

42nd Annual Report of the California Horse Racing Board

A Summary of
Fiscal Year 2011–12 Revenue and
Calendar Year 2012 racing in California

California Horse Racing Board

Keith Brackpool, Chairman*
*Resigned from the Board 1-17-13
David Israel, Vice Chairman
Steve Beneto, Member
Jesse H. Choper, Member
Bo Derek, Member
Richard Rosenberg, Member
Chuck Winner, Member
Jerry Moss, Former Member
Kirk E. Breed, Executive Director
Jacqueline Wagner, Asst. Exec. Director

This report covers the fiscal year (July 1, 2011, through June 30, 2012) for revenue purposes, including pari-mutuel handle, fines, taxes, license fees, and the distribution of funds, as well as the Postmortem Program report. The report covers the 2012 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 can be viewed on the Internet by visiting our Website at www.chrb.ca.gov and clicking on "Publications."

Table Of Contents

Recommendations and Strategies	3
Racetracks and Training Facilities Map	4
Simulcast Facilities Map	5
Breeders' Cup	6
The California Horse Racing Board	7
Members of the Board.	8
Board and Committee Meetings	10
Operating Budget	11
State Operations	12
Enacted Legislation.	13
Regulatory Changes	14
Licensing	16
Appointed Racing Officials	17
Racing Supervision	18
CHRIMS	19
Laboratory Services.	20
Racing Safety Program	21
Equine Postmortem Program	22
Equine Fatalities at CHRHB Facilities	23
Starts for All Breeds	23
In Memory of Jorge Herrera	25
Horse Racing in California	26
Schedule of Horse-Racing Meets.	27
Handle 2012.	28
Racetracks and Meets	29
Simulcast Facilities	41
Horse-Racing Revenues	42
Charity Days	42
Uncashed Tickets	43
Distribution by Fund	43
Occupational Licenses and Fees.	44
Other Public Revenues	45
Racetrack Commissions	45
Horsemen's Purses	45
Statistics for Horses Claimed.	46
Authorized Horse Sales.	46
Horse Breeding Programs	47
Revenue Stream	48
Sources of Handle Chart	50
California Horsemen's Organizations and Welfare Funds.	51
Audited Expenses of California Horsemen's Organizations	51
Audited Financial Statements	52

Recommendations and Strategies

Business and Professions Code Section 19441 requires the California Horse Racing Board to annually make a full report to the Governor and the Legislature of its proceedings and the state of the business of horse racing for the preceding fiscal year, including recommendations deemed needed for improved functioning of the horse-racing laws. Business and Professions Code Section 19441.2 requires the Board to include a tabulation of injuries, fatalities, and comparative accident rates for all racing and training venues within its jurisdiction along with recommendations concerning the worker safety impacts of improvements in racetrack design, jockey equipment, racing procedures, and track and facility maintenance.

The CHRHB is mandated to regulate and promote safe, honest, competitive, and entertaining horse racing. In addition, the Board is charged with the protection of the public, and its property, which includes the betting public and the owners and breeders of racehorses.

The CHRHB is responsible for the regulating and promoting of new forms of wagering on horse racing. Exchange Wagering, authorized by the legislature in 2010, is anticipated to begin in 2013.

California has been privileged to host the Breeders' Cup nine times in its 29-year history and will play host a 10th time in 2013 when the World Championships return to Santa Anita Park. The Board has played an active role in promoting California as an ideal location for the Breeders' Cup and will continue to support efforts to stage the Breeders' Cup in California on a frequent or even permanent basis.

In 2010, the Board reported its intention to develop and implement strategies to improve jockey and equine safety by extending the scope of the innovative CHRHB-CAHFS/UC Davis necropsy program. The Racing Injury Prevention Program was initiated at The UC Davis J.D. Wheat Orthopedic Research Laboratory in October of 2011. In the past year, this program has resulted in the completion of comprehensive reports on the cause of nearly 200 racing and training fatalities. The UC Davis research team and CHRHB staff recommend that the results from these reports be incorporated into a series of 22 educational modules that will be made available on the Internet for access by California's owners, trainers, and veterinarians. A plan for the launch of this learning program will be prepared and presented to the Board for review and adoption in early 2013. The purpose of this program is primarily to promote safer racing for horses and riders but also to protect the horse owners' property by giving the horse a longer racing life.

The CHRHB, through its Track Safety Standards Program, has the objective of updating operating and maintenance

standards for all racing surfaces in California, including dirt, synthetic, and turf courses. CHRHB staff has recommended to the Medication and Track Safety Committee the completion and upgrading of safety standards for dirt, synthetic, and turf racing surfaces.

These positive results are just two of several that have occurred since the CHRHB began implementing specifically directed safety strategies in 2010. More program details are contained in the following sections of this Annual Report: Racing Supervision (page 18), Racing Safety Program (page 21), Equine Postmortem Program (page 22), and Fatalities Chart (page 23).

These combined efforts to improve jockey and equine safety are part of a multi-year program that was initiated in fiscal year 2011/2012 and is budgeted for fiscal years 2012/2013 and 2013/2014.

The Board also intends to continue to ensure that adequate funds are being devoted to market horse racing in California. The application for licensure to operate a race meet has been revised to require each applicant to submit its audited financial statements, including a statement of financial position, statement of activities, and statement of cash flows relating to the specific race meet in the license application, thereby enabling the Board to determine – in the judgment of the racing commissioners – if the applicant is spending enough to promote horse racing. This requirement was previously approved by the Board, and the financial information is now part of the licensing process.

The Board will also continue to develop and implement a strategy to increase attendance at brick-and-mortar wagering facilities in the state. The Board intends to continue to expand its regulations pertaining to the conditions and operation of simulcast wagering facilities and to improve the procedures for applying for a license to operate a mini-satellite facility. The three mini-satellites that operated in the last fiscal year handled a total of \$34,694,614. A fourth mini-satellite – the Santa Clarita Lanes in Santa Clarita – opened in 2012. The Board has been advised of plans by business owners to apply for new mini-satellites in other locations throughout the state, including possible prime locations in Los Angeles, San Francisco, and San Diego.

The Board also recommends the passage of legislation providing for the retraining of racehorses for new careers at the conclusion of their racing careers and providing for increased sanctuaries for other retired racehorses. CHRHB staff is currently working with various California non-profits that are involved in the retired racehorse community to promote the retraining of California racehorses after their racing careers have concluded.

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

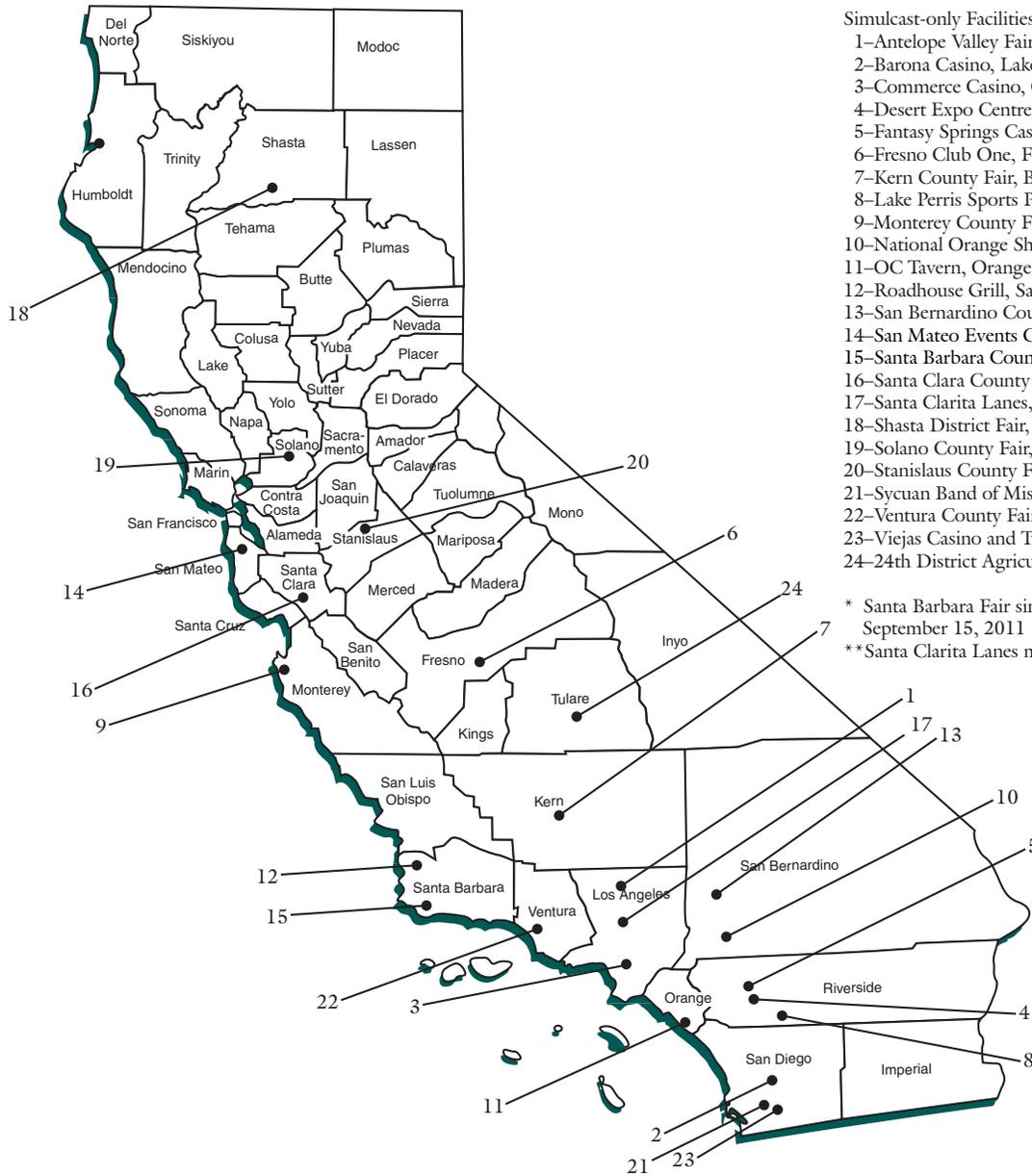
Racing Fairs

- 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

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



Simulcast-only Facilities

- 1–Antelope Valley Fair, Lancaster
- 2–Barona Casino, Lakeside
- 3–Commerce Casino, City of Commerce
- 4–Desert Expo Centre, Indio
- 5–Fantasy Springs Casino, Indio
- 6–Fresno Club One, Fresno
- 7–Kern County Fair, Bakersfield
- 8–Lake Perris Sports Pavilion, Perris
- 9–Monterey County Fair, Monterey
- 10–National Orange Show, San Bernardino
- 11–OC Tavern, Orange County
- 12–Roadhouse Grill, Santa Maria
- 13–San Bernardino County Fair, Victorville
- 14–San Mateo Events Center, San Mateo
- 15–Santa Barbara County Fair, Santa Maria*
- 16–Santa Clara County Fair, San Jose
- 17–Santa Clarita Lanes, Santa Clarita**
- 18–Shasta District Fair, Anderson
- 19–Solano County Fair, Vallejo
- 20–Stanislaus County Fair, Turlock
- 21–Sycuan Band of Mission Indians, El Cajon
- 22–Ventura County Fair, Ventura
- 23–Viejas Casino and Turf Club, Alpine
- 24–24th District Agricultural Association, Tulare

* Santa Barbara Fair simulcast facility closed September 15, 2011

**Santa Clarita Lanes mini-satellite opened July 5, 2012

Breeders' Cup in California

The public enjoyed the spectacle of championship racing at Santa Anita Park when the Breeders' Cup returned to California for the ninth time. The two days of world-class racing – November 2 and 3 – attracted a combined crowd of 89,742. Wagering for the two days from all sources totaled \$144,272,332.

