

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

of the California Horse Racing Board will be held on Thursday, September 18, 2008, commencing at 9:00 a.m., at the Sheraton Fairplex Suites, 601 W. McKinley Avenue, Pomona, California.

The audio portion only of the California Horse Racing Board regular meeting will be available online through a link at the CHRB website (www.chrb.ca.gov) under "Webcasts."

AGENDA

Action Items:

1. Approval of the **minutes of the regular meeting of August 19, 2008.**
2. Discussion and action by the Board on the **Application to Conduct a Horse Racing Meeting of the Hollywood Park Fall Racing Association, LLC (T) at Hollywood Park, commencing October 29, 2008 through December 21, 2008, inclusive.**
3. Public hearing and action by the Board on the **proposed amendment of CHRB Rule 1481, Occupational Licenses and Fees, Rule 1486, Term of License, and the addition of CHRB Rule 1504.5, Provisional Exercise Rider**, to initiate a Provisional Exercise Rider program, to provide a training program to allow aspiring exercise riders to gain experience before becoming licensed exercise riders.
4. Public hearing and action by the Board on the **proposed addition of CHRB Rule, 1689.2, Safety Reins Required**, to require the use of safety reins at California racetracks.
5. Discussion and action by the Board on **proposed waivers of CHRB rules for the October 18, 2008 "Living Legends" Race at Santa Anita.**
6. Discussion by the Board **regarding the status of the Sacramento Harness Association.**
7. Discussion and action by the Board **regarding requiring certification of Secondary Pari-mutuel Organizations (SPMO's) by the Association of Racing Commissioners International (ARCI) in conjunction with other racing jurisdictions.**
8. Discussion and action by the Board **regarding the allocation of race dates and related issues for 2009 and beyond.**

9. Discussion by the Board regarding the status of advance deposit wagering (ADW), the licensure or approval of ADW providers and the imposition of conditions for issuance of ADW licenses, including prohibitions against exclusivity agreements/clauses between ADW providers and industry participants.
10. Discussion and action by the Board on the proposed amendment of Rule 2073, Operation of an Advance Deposit Wagering Account for All Entities, to remove restrictions on the number of deposits an account holder may make each racing day, and to allow access to such deposits the day they are made.
11. Discussion and action by the Board regarding a proposal to amend CHRB Rule 1690.1, Toe Grabs Prohibited, to modify the height of permissible front shoe toe grabs from four millimeters to two millimeters.
12. Report of the Medication Committee.
13. **Public Comment:** Communications, reports, requests for future actions of the Board. **Note:** Persons addressing the Board under this item will be restricted to **three (3) minutes** for their presentation.
14. **Closed Session:** For the purpose of receiving advice from counsel, considering pending litigation, reaching decisions on administrative licensing and disciplinary hearings, and personnel matters, as authorized by Section 11126 of the Government Code.
 - A. The Board may convene a Closed Session to confer with and receive advice from its legal counsel regarding the pending litigation described in the attachment to this agenda captioned "Pending Litigation," as authorized by Government Code section 11126(e).
 - B. The Board may convene a Closed Session to confer with and receive advice from its legal counsel regarding the pending administrative licensing or disciplinary matters described in the attachment to this agenda captioned "Pending Administrative Adjudications," as authorized by Government Code section 11126(e).
 - C. The Board may convene a Closed Session for the purposes of considering personnel matters as authorized by Government Code section 11126, subdivision (a).

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

CALIFORNIA HORSE RACING BOARD

Richard B. Shapiro, Chairman
John C. Harris, Vice Chairman
John Andreini, Member
Jesse H. Choper, Member
Bo Derek, Member
David Israel, Member
Jerry Moss, Member
Kirk E. Breed, Executive Director

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**PENDING LITIGATION
SEPTEMBER 2008**

CASE

CASE REFERENCE

**CALIFORNIA HARNESS HORSEMEN'S
ASSOCIATION and CAPITOL RACING,
LLC, v.**
California Horse Racing Board

Sacramento County Superior Court
No. 03CS01033
Third District Court of Appeal
No. C051744

CAPITOL RACING, LLC, v.
California Horse Racing Board and
(California Harness Horsemen's Association
interested Party)

Sacramento County Superior Court
No. 05CS01116

**CALIFORNIA HARNESS HORSEMEN'S
ASSOCIATION v.**
Capitol Racing

Sacramento County Superior Court
No. 05AS05586

JAMGOTCHIAN, JERRY v.
California Horse Racing Board, et al.

