, the racing association furnishes the facilities and personnel necessary for the conduct of racing. The income from all operations of the race meeting on charity racing days, less deductions for actual expenses, is dedicated to charitable purposes. The following racing associations distributed funds last year: Los Angeles Turf Club, Hollywood Park Racing Association, Del Mar Thoroughbred Club, Los Alamitos Quarter Horse Racing Association, and the Pacific Racing Association.

Uncashed Pari-mutuel Tickets

Winning pari-mutuel tickets can be cashed until May 15 of the year following the year in which the race meet ends. Racing patrons may mistakenly tear up, lose, or forget about winning tickets. After May 15, any unclaimed monies are distributed as indicated below.

Senate Bill 16 went into effect during 2009, eliminating the State's portion of unclaimed tickets pursuant to Business and Professions Code section 19641.

All such unclaimed money resulting from the thoroughbred, harness, or quarter-horse meetings, but excluding the meetings of the California Exposition and State Fair, county, district agricultural association, or citrus fruit fair meetings shall be distributed as follows:

1. Fifty percent of live races unclaimed pari-mutuel tickets shall be paid to a welfare fund established by the horsemen's organization contracting with the association with respect to the conduct of the racing meeting for the benefit of the horsemen, and the said organization shall make an accounting to the Board within one calendar year of the receipt of such payment. During FY 2012-13, the distribution to the welfare funds was \$986,678.

2. The other 50 percent of live races unclaimed pari-mutuel tickets shall be divided equally between the association (as commissions) and horsemen (in the form of purses). Notwithstanding the distribution of live races unclaimed tickets, unclaimed ticket monies generated by wagering on intrastate (north/south) thoroughbred and fair races and interstate imports are split equally between purses and commissions. During FY 2012-13, the tracks and the horsemen each received \$1,681,759.

3. Unclaimed refunds totaled \$871,311 for FY 2012-13. Unclaimed refunds provide health and welfare benefits to California licensed jockeys, former California licensed jockeys, and their dependents. The California Jockey Welfare Corporation is the organization designated by the CHRB to receive these funds.

Statement of Distribution by Fund of Horse Racing

July 1, 2012 through June 30, 2013

License Fees — CHRB Support	\$ 10,871,090	
ADW License Fees — CHRB Support	718,910	
Miscellaneous Income	240	
Income from Surplus Money Investment Fund	3,599	
Escheat Uncashed/Unclaimed Checks/Warrants	36	
Total 3153 Fund		\$11,593,875
Horse racing licenses	3,000	
Fines & Penalties	141,300	
Occupational Licenses	954,947	
Miscellaneous Income	5,824	
Total General Fund		1,105,070
Revenue to Veterinary Diagnostic Laboratory		
Equine Research License Fees	1,091,697	
ADW Equine License Fees	437,372	
Total Fund 0881		1,529,069

Occupational Licenses and Fees

July 1, 2012, through June 30, 2013

Type of License	Fee	Issued	Total
Multiple Ownership*	300	7	2,100
Horse Owner-Open Claim	250	7	1,750
Officer/Director/Partner**	150-200	115	18,400
Horse Owner**	150-250	3,352	443,185
<hr/>			
Trainer, Assistant Trainer***	150	389	56,850
Harness Horse Driver***	150	31	4,275
Jockey/Apprentice Jockey***	150	125	18,350
Jockey Agent	150	30	4,500
<hr/>			
Bloodstock Agent	150	13	1,950
Veterinarian	150	49	7,350
Association Employee	75	234	17,550
Valet/Custodian/Attendant	75	17	1,275
<hr/>			
Pari-mutuel Employee/Tote	75	629	47,175
Horseshoer	75	44	3,300
Exercise Rider/Pony Rider***	75	329	24,155
Misc. Employee/Stable Agent Vendor**	35-75	414	25,610
Security Guard	75	107	8,025
Stable Foreman	75	70	5,250
<hr/>			
Authorized Agent	25	635	15,875
Replacement License	15	284	4,260
Annual Groom/Stable Employee (Original)***	35	369	12,915
Annual Groom/Stable Employee (Renewal)**	20-35	1,439	30,525
Total fees generated to General Fund			\$857,525

All licenses are issued for three years except those for groom and stable employee licenses, which are annual licenses.