What the public did not see was the behind-the-scenes effort that contributed to the 2012 Breeders' Cup being one of the safest and cleanest-run championships in its 29-year history.

In addition to investigators provided by the Breeders' Cup, CHRBR investigators from throughout the state converged on Santa Anita to work to-

gether to ensure a successful event. They maintained a strong presence in the stable area from the early morning hours throughout the week, and then on Friday and Saturday they extended their shifts to monitor every aspect of the racing programs in the stable area, receiving barn, paddock, racetrack, and testing barn. They confiscated syringes – all tested by the Maddy Laboratory and cleared – and conducted surprise inspections of barns.

A large staff of CHRBR license technicians worked long hours during the week to process 554 licenses, including those for 232 pari-mutuel clerks necessary to serve the large crowds.

All horses were examined multiple times by a team of 10 veterinarians,

which included international and out-of state racing regulatory veterinarians along with CHRBR licensed regulatory veterinarians. Three emergency veterinary teams were on track, and the equine hospital at Santa Anita was fully staffed.

All horses underwent pre-race testing for TCO₂ levels in the blood. Post-race testing of blood and urine samples was performed for prohibited drugs on the first four finishers in all Breeders' Cup races plus additional random horses selected by the stewards consistent with CHRBR protocol. All tests were cleared by November 6. Additionally, 25 percent of all horses pre-entered in the Breeders' Cup were randomly selected for out-of-competition testing and cleared prior to the Breeders' Cup.



BENOIT PHOTO

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 Board exchanges information on licensees and disciplinary proceedings with other commissions of the RCI through the National State Racing Information System.

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

rects 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 California Horse Racing Board 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 Board 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 California Horse Racing 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 Board 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.

Commissioners receive a per diem of \$100 for each day spent in attendance

at meetings and are reimbursed for traveling 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.



Keith Brackpool,
Chairman during the period covered by this report.
Resigned from the Board on January 17, 2013.

Co-founder of Cadiz, Inc., a publicly held land and water resource management company.

Appointed to the CHRB by Governor Arnold Schwarzenegger on September 24, 2009, through July 26, 2013. CHRB Chairman in 2010, 2011, and 2012.



David Israel,
Vice Chairman

Former syndicated newspaper columnist, now a television and movie writer and producer, president of Contentious Content Creation & Pictures, Ltd. Appointed to the CHRB by Governor Arnold Schwarzenegger on July 15, 2008. Reappointed by Gov.

Schwarzenegger through January 1, 2014. CHRB Vice Chairman in 2009, 2010, 2011, and 2012.

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.



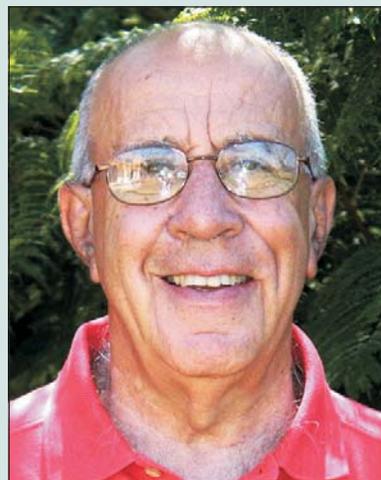
**Jesse H. Choper,
Member**

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.



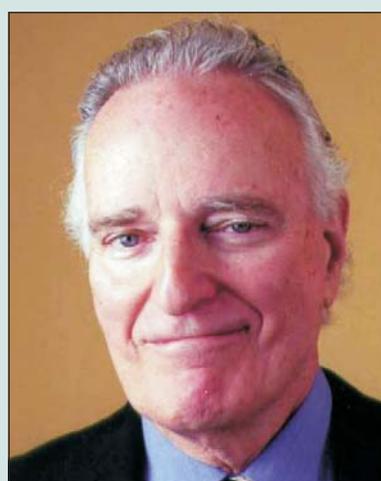
**Richard Rosenberg,
Member**

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.



**Chuck Winner,
Member**

Founded Winner & Associates, LLC, in 1979. Appointed to the CHRB by Governor Edmund G. Brown Jr. on April 9, 2012, through July 26, 2015.



**Jerry Moss,
Former Member**

Co-founder of A&M Records and Rondor Music. Appointed to the CHRB by Governor Arnold Schwarzenegger on February 24, 2004. Reappointed by Gov. Schwarzenegger to a term that expired on January 1, 2012.

Board and Committee Meetings

California racing commissioners met 18 times throughout the state during 2012 either as the full Board or as a Committee. Board and noticed Committee meetings are open to the public and include a published agenda. The following 11 Board meetings were held:

January 19, 2012
Santa Anita Park

February 23, 2012
Santa Anita Park

March 22, 2012
Santa Anita Park

April 26, 2012
Hollywood Park

May 24, 2012
Hollywood Park

June 28, 2012
Hollywood Park

July 19, 2012
Del Mar Simulcast Facility

August 23, 2012
Del Mar Simulcast Facility

September 20, 2012
Los Angeles County Fair

October 18, 2012
Santa Anita Park

November 15, 2012
Hollywood Park

Committee Meeting Dates

Medication & Track Safety
January 10, 2012
UC Davis

Exchange Wagering, Ad Hoc
February 9, 2012
Santa Anita Park

Medication & Track Safety
April 11, 2012
Santa Anita Park

Pari-Mutuel, ADW, Simulcast
April 25, 2012
Hollywood Park

Exchange Wagering, Ad Hoc
August 22, 2012
Del Mar

Medication & Track Safety
August 24, 2012
Del Mar

Pari-Mutuel, ADW, Simulcast
September 19, 2012
Los Angeles County Fair

CHRB Operating Budget

July 1, 2011 – June 30, 2012

Appropriations	Item	Total
Personal Services	\$4,034,000	
Operating Expenses	7,537,250	
Total Appropriation		\$11,571,250
Expenditures — Personal Services		
Salaries and Wages	2,941,638	
Staff Benefits	1,094,769	
Total Personal Services		\$4,036,407
Operating Expenses and Equipment		
General Expense	303,665	
Printing	25,249	
Communications	85,457	
Postage	0	
Travel-in-State	189,424	
Travel-out-of-State	7,405	
Training	12,055	
Facilities Operation	91,623	
Contractual & Professional Services-Interdepartmental	3,470,199	
Contractual & Professional Services-External	2,715,135	
Consolidated data center	163,711	
Central Administration Services: Pro Rata	439,136	
Equipment	20,397	
Tort Payments	0	
Total Operating Expenses and Equipment		\$7,523,455
Total Expenditures		* \$11,559,862
Unexpended Balance FY 2011-12		11,388
Total Expenditures & Unexpended Balance		\$11,571,250

* Includes year-end accruals

State Operations

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

The Board appoints an executive director to carry out its objectives. The executive director, Kirk Breed, is responsible for the department's operations and regulation of the horse-racing industry. Breed 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.

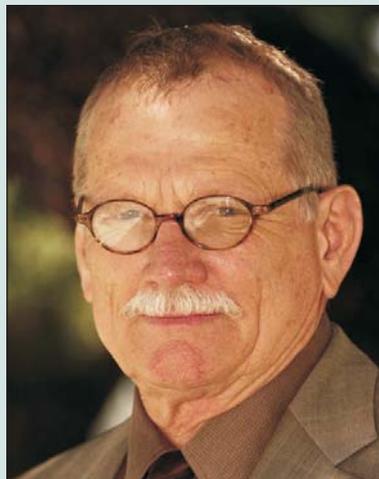
The executive and management team plans and oversees the Board's budget and directs the department's operational divisions: Administrative Services, Legislation and Regulations, Audits, Licensing, Information Technology, and Enforcement.

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 Board 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,
Executive Director**
Appointed February 25,
2008. Previously a lobbyist in
Sacramento specializing in
horse-racing matters.



Enacted Legislation

The following three horse-racing bills were chaptered in 2012:

SB 1418 – Senator Tom Berryhill; Chapter 225

Allows for combined fair race dates to be allocated throughout the year; deletes the requirement that mixed breed meetings be conducted by an entity other than the California Exposition and State Fair (Cal-Expo); and restricts the CHRB from allocating dates for a mixed breed meeting or a combined fair horse meeting in June at Cal-Expo if a standardbred meeting is being conducted at that facility during that month.

AB 2520 – Assembly Member Isadore Hall III; Chapter 347

Increases the number of out-of-state or out-of-country races allowed to be imported by a harness or quarter horse racing association from eight to ten races on live racing days.

AB 2693– Committee on Governmental Organization; Chapter 350

Adds the Arkansas Derby and its full card of races to the list of imported thoroughbred stakes races that are not subject to the daily limitation of 50 imported races; specifies that the referenced trainers organization, known as the California Thoroughbred Trainers, Inc., is the backstretch workers' pension plan sponsor for the purposes of the Federal Employee Retirement Income Security Act of 1974 (ERISA); and adds "horsewomen" to the statutes, so that the provision now reads "horsemen and horsewomen."

Regulatory Changes

The following rules were amended, repealed, or added during 2012:

Rule 1433

Application for License to Conduct a Horse Racing Meeting: Amended two incorporated forms: CHRB-17 Application for License to Conduct a Horse Racing Meeting and CHRB-18 Application for License to Conduct a Horse Racing Meeting of a California Fair. Requires more detailed financial information, as well as information regarding purse figures, attendance for past and current meetings, paramedic staff, and the applicant's promotional and marketing plans.

Rule 1489.1

Suspension of License Due to Delinquent Tax Debt: Requires the Board to mail a preliminary notice of intent to suspend or withhold issuance or renewal of license to current licensees or applicants for license whose name appears on the Board of Equalization (BOE) or the Franchise Tax Board (FTB) 500 largest tax delinquencies lists. If, within 90 days of the mailing of the preliminary notice, the Board receives a notice of release from the BOE or FTB, the licensee will not be suspended and the temporary license may become permanent. If no such release is received within 90 days, the license is suspended or the temporary license is terminated and the license fees forfeited. Upon receipt of a notice of compliance, the proposed regulation requires that a suspended license be reinstated within five working days.

Rule 1581.2

Prohibition on Entering of Pregnant Mares Beyond 120 Day gestation: Prohibits the racing of pregnant mares beyond 120 days of gestation due to the health risks to the mare.

Rule 1656

Errors which Invalidate Claim: Amended to add circumstances for invalidating the claim of a horse by an eligible person in a claiming race and to incorporate by reference the Agreement to Claim form, CHRB-11 (Rev. 8/00), which is used in the process of claiming a horse in a claiming race.