Los Angeles County Superior Court
No. BC380314

PARI-MUTUEL EMPLOYEES GUILD v.
California Horse Racing Board

Sacramento Superior Court

SACRAMENTO HARNESS ASSN.

Pending Adjudicatory Proceeding

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PENDING ADMINISTRATIVE ADJUDICATIONS
SEPTEMBER 2008

CASE

CASE NUMBER

PATRICK VALENZUELA

OAH No. 2008030173

SCIENTIFIC GAMES

PROCEEDINGS of the Regular Meeting of the **California Horse Racing Board** held at the **Del Mar Surfside Race Place (Downstairs General Admission Area)**, 2260 Jimmy Durante Blvd., Del Mar, California, on **August 19, 2008**.

PRESENT: Richard B. Shapiro, Chairman
John C. Harris, Vice-Chairman
John Andreini, Member
Jesse H. Choper, Member
David Israel, Member
Kirk E. Breed, Executive Director
Robert Miller, Staff Counsel

MINUTES

Chairman Shapiro asked for approval of the minutes of the Regular Meeting of June 27, 2008. Commissioner Israel **motioned** to approve the minutes. Commissioner Choper **seconded** the motion, which was **unanimously carried**. Chairman Shapiro asked for approval of the minutes of the Regular Meeting of July 17, 2008. Commissioner Israel **motioned** to approve the minutes. Commissioner Choper **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD REGARDING A) REALLOCATION OF SEPTEMBER 17, 2008, THROUGH DECEMBER 21, 2008, RACE DATES FROM GOLDEN GATE FIELDS TO THE LOS ANGELES TURF CLUB AND B) THE APPLICATION TO CONDUCT A HORSE RACING MEETING OF THE LOS ANGELES TURF CLUB (T) AT GOLDEN GATE FIELDS, COMMENCING SEPTEMBER 17, 2008, THROUGH DECEMBER 21, 2008.

Frank DeMarco of the Los Angeles Turf Club (LATC) said the dates awarded Golden Gate Fields (GGF) exceeded the statutory limit, so another racing association would need to run the meeting in Northern California for the remainder of 2008. He stated LATC had the resources to run the meeting, and it would retain all of GGF's employees. Commissioner Choper asked if the proposed reallocation of race dates was consistent with horse racing law. Mr.

Demarco said a legal opinion was put forth in the letter requesting the reallocation. Commissioner Choper stated no one would object to the reallocation, but LATC and GGF were once competing racing associations. Chairman Shapiro said at one time a single entity was prohibited from owning more than one racetrack; however, that changed. The request for a reallocation of race dates from GGF to LATC was not detrimental to any party. It would keep racing alive in Northern California for 2008, and due to pending legislation it would not be necessary in the future. Robert Hartman of GGF stated Senate Bill (SB) 561 would allow a Northern California racing association to run up to 35 weeks. The bill was ready for signature, so there should be no problem in 2009. Mr. DeMarco said LATC included a contingency paragraph in its request. In the event SB 561 was signed by the Governor, LATC would probably amend its application. Chairman Shapiro commented the application before the Board was essentially the same, except the applicant was LATC, not GGF. Mr. Hartman said that was correct. Chairman Shapiro stated the advance deposit wagering (ADW) providers were Youbet, TVG, XpressBet and TwinSpires. Mr. Hartman said LATC was hopeful an agreement with TVG could be reached, but negotiations were ongoing. Chairman Shapiro said then the ADW providers would be Youbet, XpressBet and TwinSpires. Mr. Hartman stated that was his understanding. Drew Couto of Thoroughbred Owners of California said contracts were in place with TwinSpires, XpressBet and Youbet. He stated TVG indicated it was not interested in taking the LATC signal. Commissioner Choper asked if LATC had early wagering. Peter Tunney of GGF said early wagering was expensive and did not pay for itself. However, early wagering was available through the ADW providers. Commissioner Israel asked if the Board was within its statutory rights to approve the request