* Includes partnership registrations

**Variable fee

***Includes reduced license fees

Other Public Revenues

In addition to revenues collected from horse-racing meetings by the Board, other public revenues are derived from horse-race meetings in California.

During the FY 2012-13, there were 2,198 horses “claimed” at authorized race meetings.

The “claiming” of a racehorse is in effect a sale of the horse at a designated price (as established by the conditions of the race) to a qualified person who submits a “claim” for the horse at least 15 minutes prior to the race in which the owner of the racehorse established the competitive value of the horse.

For example, in a claiming race where the claiming price is established by the racing secretary as \$10,000, an owner of a horse may enter the horse in the race if willing to lose the horse to another owner (or qualified person) for the price of \$10,000.

An owner who over-values the horse will find competition in the race too severe and will not win a purse — but probably retain the horse; the owner who under-values the horse may well win a purse — but in all probability lose title to the horse

to a successful claimant. Thus, it is the owner who establishes the true competitive value of a horse in a claiming race.

Inasmuch as the claim of a horse is in fact a purchase, state sales tax is collected on the amount of the claim. During the FY 2012-13, the total amount paid for claiming of horses was \$28,614,795, resulting in sales tax revenues of \$2,478,289.

Chapter 1202, Statutes of 1982, changed the existing provisions for local license fees and admission taxes. This statute authorizes every racing association or fair to elect permanently to deduct up to 0.33 of 1 percent from all pari-mutuel pools and to distribute the amounts to the city or county where the racing meeting is held if the city or county passes an ordinance to accept such fees in lieu of admission taxes and license fees.

During the FY 2012-13, \$3.8 million was distributed to local governments under this provision.

Track Commissions

Under the system known as pari-mutuel wagering, the racing association acts as the stakeholder for all wagers, deducting from each pari-mutuel wagering pool the statutory “takeout,” which includes the state license fee, the percent-

age deduction for purses, and the track’s commission. Commissions retained by California racing associations during FY 2012-13 totaled \$123,990,860.

Purses

As with track operators’ commissions, the purses for race meetings are determined by the rate schedules, or in some cases by agreement with the racing association.

Purses for California race meetings during FY 2012-13 totaled \$146,464,577. In addition, \$10,303,338 was paid out as California-bred incentives.

In order for the individual racing associations to establish their daily purse structure for their race meetings, the associations must first make a projection of the amount of pari-mutuel wagers they expect to handle.

The actual purses to be paid for any one race, or for the day’s races, initially are determined by the racing secretary’s projections of handle, then must be revised during the course of the race meeting based on actual handle. The racing association must also conclude an agreement with the respective horsemen’s organization representing the horsemen at each meeting in order to establish the percentage of the total purses that may be used for stakes races.

Statistics For Horses Claimed

July 1, 2012 to June 30, 2013

Track Location	Horses Claimed	Amount Paid	Sales Tax
Thoroughbred Meetings — Northern			
Golden Gate	379	\$3,643,150	\$324,344
Thoroughbred Meetings-Central-Southern			
Del Mar	261	\$6,167,000	\$477,943
Hollywood Park	249	6,110,000	576,795
Santa Anita	357	8,343,500	746,113
Harness Meetings-Statewide			
Cal Expo	21	\$86,500	\$6,806
Quarter-Horse Meetings-Statewide			
Los Alamitos	741	\$2,629,945	\$207,100
Fair and Mixed Meetings-Statewide			
Pleasanton	43	\$329,850	\$29,283
Santa Rosa	39	249,550	21,212
State Fair	28	207,000	16,043
Stockton	7	32,200	2,576
Ferndale	8	28,250	2,048
Pomona	49	670,250	58,647
Fresno	16	177,600	9,379
Grand Total	2,198	\$28,614,795	\$2,478,289