Rule 1663

Entry of Claimed Horse: Amended to provide that, if a horse is entered in a claiming race within 25 days of being claimed, the horse that won the claiming race from which it was claimed shall start in a claiming race for at least 25 percent more than the price at which it was claimed but any horse that did not win the claiming race from which it was claimed shall start at a price equal to, or greater than, the price at which it was claimed.

Rule 1843.3

Penalties for Medication Violations: Amended to establish penalty guidelines to be considered in reaching a decision on medication violations. Changed the minimum allowable level for flunixin from 50 nanograms per milliliter of blood plasma or serum to 20 nanograms per milliliter of blood plasma or serum. In addition, provided a penalty schedule for low-level violations involving phenylbutazone by creating new Category "D" penalties for the drug substance, while the existing Category "C" penalties remain unchanged. Also added new Category "D" penalties for drugs other than phenylbutazone.

Rule 1843.3

Penalties for Medication Violations: Changed the time periods associated with second and third offenses of Category “B” violations. The time period for second offense Category “B” violations was changed from 365 days to two years, and the time period for third offense Category “B” violations was changed from 365 days to five years.

Rule 1844

Authorized Medication: Changed the allowable level of phenylbutazone that may be present in a test sample from five micrograms per milliliter of blood plasma or serum to two micrograms per milliliter of blood plasma or serum. Also lowered the allowable level that may be present in a test sample of flunixin from 50 nanograms per milliliter of blood plasma or serum to 20 nanograms per milliliter of blood plasma or serum.

Rule 1867

Prohibited Veterinary Practices: Amended to add ractopamine and zilpaterol, or their metabolites or analogues, to the list of drug substances for which possession and/or use of on the premises of a facility under the jurisdiction of the Board is considered a prohibited veterinary practice.

Licensing

The CHRB licensing unit, managed by a policy, regulations, and legislation manager, is comprised of one racing license supervisor and eight racing license technicians assigned to the thoroughbred, quarter horse, and harness venues. During a licensed racing meet at any of 12 racetracks in the state, a licensing field office of the Board is established at the operating facility.

The licensing unit issued 8,785 original, renewal, or duplicate licenses in FY 2011-12. Licenses issued included 3,416 new or renewal owner licenses, 344 new or renewal trainer or assistant trainer licenses, 115 new or renewal jockey or apprentice jockey licenses, 1,524 new or renewal groom or stable employee licenses, and 507 new or renewal pari-mutuel clerk licenses as well as many other classes of occupational licenses. The issuance of these licenses generated \$896,885 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 2011–12

STEWARDS

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

Darrel McHargue
Brent McLaren
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. Dana Stead

VETERINARIAN'S ASSISTANT

Kristin Grimsrud

Racing Supervision

The responsibility for onsite supervision of race meetings is placed with racing officials appointed or approved by the Board. 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 Board 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 CHRB rules.

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

The Legislature provides an annual appropriation to meet the costs of direct racing supervision. The allocation for FY 2011-12 was \$2,118,000 for stewards and official veterinarians. Other racing officials were paid by the associations in the manner prescribed and agreed to by the Board.

Acting for the Board 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 Board 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 CHRB 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 supervi-

sion; 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 all horse fatalities.
- ◆ Approved licenses for all riders.
- ◆ Conducted field sampling and testing for the Track Surface Standards program.

California Horse Racing Information Management System (CHRIMS)

California is the only state with a statewide pari-mutuel database providing services to racetracks, horsemen, and government. Services provided by CHRIMS 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 en-

able 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 Advance Deposit Wagering (ADW) companies, which are TwinSpires, TVG, and XpressBet.

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. receives a substantial portion of its funding from the unredeemed vouchers account. During 2011 this portion amounted to \$413,102.

Laboratory Services

To protect animal health and uphold the integrity of the racing industry, the CHRB requires analysis of blood and urine samples from horses in competition. The Kenneth L. Maddy Equine Analytical Chemistry Laboratory is the authorized equine drug-testing laboratory for California horse racing. The laboratory offers full-service, routine drug testing of over 85,000 samples each year. Program funding comes from California wagering revenues. Faculty and staff also develop highly specialized methods to document the effects of certain drugs and other substances on equine performance.

The CHRB analyzed 38,832 post-race urine and blood samples, including in-depth testing of 14,199 for anabolic steroids, 25,253 TCO2 blood samples, 737 out-of-competition blood samples, 92 evidence submissions, and 1,136 other samples for various purposes in FY 2011-12. The cost to the State of California was \$1,987,250.

Urine and blood samples are obtained post-race from the winner of every race, the 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, narcotics, tranquilizers, depressants and potent stimulants such as dermorphin (i.e., "Frog Juice").

Thoroughbreds are subject to pre-race TCO2 testing to regulate bicarbonate loading, a prohibited practice known as "milkshaking." Harness horse TCO2 testing was primarily done 90 minutes post-race on winners, while other horses are selected for testing both pre-race and post-race. The CHRB thoroughbred program is 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. In FY 2012-13, TCO2 testing in harness racing will be pre-race, random sampling. Out-of-competition testing 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 targeted blood doping agents such as erythropoietin, darb-erythropoietin and other biopharmaceutical agents. The program allows more in-depth analysis of routine samples and allowed the implementation of comprehensive androgenic anabolic steroid testing.

In addition, the Maddy Laboratory maintains a portion of every urine sample for retrospective testing should a new test become available. Hundreds of samples underwent retrospective testing for dermorphin, zilpaterol and ractopamine in FY 2011-12. Combined with out-of-competition testing, the CHRB is positioned to be well prepared for the next generation of performance-enhancing drugs.

The Maddy Laboratory was re-accredited by the American Association for Laboratory Accreditation to the international ISO 17025:2005 standards and was the first laboratory in the U.S. to submit an application for the Drug Testing Initiative. The Maddy Laboratory utilizes state-of-the-art scientific instrumentation, including LC-MS screening processes. The combined testing panel covers over 1,000 drugs

utilizing a spectral library for forensic identification. The Maddy Laboratory routinely adds new drugs and updates its metabolite profiles as new information becomes available.

The CHRB uses scientific research data to make regulatory decisions. Researchers have evaluated the effects of prescribed medications, unauthorized drugs, and other substances on the performance of horses. Examples include determining the length of time required for clearance of androgenic anabolic steroids from a horse's system, potential effects of TCO2 levels on performance, analytical methodology development for dermorphin and other drugs, and residue levels of therapeutic medications.

In FY 2011-12, the Maddy Laboratory conducted research or published scientific papers on atipamezole, detomidine (Dormosadan®), firocoxib (Equioxx®), medetomidine, stanozolol, testosterone, tolazoline, tramadol, yohimbine (Yobine®), zoledronic acid, and numerous other drugs. The Maddy Laboratory conducts ongoing research to improve testing for potential drugs of abuse, such as the longer-acting corticosteroids methylprednisolone acetate and triamcinolone acetonide and many other drugs and substances. The UC-Davis School of Veterinary Medicine frequently consults with veterinary professionals seeking to better treat their horses and remain in compliance with horse-racing rules.

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

The CHRB now conducts an investigation into every racehorse fatality that occurs within the enclosure at all California racetracks. The objective of the fatality investigation is to establish the reason for 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 field standardized surface performance measurement tools

and laboratory surface performance measurement testing. This field and laboratory testing will result in standards that will be regularly monitored by the CHRB to ensure consistent racing surfaces.

The Track Safety Standards program has advanced to where it is appropriate to start using these standards to develop surface performance history and to provide objective parameters against which racing surfaces will be inspected. The Medication and Track Safety Committee has initiated evaluation of safety standards for dirt, synthetic, and turf racing surfaces.

The CAHFS Necropsy Program identifies the pathology related to the death of the racehorse and provides scientific understanding of why the fatality occurred. The data collected to date shows that approximately 80 percent of racehorse fatalities are attributable to musculoskeletal injuries.

The Racing Injury Prevention Program, a collaborative effort between the CHRB and UC Davis, is the fourth component of the Racing Safety Program. The program commenced in October 2011 and has the mission to reduce the incidence of debilitating and fatal injuries to both racehorses and jockeys at California racetracks and training facilities.

The new, enhanced orthopedic post-mortem examination is the foundation of this program. These examinations are conducted by veterinarians at the UC Davis J.D. Wheat Veterinary Orthopedic Research Laboratory using specialized equipment and tests, following the initial CAHFS necropsy. The key emphasis of each examination is the identification of pre-existing conditions that promote career-ending injuries. Toward this goal, the program team discovered the pre-existing condition for the most common cause of deaths of racehorses, which is break-

down of the fetlock. Enhanced necropsies have been conducted for every musculoskeletal fatality in California since July 1, 2011. During this fiscal year, final reports have been issued for approximately 200 fatalities that are attributable to musculoskeletal injuries. Of these, approximately 80 percent had an identifiable pre-existing condition that was the cause of the catastrophic breakdown.

Management factors as diverse as race-track surfaces and training and racing regimens have been associated with career-ending injuries in racehorses. Consequently, a focus of the program involves identification of factors that can be managed for injury prevention. The findings of studies on race surface behavior were published, and new studies on training and racing programs were initiated. Graphical depiction of the high-speed exercise history of horses is now reported alongside the enhanced orthopedic examination findings for consideration by attending veterinarians, owners, and trainers of racehorses.

Jockey safety is directly related to equine health. Toward this goal, the causes of jockey falls and related injuries were compiled for the last five years. The data shows that many jockey injuries occur when racehorses fall because of a catastrophic injury. Prevention of equine injuries will enhance jockey welfare.

Education of trainers, owners, veterinarians, grooms, and all caretakers of the horse is essential to injury prevention. Toward this goal: 1) High quality e-Learning education modules are being developed for online access to state-of-the-art information about injury development, detection, and prevention; 2) An information-rich web site was initiated; and 3) Fact sheets about specific injuries were created and distributed. The educational modules will provide the basis for the CHRB's Continuing Education program.

Equine Postmortem Program

The State of California monitors all fatal equine injuries at California racetracks and authorized training facilities. This is accomplished through the CHRB/UC Davis-CAHFS Postmortem Program. The post mortem 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 2011-12. The report is available on the CHRB website through the veterinary link.

CHRB/UC Davis-CAHFS Postmortem Program began in 1990 as a partnership between the CHRB and the California Animal Health and Food Safety (CAHFS) laboratory system under the School of Veterinary Medicine at the University of California at Davis. The Postmortem Program has become a model for the industry.

The program was established to study the nature of injuries occurring in racehorses, to determine the reasons for these injuries, and to develop prevention strategies. To accomplish these goals, a broad cooperative approach was organized. CHRB Rule 1846.5 requires a necropsy (autopsy) for any horse dying within a CHRB-regulated facility.

The CHRB contracts with UC Davis/CAHFS to perform necropsies on all horses that die on any racetrack or training facility under the jurisdiction of the CHRB. The racing associations are responsible for transporting the carcasses to the closest CAHFS laboratory. More than 5,500 horses have been necropsied under the program over the last 20 years. CAHFS laboratories at Davis and San Bernardino conduct all of the postmortems except for fatalities at the Fresno track, which are handled by the Tulare CAHFS lab.