for LATC to take the GGF race dates. Staff Counsel Robert Miller said the Board had the authority to approve the request. Vice-Chairman Harris motioned to approve the request to reallocate the September 17, 2008, through December 21, 2008, race dates from GGF to LATC, and to approve the application for license to conduct a horse racing meeting of LATC at GGF. Commissioner Israel seconded the motion, which was unanimously carried. Greg Badovinac, a horseracing fan, requested that the Board not approve the application. He stated the inability of the parties to arrive at an agreement that would allow fans to wager on any race meeting on any ADW platform was anti-fan. Mr. Badovinac said the recent ADW experiment went well, and the Board should do everything in its power to ensure it continued. Chairman Shapiro said the Board was sympathetic with Mr. Badovinac's comments. The Board made a sincere effort to move the parties towards an agreement that would extend the ADW experiment, but there were contractual agreements in place that it could not abrogate. When the ADW providers applied to renew their licenses or approvals the Board could move to require non-exclusivity as a condition of license/approval. Chairman Shapiro stated such a condition would cover wagering only, not television.

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING OF THE OAK TREE RACING ASSOCIATION (T) AT SANTA ANITA, COMMENCING SEPTEMBER 24, 2008, THROUGH OCTOBER 26, 2008, INCLUSIVE.

Sherwood Chillingworth of Oak Tree Racing Association (OTRA) stated his organization would go on the offensive in 2008. The wagering business was down in Las Vegas and the Pechanga hotel and casino recently released 400 employees. OTRA planned to have a promotional budget that would be larger than the 2007 budget. Mr. Chillingworth said that did

not include the Breeders' Cup, which was a premiere event on its own. Allen Gutterman of OTRA discussed the promotional schedule for OTRA. He stated Richard Mandela's 2003 Breeders' Cup wins would be celebrated, and he enumerated the various give-aways, including a polo shirt on September 27, when six graded stakes races would be run. Other promotional events included California Cup Day on October 5; an oldies concert in the infield on October 11; and the first "Living Legends" race on October 18, which would feature retired Hall of Fame riders. Mr. Gutterman said the jockeys participating in the race had won an aggregate of 49,000 races and over \$1.5 billion in purses. In addition, Hall of Fame jockeys Laffit Pincay, Jr., Eddie Delahoussaye and Jorge Velaszuez would participate in the ceremonies and autograph sessions. The event would be the official kickoff to the Breeders' Cup week. Mr. Gutterman thanked the Board for its cooperation in working out the details of the race. He added OTRA obtained worker's compensation insurance to cover the event. The race, which was an allowance race, would be the fourth race on the card, which would keep it out of the Pick six. Mr. Gutterman discussed the Breeders' Cup events, and other promotional items such as Senior Day on Thursdays; Sunday Family Fun Days; and daily handicapping seminars. Finally, Mr. Gutterman said OTRA was close to announcing an agreement with the California State Lottery to offer a two-week game tied to the results of the Breeders' Cup Classic. Mike Harlow of OTRA said his organization was excited about the meeting. He spoke about the graded stakes and the purses that would be paid out over the 26-day meeting. OTRA was hopeful its field sizes and the quality of the horses would live up to the grade one standards. Mr. Harlow added the overnight structure was stronger than the 2007 meeting and there was a solid purse structure. Chairman Shapiro asked how the racing surface was doing. Ron