Authorized Horse Sales

The CHRB each year authorizes sales for racehorses or breeding stock used in the production of racehorses when such sales are conducted on the premises of a racing association. During FY 2012-13, there were 872 horses sold for a total of \$26,193,800. These sales generated a total of \$853,856 in sales tax. Prospective purchasers may review the reported medication record of any horse offered for sale, and purchasers of a horse may request a verifying blood test for horses bought.

The following sales were authorized in FY 2012-13:

Barretts Equine Ltd. at Del Mar

1. Paddock Sale July 22, 2012

Barretts Equine Ltd. Thoroughbred Sales at Fairplex Park

1. October Yearling Sale October 10
2. January Mixed Sale January 22
3. March Two-Year-Olds March 4
4. Spring Two-Year Olds May 13

Altogether, 532 horses were sold at Barretts' Del Mar and Fairplex Park sales for \$20,095,900, which generated \$748,933 in sales tax.

California Thoroughbred Breeders Association Sales

1. Nor-Cal Yearling Sale August 13

A total of 69 horses was sold for a total of \$480,200, which generated \$14,656 in sales tax.

Quarter-Horse Sales At Los Alamitos

1. Los Alamitos Equine Sale Oct. 4, 5

A total of 37 horses was sold for \$5,617,700, which generated \$90,267 in sales tax.

California Horse Breeding Programs

The Horse Racing Law provides incentives for the breeding and owning of California-bred horses. A principal and explicitly stated intent of the law is to encourage agriculture and the breeding of horses.

Every association licensed to conduct a horse-racing meeting in California must provide, each racing day, for the running of at least one race limited to California-bred horses, provided those races can attract a sufficient number of qualified entrants.

An award based on the first, second, and third-place money of any purse won in any race run in California is paid to the breeder of the winning or placing California-bred horse. A further incentive to own a California-bred horse is provided by owners premiums. Owners premiums are distributed to persons owning California-bred horses that are in allowance races with a purse over \$15,000 and claiming races having a total purse value of certain qualifying amounts.

Additionally, stallion awards are issued to owners of qualified thoroughbred stallions standing in California whose progeny win races in California having a certain qualifying gross purse. A breeders award is also paid for a California-bred thoroughbred when the horse wins a graded stakes race outside the state.

These California breeders programs and distribution of awards and premiums are administered by the recognized California breeders organizations of the various breeds.

Thoroughbred Breeders Program

The California Thoroughbred Breeders Association (CTBA) administers the California-bred awards, owners premiums, and stallion awards for thoroughbreds. In addition, the CTBA supervises the California-bred race fund, which has supplemented the very successful California Cup program each year since 1990. In FY 2012-13, \$710,144 was generated as owners premiums and \$9,552,287 for the breeders program from the wagering handle.

At California thoroughbred race meetings, the amount of 0.54 percent on track and 0.54 percent off track of all pari-mutuel pools is deducted as takeout and transferred to the CTBA for distribution. A further amount equal to .07 percent of the handle is specified for owners premiums and transferred to the CTBA for distribution. The CTBA is authorized to deduct 5 percent for administrative overhead and expenses, including education, promotion, and research.

Standardbred Breeders Programs

The California Standardbred Sires Stakes Committee, Inc., a California non-profit public benefit corporation, administers the Standardbred Breeders Program. The Sires Stakes Committee is authorized to deduct expenses (not to exceed 4 percent of funds generated) for administering the Standardbred Breeders Program. The program is funded from the breakage at harness meetings and an additional 1 percent takeout on all exotic wagering at harness meetings. In FY 2012-13, the program generated \$359,139.