Detailed information on each horse is compiled under the direction of the CHRB official veterinarian and submitted to the appropriate CAHFS necropsy laboratory before the carcass arrives.

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 CHRB funds the postmortem examinations, the racing associations provide transportation, and additional studies are funded by the Center for Equine Health and from research grants from private and public sources.

Musculoskeletal injuries are the most common cause of fatalities at CHRB facilities. As part of the CHRB's racing safety program, since July 1, 2011, specimens from all musculoskeletal injuries are sent to the J.D. Wheat Veterinary Orthopedic Research Laboratory (VORL) at the School of Veterinary Medicine at UC Davis for in-depth analysis.

The uniquely equipped VORL is under the direction of Dr. Sue Stover. Dr. Stover and her research team have many years of experience in studying equine racing injuries. The immediate goal of the enhanced necropsy analysis is to determine the causes and reasons for horse injuries and fatalities. The ultimate goal is to improve detection of injuries earlier to reduce serious non-fatal injuries and prevent catastrophic fatalities on the track.

The enhanced necropsy program builds on the CHRB/UC Davis-

CAHFS necropsy program and the JD Wheat Veterinary Orthopedic Research Laboratory.

The 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 common finding at necropsy, with nearly 90 percent of musculoskeletal racing and training fatalities showing some degree of pathology associated with the fatal injury. This knowledge indicates there is an opportunity for fatal-injury prevention.

More recently, VORL has been focusing on proximal sesamoid bone fractures. Proximal sesamoid bone fractures and associated fetlock (ankle) injuries are the single major cause of fatal racehorse injuries, both racing and training. A full description of the racing safety program can be found on the previous page of this annual report.

Research findings are published in veterinary medical journals and presented at racing industry, veterinary medical, and other professional meetings available to the public.

While the focus always has always been on musculoskeletal injuries, the necropsy program has been an avenue to study non-musculoskeletal conditions, including gastric ulcers, pleuropneumonia, equine protozoal myeloencephalitis (EPM), equine herpes virus (EHV-1), laryngeal abnormalities, and other important equine health and safety issues.

A list of the published scientific articles for each year can be found in the appendix of the annual postmortem reports on the CHRB Website.

Fatalities at CHRB Facilities by Track and Surface July 1, 2011 — June 30, 2012

Track	Racing*			Training**			Other***	Total
	Dirt	Synthetic	Turf	Dirt	Synthetic	Turf		
Cal Expo (Harness)							7	7
Cal Expo (State Fair)								
Del Mar		2	4		6		1	13
Fairplex (Pomona)	2						1	3
Ferndale	2							2
Fresno	1						1	2
Golden Gate Fields		15	1		22		11	49
Hollywood Park		8	5	2	21		8	44
Los Alamitos	37			8			21	66
Pleasanton	1			9			9	19
San Luis Rey Downs				1				1
Santa Anita	12		5	40		2	12	71
Santa Rosa	1							1
TOTAL	56	25	15	60	49	2	71	278

*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).

Starts for All Breeds: July 1, 2011 — June 30, 2012

Track	Racing Surface		
	Dirt	Synthetic	Turf
Cal Expo (Harness)	9,507		
Cal Expo (State Fair)	556		
Del Mar		1,949	755
Fairplex (Pomona)	1,028		
Ferndale	378		
Fresno	735		
Golden Gate Fields		7,578	1,913
Hollywood Park		3,656	1,591
Los Alamitos	10,311		
Pleasanton	980		
Santa Anita	4,492		2,263
Santa Rosa	688		308
TOTAL	28,675	13,183	6,830

In Memory of...



VASSAR PHOTO

IN MEMORY OF JORGE HERRERA, the 33-year-old jockey who was killed in a racing accident at the Alameda County Fair in Pleasanton on July 5, 2012.

Horse Racing in California

Proof once again that fans will turn out in large numbers for quality horse racing, a crowd of 55,123 filled the grandstand at Santa Anita Park on November 3, 2012, to enjoy the 29th Breeders' Cup World Championships. The two-day event featured world-class performers in 15 races offering more than \$20 million in prize money. 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.



BENOIT PHOTO

California Horse-Racing Meetings During 2012

Thoroughbred Race Meetings — Central & Southern Zones		
Santa Anita Park	12/26/11 – 4/22/12	
Hollywood Park	4/26/12 – 7/15/12	
Del Mar	7/18/12 – 9/5/12	
Santa Anita	9/28/12 – 11/4/12	
Hollywood Park	11/8/12 – 12/16/12	
Thoroughbred Race Meetings — Northern Zone		
Golden Gate Fields	12/26/11 – 6/17/12	
Golden Gate Fields	8/17/12 – 9/16/12	
Golden Gate Fields	10/18/12 – 12/16/12	
Quarter Horse Race Meetings — Statewide		
Los Alamitos	12/30/11 – 12/23/12	
Harness Race Meetings — Statewide		
Cal Expo	12/30/11 – 6/16/12	
Cal Expo	11/2/12 – 12/29/12	
Fair Meetings — Statewide		
Pleasanton	Alameda County Fair	6/21/12 – 7/8/12
Cal Expo	State Fair	7/12/12 – 7/22/12
Santa Rosa	Sonoma County Fair	7/25/12 – 8/12/12
Ferndale	Humboldt County Fair	8/15/12 – 8/26/12
Pomona	Los Angeles County Fair	9/7/12 – 9/23/12
Stockton	San Joaquin Fair	9/20/12 – 9/30/12
Fresno	Fresno District Fair	10/4/12 – 10/14/12

Handle 2012

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 and non-commingled handle.

Annual Report	Racing Year													2012			Total
	Thoroughbred Associations							Racing Fairs						Night Meets			
Host	Del Mar	Golden Gate	Hollywood Spring	Hollywood Fall	LATC Winter/Spring	Santa Anita Autumn-Incl Breeders' Cup	Alameda County	Fresno District	Fairplex	Humboldt County	San Joaquin County	Sonoma County	State Fair	Cal Expo Harness	Watch & Wager	Los Alamitos	
Days	37	153	50	24	72	24	13	9	13	8	8	15	8	51	16	154	655
Starters	2,841	8,992	3,282	1,761	4,902	1,964	822	593	1,024	351	457	962	460	5,367	1,910	9,525	45,213
Number of live races	328	1,289	439	215	624	219	115	84	138	59	65	128	68	725	240	1,413	6,149
Average field size per race	8.66	6.98	7.48	8.19	7.86	8.97	7.15	7.06	7.42	5.95	7.03	7.52	6.76	7.40	7.96	6.74	7.35
Brick and Mortar Bets in California																	
<u>On Track:</u>																	
Live races	74,616,043	24,692,447	29,810,049	12,167,999	72,023,863	39,267,784	3,110,731	2,360,049	4,124,453	661,880	680,972	2,858,342	848,253	2,080,504	596,228	18,133,151	288,032,749
Other California races	1,729,709	16,952,559	4,648,870	2,103,643	10,979,496	2,643,879	843,434	282,703	346,828	31,139	158,913	550,697	339,915	n/a	n/a	n/a	41,611,784
Races run outside California	11,129,153	22,187,998	15,453,870	6,014,084	20,327,745	5,020,719	1,105,218	205,002	1,402,494	17,748	202,614	463,465	401,256	348,013	89,921	8,072,279	92,441,579
Total	87,474,905	63,833,004	49,912,789	20,285,726	103,331,104	46,932,383	5,059,382	2,847,755	5,873,776	710,767	1,042,499	3,872,503	1,589,424	2,428,517	686,149	26,205,430	422,086,112
<u>Off Track Network in Host's Zone:</u>																	
Live races	43,923,219	25,198,202	43,718,904	19,964,387	63,435,423	22,621,602	2,294,554	1,447,655	7,476,234	559,805	1,000,492	2,687,182	1,288,508	11,505,284	3,212,090	38,819,008	289,152,547
Other California races	9,505,352	41,701,410	12,883,626	6,115,286	18,703,391	5,513,073	3,388,733	2,478,169	2,366,966	952,639	1,868,344	4,152,320	2,528,411	n/a	n/a	n/a	112,157,718
Races run outside California	30,995,256	76,183,259	52,102,753	20,278,473	65,524,655	19,434,035	6,700,888	3,988,572	9,526,772	1,429,522	3,808,312	7,056,376	4,538,302	5,575,136	1,519,365	40,285,470	348,947,144
Total	84,423,826	143,082,871	108,705,282	46,358,146	147,663,469	47,568,710	12,384,175	7,914,396	19,369,972	2,941,965	6,677,147	13,895,878	8,355,220	17,080,419	4,731,455	79,104,477	750,257,408
Outside host's zone on host's races	12,740,936	61,782,241	16,771,958	7,829,061	27,029,924	9,562,712	4,002,927	2,420,038	2,294,793	840,108	1,487,744	4,803,890	2,203,172	n/a	n/a	n/a	
ADW in California:																	
Live races	30,307,634	8,002,164	30,049,399	13,316,940	36,667,406	15,855,771	711,047	335,606	4,140,726	30,020	189,813	680,375	415,328	3,080,320	1,205,329	28,529,606	173,517,481
Other hosted California races	2,345,659	19,996,866	3,339,322	1,928,021	4,750,957	1,508,787	1,764,606	846,385	625,151	1,076,231	773,541	2,282,699	1,466,060	-	-	-	42,704,286
Races run outside California	24,740,357	48,145,447	46,643,666	18,603,309	54,803,335	16,922,751	3,809,847	2,244,770	7,840,120	1,080,064	2,011,046	3,551,216	2,320,408	9,825,401	3,231,184	34,623,529	280,396,449
Total	57,393,649	76,144,478	80,032,386	33,848,270	96,221,697	34,287,309	6,285,500	3,426,761	12,605,997	2,186,315	2,974,399	6,514,290	4,201,796	12,905,720	4,436,513	63,153,135	496,618,216
Outside host's zone on host's races	6,301,916	11,701,562	6,695,421	3,147,633	7,393,461	3,624,009	809,794	434,061	868,980	154,339	197,220	912,109	463,781	n/a	n/a	n/a	
Exports to Out of State																	
Commingled	201,443,603	158,434,932	191,087,869	102,074,196	308,840,482	200,581,370	8,530,962	5,214,923	26,821,764	1,429,750	3,001,690	9,895,580	3,984,544	17,297,514	5,491,908	82,053,721	1,326,184,806
Non-merged	10,849,331	16,343,695	11,365,048	6,913,731	14,975,953	5,006,152	1,268,282	676,488	2,448,032	344,786	815,312	1,088,966	500,223	-	-	9,842,105	82,438,103
Total	212,292,933	174,778,627	202,452,917	108,987,928	323,816,435	205,587,522	9,799,243	5,891,411	29,269,795	1,774,536	3,817,002	10,984,546	4,484,767	17,297,514	5,491,908	91,895,825	1,408,622,910
TOTAL RACES RUN AT HOST TRACK PLUS RACES RUN AT OTHER TRACKS																	
Daily Average all host's races plus imports	12,449,410	3,472,698	9,291,415	9,185,698	9,798,001	14,481,777	2,949,309	2,548,269	5,406,409	1,076,004	2,024,501	2,732,214	2,662,270	974,748	959,127	1,690,642	
TOTAL DISTRIBUTED BY HOST*																	
Daily Average distributed by host*	11,934,738	2,992,412	8,822,067	8,728,336	9,319,899	13,932,330	2,579,100	2,231,147	5,163,041	951,698	1,813,881	2,351,148	2,328,901	974,748	959,127	1,690,642	3,077,584,646
*Excludes handle distributed by other hosts																	

California Racetracks

The vast horse-racing industry in California includes 12 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

Total Mutuel Handle Showed Significant Increases, On-Track Figures Also Were Up Slightly

SANTA ANITA PARK

Santa Anita's widespread popularity was demonstrated once again with robust out-of-state business during the winter, propelling the meet to finish with a 7-percent increase in total pari-mutuel handle, while on-track handle and attendance increased slightly from 2011 as more than 580,000 fans attended the races. Total all-source handle for the 72-day meet reached \$670,032,705 with an average daily handle of \$9,319,899 compared to the 2011 total of \$606,070,193 for a 70-day meet and an average of \$8,658,145.