Charles of Santa Anita said the track was coming along well. The infield was better than originally though, and extensive work was done beneath the surface, going down to the rocks and replacing some of the drainage. Mr. Charles stated Santa Anita was confident the track would drain and he stated it felt outstanding. He said there were several flaws in the original synthetic surface, so Santa Anita started from the bottom up, and replaced everything. Santa Anita had a plant on the infield that treated every inch of the track surface. The materials traveled on a conveyer belt into the plant, and came out with the binder and fiber on it, and was then stored and prepared to go on the surface. Mr. Charles said the track surface was raising a lot of interest in Europe and the United Kingdom, and several stables were considering sending horses for the Breeders' Cup. Mr. Chillingworth stated if there was a carryover on Thursday, October 23, the Breeders' Cup would like it paid on Friday, October 24, as it would put more money into the players' hands on Saturday, October 25. There was already a guaranteed \$3.5 million Pick six on Saturday, October 25, so the Breeders' Cup did not think an additional carryover would be that beneficial. Chairman Shapiro said the Board did not have an opinion on the issue, but it would not want to disadvantage local fans and horsemen. Normally, if there was a carryover it was paid the next racing day. Drew Couto of Thoroughbred Owners of California (TOC) stated he had not heard of the request, but he thought TOC would be opposed, as it did not receive any of the income generated by the Breeder's Cup. The carryover would not be generated on Breeders' Cup races, so it should be carried forward to the next day of the OTRA meeting, not the Breeders' Cup meet. Vice-Chairman Harris said that could confuse fans, so perhaps some financial consideration could be given to TOC. Mr. Couto said TOC would discuss the issue with OTRA. Mr. Chillingworth

commented the advance deposit wagering (ADW) providers would be TVG and Youbet. The ADW experiment was not continued and OTRA was still subject to an exclusive agreement. Greg Badovinac, a horse racing fan, spoke about his concerns regarding the OTRA application. Chairman Shapiro **motioned** to approve the application to conduct a horse racing meeting of OTRA. Commissioner Israel **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING OF THE BIG FRESNO FAIR (F) AT FRESNO, COMMENCING OCTOBER 1, 2008, THROUGH OCTOBER 13, 2008, INCLUSIVE.

Chairman Shapiro congratulated the Big Fresno Fair (BFF) for its facility improvements. He stated the turf club admission doubled; preferred parking in the Chance lot went from \$10 to \$12; and a box seat was \$5, so it looked like it would cost \$27 without a program or a form. Dan White of BFF said the turf club price remained the same for the past 16 years, and even with the increase reservations were ahead of 2007. Mr. White stated there was also a new VIP deck, which was \$150 a table. BFF offered a number of areas for fans, each with a different price. Chairman Shapiro said BFF was a great fair, but he was concerned price increases could affect attendance. Mr. White stated reservations were ahead of 2007, and BFF never had a problem with filling the grandstands on weekends. Chairman Shapiro asked if the advance deposit wagering (ADW) providers were non-exclusive. Mr. White said that was correct. Chairman Shapiro asked if the host fee during the BFF meeting was shared with Golden Gate Fields. Mr. White said that was correct, and the purses were also supplemented by Fairs and Expo. He commented BFF would offer a 50-cent Pick four. Fans loved the

wager, so BFF decided to try it at its 2008 meeting. Vice-Chairman Harris suggested publicizing the wager with ADW players, as sometimes ADW did not pick up on every last wager BFF offered. He stated the 2008 meeting would probably be one of the tougher meetings because of the horse shortage in Northern California. Mr. White said BFF was conducting outreach with trainers on the fair circuit. BFF faced the same situation a couple years ago, but it managed to have a positive meeting. Vice-Chairman Harris motioned to approve the application to conduct a horse racing meeting of BFF. Chairman Shapiro seconded the motion, which was unanimously carried.

PUBLIC HEARING AND ACTION BY THE BOARD ON THE PROPOSED AMENDMENT OF CHRB RULE 1481, OCCUPATIONAL LICENSES AND FEES, RULE 1486, TERM OF LICENSE, AND THE ADDITION OF CHRB RULE 1504.5, PROVISIONAL EXERCISE RIDER, TO INITIATE A PROVISIONAL EXERCISE RIDER PROGRAM, TO PROVIDE A TRAINING PROGRAM TO ALLOW ASPIRING EXERCISE RIDERS TO GAIN EXPERIENCE BEFORE BECOMING LICENSED EXERCISE RIDERS.