Quarter-Horse Breeders Program

Pacific Coast Quarter Horse Racing Association, as the recognized breeders organization, received \$371,849 from the pari-mutuel handle to fund its program in FY 2012-13. The source of these funds was 0.48 percent of the on-track and 0.48 percent of the off-track handle on quarter-horse racing at the fair race meetings, 0.4 percent of the handle at quarter-horse race meetings, and a proportional payment of the monies required by the state, the association, and the horsemen.

Paint Breeders Program

The paint breeders awards received \$457 for the breeders program in FY 2012-13. No paints ran in California. This revenue came from ADW wagers.

Arabian Breeders Program

The California Arabian horse breeders awards received \$8,669 for the program during FY 2012-13.

Mule Breeders Program

The California mule breeders awards received \$10,928 for the program during FY 2012-13.

Appaloosa Breeders Program

The California Appaloosa breeders awards received \$9 for the program during FY 2012-13.

The Revenue Stream

The Takeout Dollar in California: Where It Goes and How It's Used

(The pie chart image of this section cannot be presented in an ADA-compliant accessible manner, and has been removed. Call CHRB to have a print-out of this page sent to you.)

A total of \$3,039,604,194 was wagered by fans of California racing during FY 2012-13, and of that money 79 percent (\$2,400,258,440) was returned to winning ticket holders.

Prior to simulcast wagering in 1985, virtually all of the wagering on California's races was at the track, but today "on-track" bets make up only 13.46 percent of wagers placed (\$409 million). Off-track betting within the state provides 24.11 percent of the handle (\$733 million). The balance comes from out-of-state and ADW (totaling \$1.9 billion). ADW accounted for \$759,251,750 of that handle.

Patrons failed to cash \$4.5 million worth of winning tickets. By law,

money from uncashed tickets, except for fairs, is split evenly between a welfare fund for the benefit of backstretch employees and the CHRB for race-track security and research. Money from uncashed tickets at fairs is turned over to the state's General Fund.

Similarly, money from unredeemed vouchers issued by tracks for use by racing patrons at track self-serve betting machines is used to finance the horse-racing revenue database called CHRIMS.

Breakage, a byproduct of the pari-mutuel calculation, is distributed to the state, to purses, and to the racing associations. This totaled \$7,176,463 in FY 2012-13.

Of the \$3 billion wagered, \$642 million, or 21.12 percent, was withheld as the "takeout" for such purposes as horsemen's purses, racetrack operations, and government taxation, as follows on the next page:

Horsemen's Purses

A total of \$146,464,577 was distributed last year in the form of purses. This money went to the owners of the horses, the jockeys, the trainers, and through them to the backstretch employees.

Portions of the purse money also went to the organizations that represent owners and other horsemen.

Track Commissions

The racetracks and fairs that host the racing programs collected a total of \$124 million in commissions. Much of that money went toward the cost of operations, such as rent or mortgages and labor costs, of which pari-mutuel clerks represent a large part. The racetracks also are responsible for marketing the sport — for advertising, promotions, and other forms of publicity.

CHRB Support

The allocation of the CHRB budget (\$11,590,000) comes from the horse-racing industry through the yearly budget process conducted by the State Legislature. This allocation is used to fund the CHRB's mission of overseeing the horse-racing industry on behalf of the state and the California public.

Incentive Awards

One of the most important uses of horse-racing revenue is for incentive awards, which promote the agricultural program in California by encouraging horse breeding. Last year \$10,303,338 in awards were divided between programs for thoroughbreds (\$9,552,287), standardbreds (\$359,139), quarter horses (\$371,849), paints (\$457), Arabians (\$8,668), mules (\$10,928), and Appaloosas (\$9).

Local Government

For those local municipalities who elect to participate, an additional 0.33 of 1 percent is withheld from the handle to reimburse communities for costs incurred due to traffic control, security, and other expenditures resulting from horse-racing events. Last year \$3.8 million was withheld for this purpose.