"We promoted very aggressively at this meet and it paid off," said then Santa Anita CEO Mark Verge. "Our initial goal was to showcase our five big days and make them bigger, and we did that. We had 44,579 here on opening day (Dec. 26), which was a 10-percent increase over the previous year, and it was the first time we've had more than 40,000 people out for opening day since 1999."

Verge cited similar success on Sunshine Millions Day (January 28), Strub Stakes Day (February 4), Santa Anita Handicap Day (March 3), and Santa Anita Derby Day (April 7).



BENOIT PHOTO

I'll Have Another and Mario Gutierrez (left) outran Creative Cause (center) and Blueskiesrainbows to win the Santa Anita Derby.

Jockey Joel Rosario dominated his competition in the rider standings, winning his second consecutive Santa Anita title with 89 wins, 17 clear of Rafael Bejarano. Hall of Fame trainer Bob Baffert breezed to his record 10th Santa Anita training title, winning 46 races, seven more than runner-up John Sadler.

The Breeders' Cup Once Again Made for an Outstanding Fall Meet

On the wings of the sensational two-day Breeders' Cup World Championships, Santa Anita's Autumn Meet ended on an upbeat note as overall handle for the 24-day meet soared to \$334,375,923 compared to \$211,432,840 during the 2011 meet (without the Breeders' Cup). Not counting Breeders' Cup business, handle and attendance on the other 22 days of the meet also were up slightly from the previous year.

With 34,619 attending on Friday, November 2, and 55,123 on Saturday, November 3, Santa Anita once again served as racing's ultimate showcase. A total of \$147,871,672 was wagered over the two days: \$49,089,432 on Friday and \$98,782,239 on Saturday.

"The 2012 Breeders' Cup was a tremendous success every way you looked at it," said then Santa Anita CEO Mark Verge. "We had great racing, great weather, and we exposed thousands of new people to Santa Anita and to the beauty and excitement of horse racing. Most importantly, we had two days of injury-free competition, which is always our top priority."

Beginning with the opening-day Eddie D Stakes, the Autumn Meet was marked by a number of new names for stakes and by many new and innovative promotions. Santa Anita's first-ever 626 Night Market, staged in the track's infield area October 20 and 21, attracted more than 40,000 people, primarily Asian-American families, and was a rousing success as it underscored Santa Anita's intensified efforts to expand its customer base in the local community. The Autumn Meet also introduced myriad other initiatives to better assist the guests' experience.

Joe Talamo captured his first Santa Anita riding title with 37 victories to outdistance runner-up Rafael Bejarano (21 wins). The 22-year-old Louisiana native dethroned perennial Southern California kingpin Bejarano and departed Joel Rosario, and his deposing of Bejarano and Rosario after their five-year reign was

thought by many to be the top achievement of the meet.

Bob Baffert led from flag fall to finish to win his record 10th Santa Anita crown. The 59-year-old Hall of Fame trainer won with 19 of 70 starters to top runner-up John Sadler (12 wins). Baffert also captured Santa Anita's winter/spring crown in 2011-12 and had a string of seven straight titles from 1996-97 through 2002-03.



BENOIT PHOTO

The 2012 Breeders' Cup got off to a rousing start at Santa Anita Park and finished just as strongly after two noteworthy days, offering promise for the 2013 fall meet when Santa Anita will again host the World Championships.

HIGHLIGHT

Record Purses and Fine Racing Contributed to Successful Meet

DEL MAR

At Del Mar in the summer of 2012, there was record prize money and the horses came to run for it. While many tracks throughout the country reduced racing days and ran smaller fields, Del Mar was able to hold firm at five racing days a week while its field size rose from an average of 8.4 in 2011 to 8.7 in 2012. The track paid out record purses of \$687,000 per day over the course of its 37-day stand, the highest purses offered at a meet in the history of California racing.

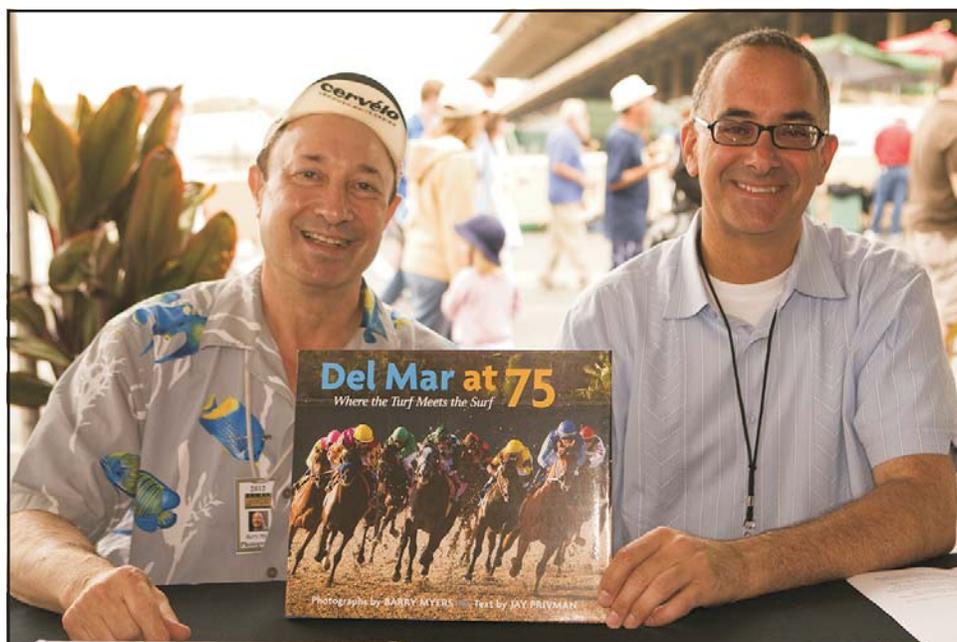
Big purses and fields are the results of large crowds and good wagering. The average daily attendance of 17,623 was a California best and ranked third nationally. On-track wagering totaled \$87,474,905 for an increase of 13 percent from 2011, while total handle from all sources reached \$441,585,313 for an increase of 8 percent.

A key component in the track's increased field size was the second year of its "Ship and Win" program in which it teamed with the Thoroughbred Owners of California to encourage and reward the import of out-of-state horses to race at Del Mar. In 2011 the plan added 107 additional runners to the track's entry box. In 2012 that number jumped to 137 new starters, many of them making repeat appearances throughout the stand and virtually all of them remaining in California to continue racing.

Other numbers that indicated the good health of the session included the running of five more races (328) than in 2011 and more claims (purchases) of horses from races — 261 compared to 254.

The track continued to be a national leader in attracting a prized younger demographic, using music and concerts, special promotions, and a multiple-pronged effort

on the digital front to attract and please the 18- to-34-year-old crowd. It produced and provided the industry's first mobile app to allow for on-track wagering, among its other advantages. Its two Websites won awards and provided material and ideas for emulation throughout the industry.



BENOIT PHOTO

Photographer Barry Myers (left) and writer Jay Privman signed copies of their book — “Del Mar at 75” – during a morning session at the track in 2012. The handsome coffee table book, which has proven to be a big seller, helped celebrate the track's 75th anniversary.

HIGHLIGHT

Spring-Summer Meet Concluded with Slight Drops in Business

HOLLYWOOD PARK

Betfair Hollywood Park concluded its 2012 spring-summer meet with total handle of \$441,102,375 from 50 days of racing compared with the 2011 handle of \$484,737,706 from 54 days of racing. This worked out to average daily handles of \$8,822,067 in 2012 and \$8,976,587 in 2011, a decrease of just under 2 percent. The average daily on-track attendance was down 9/10ths of a percent from 2011.

Track President Jack Liebau expressed satisfaction with the results, noting problems facing the entire horse-racing industry, particularly the ready-to-run horse inventory, and the high rate of unemployment in California.

One area of increase was Advance Deposit Wagering, which totaled \$80,032,386 compared with \$77,914,173 in 2011.

The average field size of 7.48 horses per race was 2.6 percent less than in 2011.

Introduced by Hollywood Park at the start of the 2011 spring/summer season, the Players' Pick 5, a 50-cent minimum bet with a California low takeout rate of 14 percent, saw its average handle increase by 14.6 percent in 2012. The wager, which is offered on the first five races daily, had an average daily handle of more than \$230,000.

"The wagering public continued to respond well to the lower takeout of the Players' Pick 5," said Liebau.

Bob Baffert easily won his second consecutive spring/summer training title, finishing with 35 wins, eight more than John Sadler. Baffert also had a season-high 11 stakes victories. Baffert has captured five training titles at Betfair Hollywood Park.



BENOIT PHOTO

Rafael Bejarano was dominant in the jockeys' race, winding up with 74 wins, 25 more than runner-up Joe Talamo. Bejarano also led with 13 stakes victories. The title was the first at a spring/summer meet for the Peruvian native.

Game On Dude and jockey Chantal Sutherland, right, held off Richard's Kid (Rafael Bejarano) to win the Hollywood Gold Cup.

Fall Meet Showed Increases In Handle & Field Size

Betfair Hollywood Park showed appreciable gains in all-sources handle and field size during the 2012 autumn meet. A total of \$209,480,069 was wagered by all sources on 24 days of racing in 2012 compared with \$198,445,229 wagered during the longer 26-day meet in 2011. The 2012 average daily handle of \$8,728,336 was up more than 14 percent from the 2011 average of \$7,632,509.

Helping spur this increase was a boost in Advance Deposit Wagering from \$30,927,567 in 2011 to \$33,848,270 in 2012 despite racing two fewer days.

The average daily Southern California attendance rose 3.1 percent, improving from 9,338 in 2011 to 9,630 in 2012. Field size rose for a third consecutive year, increasing to 8.19 starters per race in 2012 from 7.89 in 2011 and 7.33 two years earlier. The 2012 autumn meet finished with a flourish, attracting 228 entrants for 21 races over the final two days.