Chairman Shapiro said the proposal would put in place a system to identify new exercise riders and to provide them with some experience prior to receipt of an exercise rider license. Leigh Ann Howard of San Luis Rey Downs (SLRD) said the proposal was not designed to teach people how to ride; rather, it would create an opportunity for good riders to become licensed at a CHRB facility. The addition of Rule 1504.5, Provisional Exercise Rider, would ensure that when an applicant got an exercise rider license, he or she would have experience on a CHRB racetrack. Chairman Shapiro said he was not sure he understood the distinction. Was not the purpose of the proposed regulation to allow riders who were new to the racetrack to ease into becoming familiar with racetrack etiquette, so they would not be a danger to themselves and others? Ed Halpern of the California Thoroughbred Trainers said the purpose of the license

was to allow the outrider to judge whether an applicant was proficient; it was not a training program. He stated the regulation would also allow other riders on the track to know there was someone with less experience in close proximity and to act accordingly. Vice-Chairman Harris said the proposed license was a more refined version of current practice. It would eliminate the need for a quick judgment of an applicant's qualifications. Mr. Halpern said that was correct. If an unprepared candidate were a danger on the track the outrider would be able to tell them they were not prepared. Ms. Howard said the provisional exercise rider license would give the applicant time to experience the different things that could happen on the track, such as a horse running off. Applicants did not learn about track life by riding on a farm. Chairman Shapiro commented the question was: should provisional exercise riders ride at SLRD or at Del Mar were the track was filled with horses? Ms. Howard stated to ride at SLRD one had to have an exercise rider license. If an applicant appeared at SLRD with an approval card, and rode for the outrider – who then signed the card – that rider would go to any racetrack without much experience. That was because once an applicant had the license, there was no way to know his or her true qualifications. Chairman Shapiro asked should a person who had been riding horses all his life, who decided to start riding racehorses, learn at SLRD, or just go to Del Mar? Ms. Howard said the applicant should go through all the hoops a prospective exercise rider went through. The outrider would judge if the applicant was fit to ride at Del Mar, or at SLRD. Either way, one had to have a license. Chairman Shapiro said he did not see the difference between what an applicant currently had to do to get a license and what the proposed regulation required. Mr. Halpern said currently, an applicant saw the stewards, and then he or she would ride for the outrider, who would make a determination

regarding the applicant's horsemanship and knowledge of racetrack etiquette. However, there was no formal test for an exercise rider license. Mr. Halpern said under the proposed regulation, the provisional exercise rider had to wait 60 days before he or she could receive an exercise rider license. One could argue that was too long, as it was not supposed to be a learning period; it was supposed to be a "prove yourself" period. If it were a learning period it might be ideal to send provisional exercise riders to a facility where there were not many horses, but that might not be practical. The proposal before the Board was a natural step forward in what was current practice. Chairman Shapiro said he was in favor of a change, but he was not sure if the proposal, as presented, was ideal. He suggested that Ms. Howard prepare a chart to demonstrate current practice versus the proposal. Commissioner Israel asked if the proposal would incur additional expense. Mr. Halpern said there would not be additional expenses, as applicants were currently required to get a license, and the stewards and outrider were in place. Commissioner Israel asked if there were any studies to demonstrate accidents caused by inexperienced exercise riders. Ms. Howard said there were plenty of anecdotal stories. Vice-Chairman Harris asked if the proposal had been put out for comment. Ms. Howard said it was put out for public comment, but because of proposed changes to the text, it would have to be put out for additional comment. Commissioner Choper stated the Board ought to look at exempting jockeys and apprentice jockeys, and perhaps look at the written test. Commissioner Israel asked how language and literacy issues would be dealt with if there were a written test. Ms. Howard said the test used in Northern California was translated into Spanish, and it could be administered verbally for those who did not read or write. Chairman Shapiro said the Board would **continue** the hearing on the proposed

regulation. The Board would examine all the information before new language was noticed for additional public comment.

PUBLIC HEARING AND ACTION BY THE BOARD ON THE PROPOSED AMENDMENT OF CHRB RULE 1505, QUALIFICATIONS FOR LICENSE AS HORSE OWNER, TO PERMIT A HORSE OWNER WHOSE LICENSE HAS EXPIRED TO QUALIFY FOR RENEWAL OF THE LICENSE EVEN IF THEY ARE NOT AN OWNER OF A PROPERLY REGISTERED RACEHORSE WHICH IS IN THE CARE OF A LICENSED TRAINER AT THE TIME OF RENEWAL.