Host Fees

Host fees are negotiated for mandated payments to producers of live horse racing imported by tracks via satellite and offered to the betting public in conjunction with a California track's live racing program. Last year, California tracks paid \$13 million to out-of-state hosts.

Interstate Wagering Fees

Interstate wagering fees are "takeout" deductions from wagers made on California racing by racing fans at off-track betting systems outside of the California borders. These deductions in other states amounted to \$172 million.

Equine Research

A mandated deduction goes to UC Davis for equine research. Last year the total for equine research was \$1.7 million.

Simulcast Fees

Simulcast fees are deducted from the off-track handle at California simulcast facilities and are distributed in proportion to each facility's handle. This revenue goes to the Stabling and Vanning Fund to offset the cost of off-site stabling and transporting horses to the track, to the Promotion Fund to be used for the promotion of horse racing, to the Expense Fund for the purpose of offsetting the costs of simulcast broadcasting, and to guest commissions. A guest site is the term used for an authorized off-track betting system, or simulcast facility, that is an authorized recipient of a live horse race.

These funds received a total of \$57 million last year:

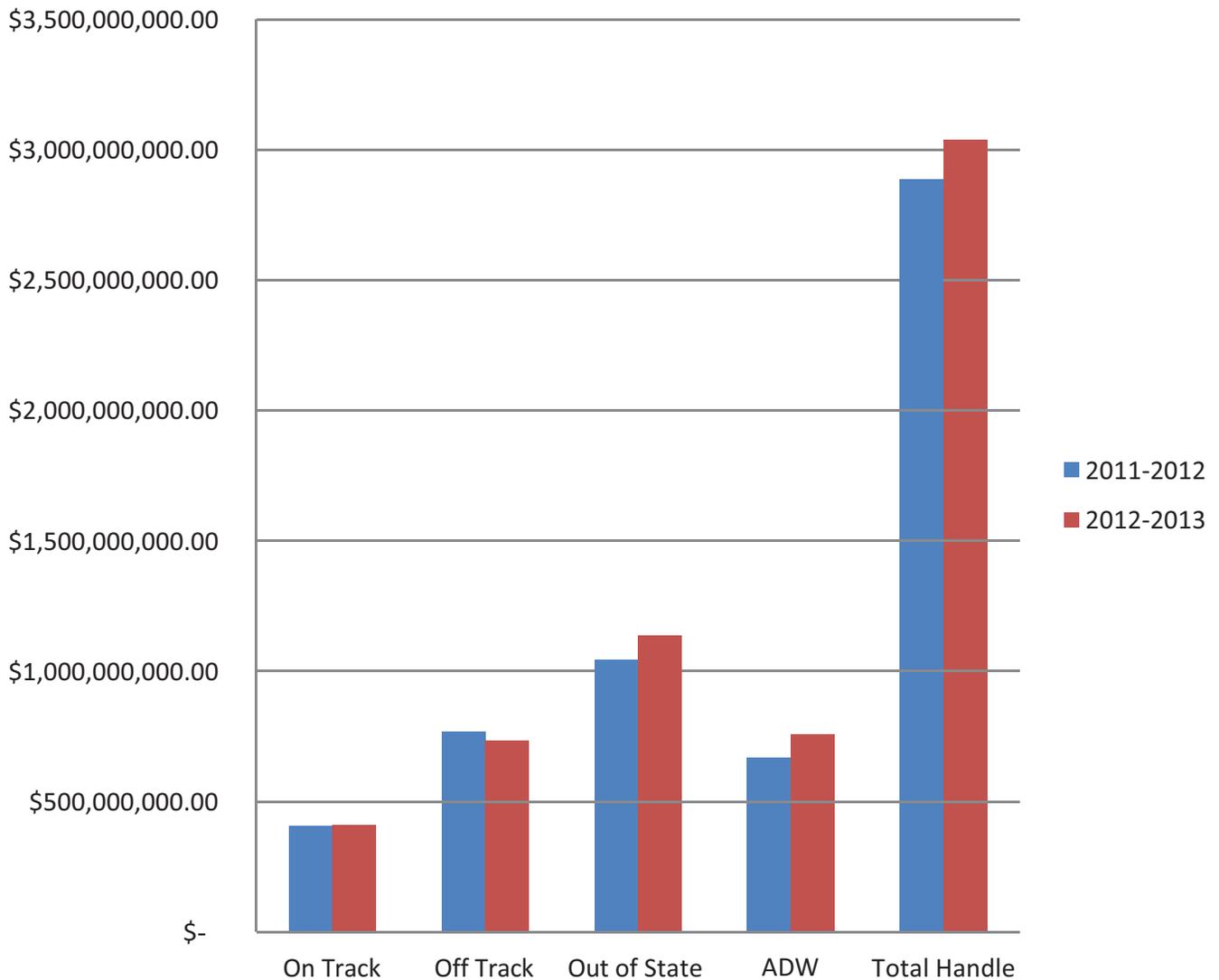
Stable and Vanning Fund:	\$9.4 million
Promotion Fund:	\$2.3 million
Expense Fund:	\$28.3 million
Guest Site Fees:	\$17.1 million