“We’re very pleased with the increases in handle and field size,” said Betfair Hollywood Park President Jack Liebau. “The numbers are a reflection of how the business has changed throughout the country with the sizable growth in Advance Deposit Wagering.”

In the richest race of the meet, Violence remained undefeated by winning the CashCall Futurity, defeating a stubborn Fury Kapcori and nine other 2-year-olds and cementing his status as a prime contender for the 2013 Kentucky Derby.

Jockey Edwin Maldonado won his first major riding title in Southern California, finishing with 25 wins, one more than Rafael Bejarano. Martin Garcia was third with 22 victories.

Hall of Famer Bob Baffert won his third autumn training title at Betfair Hollywood Park. Baffert wound up with 17 wins, leaving him three clear of John Sadler and four in front of Doug O’Neill.



BENOIT PHOTO

Black Rock Thoroughbreds’ Violence and Javier Castellano (left) won the Grade I \$750,000 CashCall Futurity.

HIGHLIGHT

Hudson Landing Offered Plenty of Excitement Despite Slight Drop in Average Daily Handle

GOLDEN GATE

Average daily handle on race meets at Golden Gate Fields in 2012 dropped slightly from 2011. With \$457,838,980 wagered during 153 days of racing in 2012, the average daily handle was \$2,992,412. This compared with \$484,214,240 wagered during 157 days of racing in 2011 and an average of \$3,084,167 – a difference of about 3 percent.

The 5-year-old gelding Hudson Landing was the star performer at Golden Gate in 2012, as the bargain claim captured two of the track's four graded stakes events – the San Francisco Mile and the All American Stakes. Hudson Landing was claimed for \$50,000 by trainer Blaine Wright and went on to earn \$242,805 for his new connections.

The 2012 running El Camino Real Derby, Northern California's major Kentucky Derby prep, featured the closest finish in the race's 31-year history. Daddy Nose Best, ridden by Julien Leparoux, proved a nose best over Irish-bred Lucky Chappy and jockey Alan Garcia in the 1 1/8-mile race for 3 year olds. Fans throughout Northern California were able to witness the thrilling finish as the El Camino Real Derby was broadcast live by Comcast SportsNet California during a one-hour program that was anchored by top sports broadcaster Ted Robinson and the Bay Area's "Mr. Racing," Sam Spear.

Golden Gate Fields-based Russell Baze won 374 races in 2012 to lead the nation's jockeys in victories for the 12th time in his Hall of Fame career. Baze recorded 282 of those wins at Golden Gate Fields, where he captured the riding championship at three meetings — 2011-12 winter/spring, 2012 summer, and 2012 fall. Baze has 44 career riding titles at Golden Gate Fields.



VASSAR PHOTO

The Bay Area's Jerry Hollendorfer finished fifth among the nation's trainers in victories in 2012 with 212 wins and ninth in earnings with \$7,573,282. Hollendorfer, who also maintains a string of horses in Southern California, posted 138 of his wins at Golden Gate Fields, and like Baze, led his colleagues at all three of the track's meetings in 2012.

Hudson Landing won the San Francisco Mile with Juan Hernandez aboard.

HIGHLIGHT

California Fairs Worked Together to Improve the Overall Circuit with Some Positive Results

THE CALIFORNIA FAIRS

Traditionally, fairs have provided an affordable venue for communities and families to gather and experience unusual foods, carnival rides, technologies, and entertainment. Horse racing has a long-shared history at fairgrounds and remains one of the first places that young people experience the colorful excitement of trying to pick a winner. California fair operators recognize the importance of their role and are working to provide a quality racing product that is exciting enough to make first-time race goers repeat customers.

In 2012, fairs concentrated on attracting and retaining horsemen through an elevated purse structure, a comprehensive and varied \$1 million stakes schedule, shipping incentives for out-of-state horses, improved accommodations for horses shipping into hotter climates, a single-credential program for horsemen travelling the circuit, and a pilot appreciation program for core owners and trainers.

In 2010, the fairs began a long-term restructuring and consolidation process with goals to optimize the horse population by reducing dates, offering more turf racing, and generating better racing opportunities for all classifications of thoroughbreds. In 2011, a byproduct of that process was to reduce racing to four-day weeks in order to create the strongest racing cards possible, which resulted in an overall increase in daily average handle. In 2012, fairs added three days to the schedule by moving the San Joaquin County Fair meet from June to September and extending the meet one week.

In an effort to supplement the declining Northern California horse base, fairs increased their recruiting efforts in Washington, Oregon, and Arizona. The out-of-state recruitment program, managed by CARF and consisting of horses that have shipped 600 miles or more, produced 163 horses that made 380 starts on the circuit. The number of starts made by recruited horses was up 15 percent from 2011, representing 10 percent of fair starters.

The resulting racing product did attract fans, with several facilities experiencing record or near-record attendance, but overall handle was down, especially for out-of-state wagering and Southern California players wagering on Northern California. Some of those losses can be attributed to a transfer of players to ADW home wagering, which showed marked gains from 2011. Continuing competition from nearby tribal casinos and the effects of a nationwide economic recession also contributed to declines in handle at California fairs in 2012.

The summer season on the fair circuit provides Northern California horsemen with their only chance to run on true dirt surfaces. In order to maximize that experience under the safest possible conditions, CARF manages the Fair Track Safety and Maintenance Program, which strives to continually improve the natural racing surfaces. In order to provide safety and consistency throughout the circuit, all surfaces are overseen by the same track superintendent and are equipped with state-of-the-art equipment, including uniform all-tread tractors, a state-of-the-art Kimsey horse ambulance, and custom-built water trucks.

HIGHLIGHT

Meet Marked by Joy and Sorrow Concluded with New Attendance Record

PLEASANTON

The 2012 fair season was marred by the tragic loss of jockey Jorge Herrera in a racing accident on July 5 at the Alameda County Fair in Pleasanton. Fair CEO Rick Pickering issued a statement expressing the sympathy of the entire racing community: “This tragedy reminds us all of the frailty of life, and of the tremendous skills and bravery that jockeys possess.”

The Alameda County Fair concluded its 13-day race meet by setting a new attendance record of 534,577 fairgoers, up 18 percent from record-setting attendance in 2011. Racing fans wagered a total of \$33,528,300 compared with \$34,103,507 for a decrease of less than 2 percent, largely reflecting a decrease of four races from the previous year (115 in 2012 compared to 119 in 2011).

Jerry Hollendorfer was the leading trainer with seven wins, and Russell Baze was the leading jockey with 17 wins.

HIGHLIGHT

Jockeys Competed on Horseback and on Foot During Entertaining Sonoma County Fair Meet

SANTA ROSA

“Wine Country Racing” at the Sonoma County Fair was a welcome sight to Northern California turf horses. During the 15-day meet, 108 thoroughbred races were carded with 34 of those races run on the turf course. Average thoroughbred field size went from 7.76 in 2011 to 7.71 in 2012, while an average of 8.41 horses per race competed on turf.

Total handle was \$35,267,217, down 1 percent from \$35,652,807 in 2011. The meet sustained modest declines on track and out of state, which were nearly offset by an 18-percent increase in Advance Deposit Wagering (ADW) handle.

New for 2012 was the opening of the Sliders Gastro Pub and Sports Bar, located near the racing grandstand. The ultra-modern sports bar featured local wine and food and gave fairgoers the opportunity to wager on the races while watching live sporting action, including the Olympic Games.



In a promotion that became an instant fan favorite, jockey Victor Carrero won a jockey foot race in which 12 members of the jockey colony broke from the starting gate and sprinted 100 yards in front of a packed grandstand.

Leading the pack in the “Jockey Race” at Santa Rosa was Victor Carrero, who ran 100 yards in 12:70 seconds.

HIGHLIGHT

Humboldt County Fair Staggered Its Racing Schedule in Innovation

FERNDALE

The Humboldt County Fair meet featured a non-consecutive-day schedule, racing Wednesdays, dark Thursdays, then racing Fridays, Saturdays, and Sundays during the two-week meet in an effort to maximize host revenue during dates concurrently allocated to Golden Gate Fields. This resulted in all-source handle for the eight-day meet of \$7,613,584 compared with \$5,967,703 in 2011.

By not having three consecutive dark days, the new schedule also provided horsemen the opportunity to enter their horses a second or third time during the meet and provided an extra incentive to stay for closing weekend.

To create more competitive races, the clubhouse turn was widened and dirt was moved, creating a 5.9 percent grade of banking around the complete turn. In addition, a six-foot-high outside fence was installed, replacing the traditional outside rail.

HIGHLIGHT

San Joaquin County Fair Set All-Time Attendance Record

STOCKTON

A significant change on the 2012 Northern California calendar was the relocation of the San Joaquin County Fair in Stockton from one week in June 2011 to two weeks in September. This move was intended to showcase the San Joaquin Valley's agricultural harvest while simultaneously expanding the fair's carnival and race meet. The fair also offered free daily admission.

During the eight-day race meet, all-source live handle totaled \$14,511,048. Average field size decreased slightly from 7.06 in 2011 to 7.03 in 2012.

HIGHLIGHT

Big Fresno Sought to Move Fairgoers into the Racing Grandstand

FRESNO

Marking the end of the Northern California fair racing season, the Big Fresno Fair drew 85,500 people on closing day alone, setting a new fair attendance record of 577,480 total loyal guests. In an effort to educate first-time racegoers, a dedicated track handicapper was placed in a booth near the main entrance of the grandstand to explain the information contained in the racing program, provide pointers regarding racing connections, and teach patrons how to place a wager.

The fair, which has renovated its paddock, barn area, infield, and track perimeter in recent years, continued to improve the facility with a stunning waterfall located on the south side of the tote board, which spills over 100 tons of rock into two small pools of water.

The shortage of horses and resulting decline in average field size negatively impacted handle, which totaled \$20,080,322 from all sources, down 12 percent from the 2011 all-source handle of \$22,701,478.

HIGHLIGHT

Hefty Increase in Out-of-State Wagering Contributed to Overall Increase in Business

FAIRPLEX PARK

The 2012 race meet of the Los Angeles County Fair at Fairplex Park showed a dramatic gain in overall handle and management with some of the increase credited to efforts to offer a better racing product and accommodate horseplayers.

“On the final Saturday, our wagering showed an increase of between 12 and 13 percent,” said Kim Lloyd, general manager for Barretts Equine Limited and the man responsible for horse racing at Fairplex. “It was our biggest day in three years. I know the economy is getting a little better, but not that much better, so I think we might be doing something right.”

All-source handle for the 13-day meet totaled \$67,119,530 with a daily average of \$5,163,041 compared with the 2011 total of \$62,006,113 and average of \$4,769,701, an increase of 8 percent. Fairplex caught the fancy of bettors nationwide as out-of-state handle soared to \$29,269,795, more than a 15-percent increase over the previous year.