Vice-Chairman Harris said the purpose of the proposed amendment of Rule 1505, Qualifications for License as Horse Owner, was to allow persons who were licensed as a horse owner, but who did not currently have a racehorse in the care of a licensed trainer, to renew their license if they were otherwise qualified. Vice-Chairman Harris stated once a person was licensed as a horse owner he or she should be able to renew the license. He commented there was some concern a person would renew a license to get into the track for free, but he did not think that was really the problem. Vice-Chairman Harris stated the industry needed to welcome people into the industry. Racing needed to be something that when one was in, one was an owner, and proud to be an owner, and one would want to maintain one's license. Commissioner Israel said his only suggestion was a sunset provision wherein, after a certain period of time, a person who renewed a horse owner license had to prove that he or she owned a horse. Drew Couto of Thoroughbred Owners of California (TOC) said there was a regulation in place that allowed a person who did not own a horse to buy a license, and that was a Horse Owner by Open Claim certificate (open claim certificate). One could become licensed without owning a horse if one obtained an open claim certificate. Mr. Couto said an applicant filled out the form, appeared before the stewards to declare his or her intention to

buy a horse, and upon payment of the fee received a license. He stated that occurred regularly, so there was no need to amend Rule 1505. Vice-Chairman Harris asked how an open claim certificate would be converted to an owner license if one shipped a horse in from a farm. Mr. Couto said that was not necessary, as they were the same license. The open claim certificate was intended to cover persons who were not horse owners at the time of application for license. The open claim certificate had the same term, and the same rights associated with an owner license. Commissioner Choper asked if Mr. Couto was stating that if he had a license, but did not own a horse anymore, he could go in and get an open claim license. Mr. Couto said that was correct. And, if the applicant did not claim a horse, but shipped a horse in from a farm, he or she could have the open claim converted to an owner license without paying additional fees. Chairman Shapiro said the purpose of the amendment was to allow persons who had horses on the farm to renew an owner's license. The owner might consider himself part of the horse racing family, but cannot get a license because the horse was not shipped to a trainer. Mr. Couto stated that was not necessarily the situation. The proposed regulation allowed persons who did not own horses to renew a license. Commissioner Israel said he understood the proposed amendment would allow someone who once owned a horse, but lost it to claiming, or it was turned out, to keep his or her current license – with the intention of buying a horse in the near future. He added he did not understand TOC's objection to the concept. Mr. Couto asked how the Board would know the person renewing a license would actually buy a horse. The Board was proposing to allow someone who did not own a horse to obtain a horse owner license. That was currently possible through an open claim certificate. The TOC did not agree with the way in which the Board was modifying the existing horse

owner license. The proposal diluted the TOC membership. TOC had a membership of valid horse owners that had the right to elect representatives. If the Board created a class that did not own horses, but might or might not purchase one in the future, it would be a very different situation. Commissioner Israel said unions had active and inactive memberships. If one had not earned money within a certain period of time, one could not vote in the union's elections. The TOC merely needed to establish two levels of ownership. Mr. Couto said that was not possible, as TOC membership was set under the horse racing law. Vice-Chairman Harris said the statute could be changed. Mr. Couto said that would require legislation when the Board currently had a regulation that offered a solution. Chairman Shapiro said he understood the issue regarding a person who renews a license to get free tickets, and would never really buy a horse. Vice-Chairman Harris stated one did not get free tickets. Chairman Shapiro said that person would have an owner's license, so he could get on the track. He asked if TOC would object to the proposal if the owner were required to buy a horse within a certain period of time. Mr. Couto asked what mechanism would ensure the owner bought a horse. Commissioner Israel said the regulation could be changed to impose a requirement that to maintain the license, one had to own a horse within a specified number of days. That would encourage participation in horse racing at a time when the sport was in decline. Vice-Chairman Harris said there was nothing wrong with licensing people; they were fingerprinted, the Board knew who they were, and it had jurisdiction over them. Allowing licensees who happened to be at a track to renew their owner license would make life easier for them. If it got out of control the Board could take another look at the issue. Commissioner Choper asked how many persons held horse owner licenses. Mr. Couto said there were approximately