Retirement and Welfare

ADW Retirement and Welfare Plans received \$1,498,598 for FY 2012-13. These funds supplement the backstretch personnel pension plan and provide welfare benefits for horsemen and backstretch personnel.

Sources of Handle

Fiscal Years 2011–12 and 2012–13



The on-track handle represents wagers at the host track. For FY 2012-13, on-track wagers accounted for 13.46 percent of the total handle. Off-track handle represents wagering at California simulcast locations and accounted for 24.11 percent of the total. Out-of-state handle represents commingled wagers from other U.S. and international sites. Out-of-state wagers accounted for 37.45 percent of the total. ADW represents the handle generated through the five licensed California ADW companies. The ADW handle accounted for 24.98 percent of the total.

The Horsemen's Organizations Welfare Funds

The Horse Racing Law provides that 50 percent of the unclaimed redistributable money in pari-mutuel pools (uncashed pari-mutuel ticket amounts) resulting from thoroughbred, harness, or quarter-horse race meetings be paid to the welfare fund established by the horsemen's organization contracting with the association for the conduct of the race meeting for the benefit of horsemen. These funds are registered with the Registry of Charitable Trusts of the Office of the Attorney General. The two horsemen's organizations have established and maintain the following welfare funds:

The California Thoroughbred Horsemen's Foundation, Inc.

285 W. Huntington Drive
P. O. Box 660129
Arcadia CA 91006
(Registry of Charitable Trusts
No. 4833)

Quarter Horse Benevolent Charity Foundation

11278 Los Alamitos Blvd., Suite 243
Los Alamitos, CA 90720
(Registry of Charitable Trusts No. CT 18221)

Each of the foregoing welfare funds have a state tax-exempt status under the provisions of Section 23701 of the Revenue and Taxation Code.

The California Horsemen's Organizations

The CHRB determines the organizations to represent California horsemen with respect to each breed.

The following horsemen's organizations were recognized by the Board during the last fiscal year: Thoroughbred Owners of California for thoroughbred owners, California Thoroughbred Trainers for thoroughbred trainers, California

Harness Horsemen's Association for harness horsemen, Pacific Coast Quarter Horse Racing Association for quarter horsemen, and the Arabian Racing Association of California for Arabian horsemen.

Audited Expenses of California Horsemen's Organizations

The information regarding the expenditures of these organizations is only one portion of the total audited financial statements submitted to the CHRB. Persons wishing to obtain a

copy of the complete audited financial statements of a horsemen's organization can do so by contacting the CHRB's headquarters offices in Sacramento.