“What we tried to do differently is we guaranteed a \$100,000 purse for the Barretts Debutante, Barretts Juvenile, and Ralph M. Hinds Pomona Invitational Handicap,” Lloyd explained. “In addition, our final race on Fridays was written for \$25,000 maiden claimers at 1 1/8 miles. If the race had 10 or more starters (a dozen horses can compete in nine-furlong races because of the long run to the first turn), we increased the purse from \$18,000 to \$28,000. We made it the final race because it anchors most of our exotic wagers, such as the Pick Six, Pick Nine, and Super High Five.”

Edwin Maldonado unseated perennial leading rider Martin Pedroza to win the riding title at the meet. Pedroza finished second in the standings – ending his 13-year dominance. The training title came down to the final day of the meet when Jorge

Gutierrez won with his only starter to capture the crown, 6-5, over Robertino Diodoro.



Tree of Life won the Barretts Juvenile at Fairplex Park.

HIGHLIGHT

State Fairgrounds Hosted Both Harness and State Fair Racing in 2012

CAL EXPO

Cal Expo again offered a summer mixed-breed meet during the State Fair and also hosted harness racing marked by a new operator and an upbeat attitude about the future of harness racing in California.

All-source handle for the eight-day fair meet totaled \$18,631,206 for a daily average of \$2,328,901 compared with \$19,775,559 handled over nine days in 2011 and a daily average of \$2,197,284, marking a 6 percent increase in average daily handle in 2012.

Watch and Wager LLC took over operations at Cal Expo Harness with a meet that began Nov. 2, 2012. The first 16 programs proved to be quite successful, and there is now widespread optimism in the industry.

Under the guidance of General Manager Chris Schick and Assistant General Manager/Chief Financial Officer Ben Kenney, figures compared with the corresponding dates in 2011 showed an overall nightly increase in handle of 13.3 percent.

Most importantly, three-day racing weeks began in December and were scheduled to be in place for the remainder of the meeting through May 2013. Since January of 2012, harness racing had been conducted only two days a week in California.

“Restoration of the three-day racing week is vital to the infrastructure and long-term viability of the California industry,” said Schick. “Our horsemen have really pulled together to make it happen.”

Handle figures for the opening portion of the meet reflected an on-track increase of 8.1 percent, a California mini-satellite increase of 27.1 percent, an account wagering increase of 28.9 percent, and an out-of-state increase of 55.2 percent. California fairs and tracks were down an average of 14.4 percent, with the total nightly average of \$757,177 being up 13.3 percent.

On the racing front, Luke Plano won the 2012 driving title with 213 victories from 859 starts, while Bob Johnson captured the training crown with 113 wins.

HIGHLIGHT

Daytime Racing Experiment Brought Year-Long Meet to a Close on High Note

LOS ALAMITOS

Los Alamitos Race Course finished the 2011-12 racing season in terrific fashion thanks to a fantastic series of stakes races in the month of December plus a successful daytime racing experiment during the meet's closing weekend on Dec. 21-23. With Hollywood Park wrapping up its meeting on Sunday, Dec. 16 and Santa Anita's opening day set for its traditional date of Dec. 26, Los Alamitos moved its first post time to 2 p.m. for closing weekend. Track management was pleased with the weekend, as the afternoon on-track attendance for Saturday, Dec. 22, was up 43 percent from a typical Saturday evening card, while the afternoon on-track attendance for Sunday, Dec. 23, nearly doubled from a typical Sunday evening card. Handle from all-sources on both Saturday and Sunday also increased by approximately \$200,000 each day.

Los Alamitos Race Course enjoyed wall-to-wall coverage of its weekend racing on TVG, as the racing network was on track all day long broadcasting from multiple locations throughout the day during the meet's three afternoon cards.

"It was a superb experiment," said Ed Allred, the owner of Los Alamitos Race Course. "It started out a little slow on Friday, but by the end of the weekend our figures were amazingly strong. It was a good way to end the year on a highly successful note. I am also very thankful for the great support that we received from our wonderful partners at Betfair TVG and for spearheading this idea. I am very appreciative for all the great things that TVG does for Los Alamitos all year long."

Los Alamitos ended the season with an average single-night handle figure of \$1,690,642 from all sources, which was down 6 percent from the 2011 average of \$1,803,257. The total handle from all sources during the 2012 meeting was \$260,358,868.

Racing highlights included Matabari winning the meet's richest race – the \$2,108,750 Los Alamitos Two Million Futurity – after a great final duel with The

August Heat. The meet also featured One Dashing Eagle as he became the first quarter horse to ever win three races featuring million-dollar purses, while also setting a single-season quarter horse record in earnings of \$2,079,065. One Dashing Eagle won the \$1,041,000 Ed Burke Million Futurity and \$1,118,000 Golden State Million Futurity at Los Alamitos as well as the All American Futurity at Ruidoso Downs.



One Dashing Eagle made history winning the Golden State Million Futurity at Los Alamitos — his third million-dollar-race victory.

Simulcast Facilities by Location

California Simulcast Facility	Total Handle FY 2011-12	Number of Attendees
Anderson	\$1,266,262	4,701
Bakersfield	6,508,986	32,520
Barona	15,320,653	67,585
Cabazon	24,259,189	49,288
Commerce Casino	23,123,146	66,257
Del Mar	117,551,365	793,224
Ferndale	827,662	19,334
Fresno	7,849,506	99,300
Fresno Club One	3,323,978	4,556
Golden Gate	87,012,714	458,543
Hollywood Park	159,664,249	671,476
Lake Perris	12,321,647	55,076
Lancaster	13,694,081	58,239
Los Alamitos	129,792,076	506,783
Monterey	7,253,139	29,289
O.C. Tavern	9,048,846	36,637
Pleasanton	37,605,640	170,466
Pomona	61,603,416	236,737
Sacramento	27,438,049	133,248
San Bernardino	24,006,807	112,744
San Jose	32,857,566	122,778
San Mateo County	65,970,968	198,836
Santa Anita	214,419,494	986,289
Santa Maria	894,674	3,311
Santa Maria Original Roadhouse Grill	2,522,522	11,726
Santa Rosa	13,330,825	88,722
Shalimar (Indio)	4,115,801	20,698
Stockton	15,125,018	64,699
Sycuan	6,131,809	39,336
Tulare	2,657,919	12,328
Turlock	6,485,950	20,740
Vallejo	14,280,172	58,987
Ventura	22,099,441	73,734
Victorville	5,959,892	37,167
Viejas	8,634,472	46,471

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. 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 2011-12, the pari-mutuel handle totaled \$2,888,835,972 and generated \$11,716,000 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 15.95 percent for thoroughbred race meets, 17.60 percent for quarter-horse meets, 17.50 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, 22.68 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, 23.06 percent; for fair meets, 23.86 percent; and for harness meets, 23.55 percent.

In general, once the state license fee, 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 totalizer 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.

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 \$577,314.

By law, each racing association must conduct a specified portion of its race meeting for the benefit of charities meeting the statutory criteria and approved by the Board. 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, and Los Alamitos Quarter Horse 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. After May 15, the uncashed tickets (unclaimed monies) are distributed as indicated below. The unclaimed money in the pool is the amount remaining when individuals fail to present winning pari-mutuel tickets for cashing. Racing patrons may mistakenly tear up, lose, or forget about winning tickets. In some cases, racing patrons have, many months after the meeting, presented valid pari-mutuel tickets entitling them to a pari-mutuel payoff.

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 2011-12, the distribution to the welfare funds was \$1,037,096.

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 2011-12, the tracks and the horsemen each received \$1,674,711.

3. Unclaimed refunds totaled \$1,048,597 for FY 2011-12. 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, 2011 through June 30, 2012

	Detail	Total
Revenue To Horse Racing Fund		
License Fees — CHRB Support	\$ 11,225,724	
ADW License Fees — CHRB Support	490,276	
Surplus Money Investment Fund	6,860	
Escheat Uncashed/Unclaimed Checks/Warrants	50	
Total 3153 Fund		\$11,722,910
Revenue To General Fund		
Unclaimed Pari-Mutuel Tickets	40,856	
Fines & Penalties	155,970	
Unclaimed Pari-Mutuel Tickets (Racetrack Security)	81,222	
Occupational Licenses	951,134	
Miscellaneous Income	1,655	
Total General Fund		1,230,837
Veterinary Diagnostic Laboratory		1,595,975
Total Revenue		\$14,549,721

Occupational Licenses and Fees

July 1, 2011, through June 30, 2012

Type of License	Fee	Issued	Total
Stable	\$300	318	\$95,400
Multiple Ownership*	300	7	2,100
Horse Owner-Open Claim	250	8	2,000
Officer/Director/Partner**	150-200	92	14,450
Horse Owner**	150-250	3,416	514,000
Trainer, Assistant Trainer***	150	344	51,600
Harness Horse Driver***	150	31	4,150
Jockey/Apprentice Jockey***	150	115	17,250
Jockey Agent	150	25	3,750
Bloodstock Agent	150	11	1,650
Veterinarian	150	51	7,650
Association Employee	75	236	17,700
Valet/Custodian/Attendant	75	19	1,4250
Pari-mutuel Employee/Tote	75	507	38,025
Horseshoer	75	34	2,550
Exercise Rider/Pony Rider***	75	317	23,775
Misc. Employee/Stable Agent Vendor**	35-75	356	24,460
Security Guard	75	97	7,275
Stable Foreman	75	70	5,250
Authorized Agent	25	594	14,850
Replacement License	15	311	4,665
Annual Groom/Stable Employee (Original)***	35	302	10,570
Annual Groom/Stable Employee (Renewal)**	20-35	1,524	32,340
Total fees generated to General Fund			\$896,885

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 2011-12, there were 1,982 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 2011-12, the total amount paid for claiming of horses was \$26,125,350, resulting in sales tax revenues of \$2,222,360.

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 2011-12, \$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 2011-12 totaled \$117,554,931.

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 2011-12 totaled \$138,382,643. In addition, \$10,193,492 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.

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 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 2011-12, \$720,078 was generated as owners premiums and \$9,336,119 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 2011-12, the program generated \$444,576.

Quarter-Horse Breeders Program

Pacific Coast Quarter Horse Racing Association, as the recognized breeders organization, received \$389,620 from the pari-mutuel handle to fund its program in FY 2011-12. 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 \$406 for the breeders program in FY 2011-12. No paints ran in California. This revenue came from ADW wagers.

Arabian Breeders Program

The California Arabian horse breeders awards received \$11,181 for the program during FY 2011-12.