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10,000 licenses. Commissioner Choper said he was not unsympathetic to TOC's problem, but it did not seem to be a problem. Mr. Couto said about a thousand owners did not renew licenses every year, and about a thousand new owners obtained licenses, so there was a balance of 10,000. Vice-Chairman Harris said the industry was losing owners. Horse racing was fueled by owners who paid the bills, and the proposed amendment was a small step to encourage people to own horses. Vice-Chairman Harris **motioned** to adopt the amendment to Rule 1505. Commissioner Israel **seconded** the motion. Commissioner Choper asked if the Board wished to include a requirement that an owner buy a horse within a certain amount of time. Vice-Chairman Harris said the current proposal could be initiated, then the issue could be revisited at a later time. The motion was **unanimously carried**.

PUBLIC HEARING AND ACTION BY THE BOARD ON THE PROPOSED AMENDMENT TO CHRB RULE 1606, COUPLING OF HORSES, TO ALLOW THE UNCOUPLING OF THOROUGHBRED HORSES IF THE HORSES ARE OWNED BY DIFFERENT PARTNERSHIPS WITH AT LEAST ONE OWNER IN COMMON, BUT WHOSE OWNERSHIP IS NOT A "MIRROR" IMAGE, AND THE HORSES ARE TRAINED BY DIFFERENT TRAINERS.

Chairman Shapiro said the Board currently allowed the uncoupling of horses that were owned by different partnerships with at least one owner in common, but whose ownership were not a mirror image, and the horses were trained by different trainers. Vice-Chairman Harris stated the proposed amendment to Rule 1606, Coupling of Horses, was a small step to eliminate some inequities where there were completely different partners in partnerships, and different trainers, yet the horses had to be coupled because there was at least one owner in common. Vice-Chairman Harris said he thought the proposed amendment was sound, and maybe should

go further. Vice-Chairman Harris **motioned** to adopt the amendment to Rule 1606. Commissioner Choper **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD ON THE FOLLOWING PROPOSED WAIVERS OF CHRB RULES FOR THE 2008 BREEDERS' CUP.

A. RULE 1481, OCCUPATIONAL LICENSES AND FEES, TO ISSUE A SPECIAL 120-DAY LICENSE TO EXPIRE 12/31/08 FOR THE SOLE PURPOSE OF PARTICIPATING IN THE 2008 BREEDERS' CUP, FOR 1/3RD OF THE FEE FOR THAT LICENSE CLASSIFICATION.

B. RULE 1554, DUTIES OF HORSE IDENTIFIER, TO ALLOW FOREIGN HORSES TO RACE WITHOUT AN IDENTIFICATION TATTOO.

C. RULE 1693, CONTROL OF HORSES AND JOCKEYS ON ENTERING THE TRACK, TO ALLOW HUMAN ATTENDANTS TO ESCORT HORSES ONTO THE TRACK UNTIL THE FINISH OF THE POST PARADE AND, IF REQUESTED, THAT THOSE ATTENDANTS BE ALLOWED TO BE PRESENT AT THE STARTING GATE.

D. RULE 1685, EQUIPMENT REQUIREMENT, TO ALLOW ANY EUROPEAN JOCKEY TO CARRY THE APPROVED EUROPEAN FLAT WHIP AS SPECIFIED BY THE BHA - WHIP SPECIFICATIONS RULE 149 (II).

Chairman Shapiro said the proposal to waive Rule 1481, Occupational Licenses and Fees, would allow out-of-state Breeders' Cup entrants to buy a license for one-third of the regular fee. The license would expire within 120 days of purchase. Vice-Chairman Harris said the wealthiest group of owners in the world was racing on Breeders' Cup Day. He stated he did not see why they should be given a break in license fees over average owners. Other countries, such as Japan, did not give breaks in the cost of license fees if one was participating in only one race. In addition, if an owner shipped from New York at any other time of year, and only participated in one race, he or she was not given a break in license fees. Vice-Chairman Harris said Breeders' Cup participants should be given good service, but they should not receive a price break in the license fees. Sherwood Chillingworth of Oak Tree Racing Association said California could be the only jurisdiction in the nation that did not give a price