Mule Breeders Program

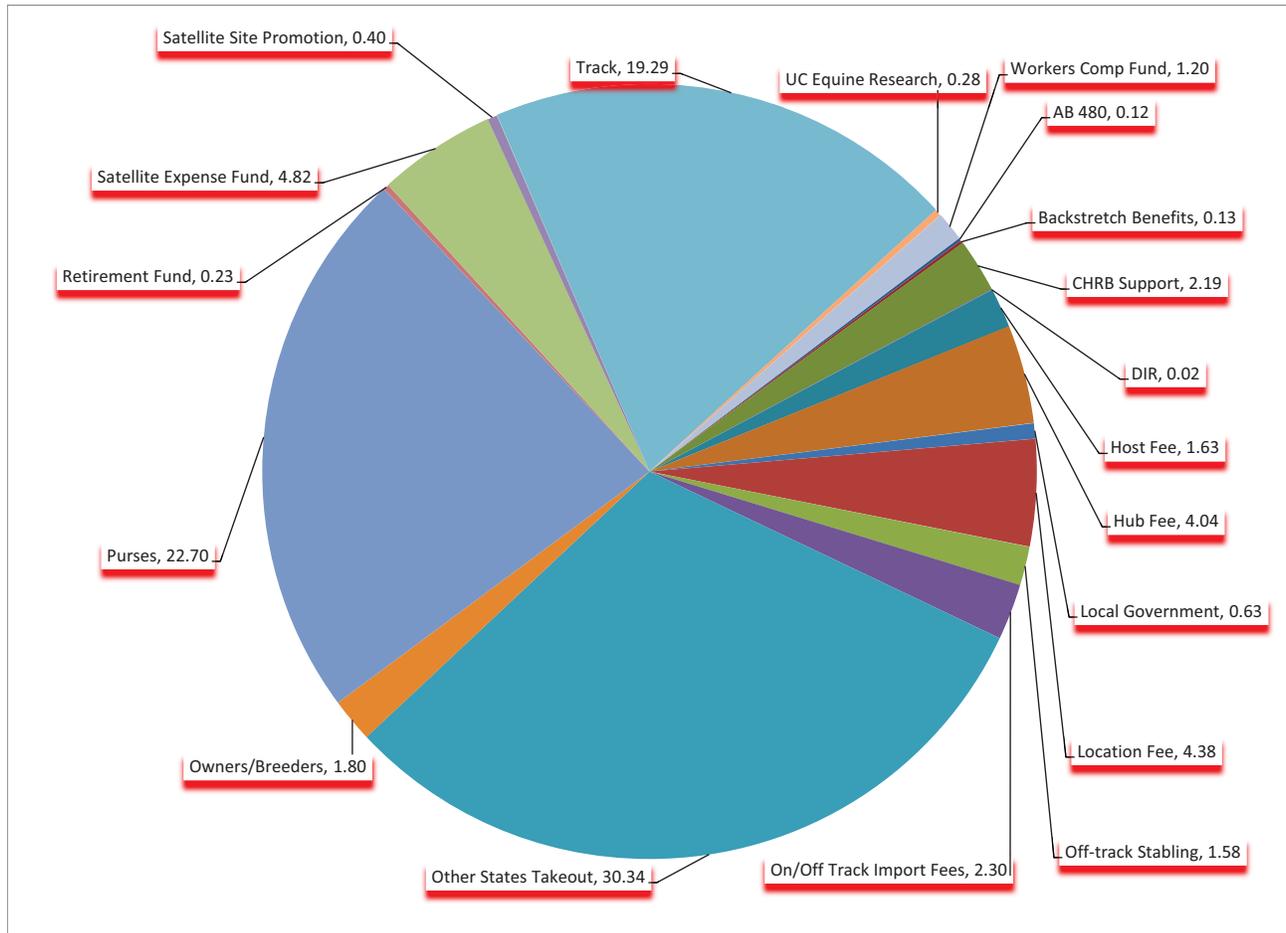
The California mule breeders awards received \$11,580 for the program during FY 2011-12.

Appaloosa Breeders Program

The California Appaloosa breeders awards received \$11 for the program during FY 2011-12.

The Revenue Stream

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



A total of \$2,888,835,972 was wagered by fans of California racing during FY 2011-12, and of that money 79 percent (\$2,279,334,807) 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 14.06 percent of wagers placed (\$406 million). Off-track betting within the state provides 26.58 percent of the handle (\$767 million). The balance comes from out-of-state and Advance Deposit Wagers (totaling \$1.7 billion). ADW accounted for \$668,951,610 of that handle.

Patrons failed to cash \$4.4 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 the California Horse Racing Information Management System (CHRIMS).

Breakage, a byproduct of the pari-mutuel calculation, is distributed to the state, to purses, and to the racing associations. This totaled \$6,888,366 in FY 2011-12.

Of the \$2.8 billion wagered, \$611 million, or 21.17 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 \$138,328,643 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 \$117 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 California Horse Racing Board budget (\$11,716,000) comes from the horse-racing industry through the yearly budget process conducted by the State Legislature. This allocation is used to fund the Horse Racing Board'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 \$10,193,493 in awards were divided between programs for thoroughbreds (\$9,336,119), standardbreds (\$444,576), quarter horses (\$389,620), paints (\$406), Arabians (\$11,181), mules (\$11,580), and Appaloosas (\$11).

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 \$14 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 \$163 million.

Equine Research

A mandated deduction goes to the University of California 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 \$59 million last year:

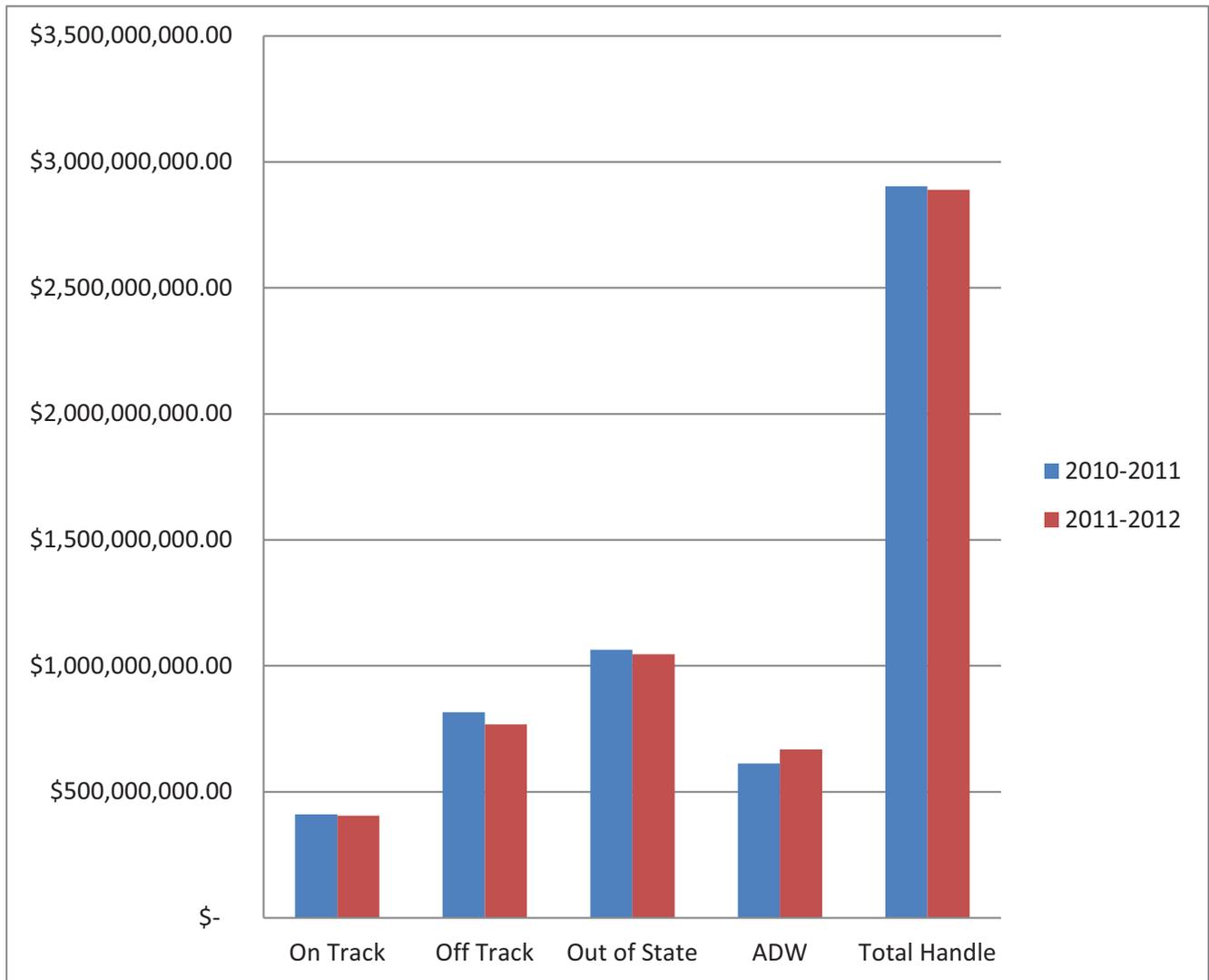
Stable and Vanning Fund:	\$9.6 million
Promotion Fund:	\$2.4 million
Expense Fund:	\$29.3 million
Guest Site Fees:	\$17.8 million

Retirement and Welfare

ADW Retirement and Welfare Plans received \$1,430,921 for FY 2011-12. These funds supplement the backstretch personnel pension plan and provide welfare benefits for horsemen and backstretch personnel.

Sources of Handle

Fiscal Years 2010–11 and 2011–12



The on-track handle represents wagers at the host track. For FY 2011-12, on-track wagers accounted for 14.06 percent of the total handle. Off-track handle represents wagering at California simulcast locations and accounted for 26.58 percent of the total. Out-of-state handle represents commingled wagers from other US and international sites. Out-of-state wagers accounted for 36.20 percent of the total. Advance Deposit Wager (ADW) represents the handle generated through the four-licensed California ADW companies. The ADW handle accounted for 23.16 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 Board requires annual audits of their financial reports.

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 California Horse Racing Board. 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.

Audited Financial Statements of California Horse Racing Industry

The CHRB is charged with recognizing a number of horse-racing industry participants. The Board's recognition entitles industry participants to receive statutory distributions from the takeout. Further, pursuant to Business and Professions Code Section 19440.5 and requirements outlined in the horse race meet application, the Board requires the recognized industry participants to annually file with the CHRB its audited financial statements. The table below lists the organizations and its respective last audit report received by the CHRB.

Horsemen's Associations

Last Audit Report

Pacific Coast Quarter Horse Racing Association	2008
American Mule Racing Association	2010
California Thoroughbred Horsemen's Foundation	2011
California Harness Horsemen's Association	2004
Arabian Racing Association of California	2010

Administrative Funds

CHRIMS	2009
California Marketing Committee - CMC	2010
California Thoroughbred Business League	2009
Northern California Off-Track Wagering (NOTWINC)	2008
Southern California Off-Track Wagering (SCOTWINC)	2010
California Thoroughbred Breeders Association	2010
California Thoroughbred Trainers	2010
Thoroughbred Owners of California	2011
Quarter Horse Racing, Inc. & Subsidiaries	2011
Disabled Jockeys' Endowment	2007
California Jockeys' Welfare Corp	2011
Quarter Horse Benevolent Charity Foundation	2011
California Standardbred Sires Stakes Committee	2007
California Retirement Management Account, Inc.	2008

Racing Associations

Hollywood Park Racing Association	2009
Oak Tree Racing Association	2009
Pacific Racing Association (GGF)	2011
Del Mar Thoroughbred Club	2010
CARF	2008
Los Angeles Turf Club	2011
European Wagering Services Limited	2011

ADW Companies

TVG	2009
Twin Spires ADW	2008
Youbet.com	2008
Magna Entertainment Corp. (GGF/Santa Anita/ExpressBet)	2010