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break on its license fees. He stated California had the Breeders' Cup for two years in a row, and it brought in a hundred million dollars of recognized benefits. Vice-Chairman Harris said the participants would have a license if they returned to race the second year. It was not fair to the horse owner who shipped in for maybe two races and had to pay \$150 for a license, when another owner could ship in and win a \$5 million race and only have to pay \$50 for a license. Chairman Shapiro said no motion would be made regarding a waiver of Rule 1481. He stated the second item was a waiver of Rule 1554, Duties of Horse Identifier, to allow foreign horses to race without an identification tattoo. Chairman Shapiro **motioned** to waive Rule 1554 for the Breeders' Cup. Commissioner Israel **seconded** the motion. Vice-Chairman Harris asked how foreign horses were identified. Dr. Rick Arthur, Equine Medical Director, said the horses were microchipped. The Board had a microchip reader to identify the horses. The motion was **unanimously carried**. Chairman Shapiro said the third item was a waiver of Rule 1693, Control of Horses and Jockeys on Entering the Track, to allow human attendants to escort horses onto the track until the finish of the post parade and, if requested, that those attendants be allowed to be present at the starting gate. Commissioner Israel asked if attendants were allowed on the track and at the gate at Arlington. Mr. Chillingworth said they went to the gate and the assistant starters took over. Commissioner Israel **motioned** to waive Rule 1695 for the Breeders' Cup. Vice-Chairman Harris **seconded** the motion, which was **unanimously carried**. Chairman Shapiro said the final item was a waiver of Rule 1685, Equipment Required, to allow any European jockey to carry the approved European Flat Whip as specified by the British Horsemen's Authority – Whip Specifications Rule 149 (ii). Vice-Chairman Harris said to be consistent all Breeders' Cup participants should be able to use

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either a European whip or an American whip. Chairman Shapiro **motioned** to waive Rule 1685 for all Breeders' Cup participants to allow any participant to use the approved European Flat Whip or a whip approved under the Board's rules. Vice-Chairman Harris **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD ON THE PROPOSAL TO ADD RULE 2066, MINISATELLITE WAGERING, TO ALLOW FOR APPROVAL OF AN ADDITIONAL 15 MINISATELLITE WAGERING FACILITIES PER RACING ZONE AS AUTHORIZED BY BUSINESS AND PROFESSIONS CODE SECTION 19605.25.

Chairman Shapiro said the proposal to add Rule 2066, Minisatellite Wagering, would allow for approval of an additional 15 minisatellite wagering facilities per racing zone. He commented he and Commissioner Moss had a number of discussions regarding the economics of the mini satellite facilities. While the Board could authorize the facilities, there were questions regarding whether the two percent commission would attract applicants. In addition, the term of a minisatellite wagering facility license was only two years; would an entity make a significant investment for such a short period of time? Ron Charles of Magna Entertainment Corporation (MEC) said his organization had been contacted by parties interested in starting minisatellite wagering facilities at very attractive locations, at the two percent. Mr. Charles said he knew Mr. Krikorian spoke about increasing the commission to four percent, but that would be challenging, and there were entities interested in placing minisatellite facilities in outstanding locations, so it was something that needed to be pursued. Commissioner Choper said Mr. Charles should provide the interested parties with the materials from the Board package so they could comment on the proposed regulation. Mr. Charles asked what the timeline would be for the adoption of the regulation. Chairman Shapiro said the proposed

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regulation would be put out for a 45-day public comment period. The Board would then adopt the proposed regulation, or make changes to the text in accordance with any public comments. John Bukalow of Barona Casino spoke about his concerns regarding the 20-mile radius required in the law. If minisatellite wagering facilities were approved, would the Board ensure they were within no more than 20 miles from the Barona Casino? Chairman Shapiro said it took the agreement of all parties to locate a minisatellite wagering facility nearer than 20 miles to an existing facility. Commissioner Choper stated the Board did not want to see the Barona Casino go out of business. It was concerned with the overall amount of the handle at satellite facilities, and that encompassed making sure no satellite wagering facility was mistreated. Vice-Chairman Harris said the Barona Casino did a good job, but it should be noted it did not pay a two percent State license fee, which did not make for a level playing field. The Barona Casino also had slot machines, which horse racing did not. Mr. Bukalow said the Barona Casino was a big promoter of horse racing, and would continue to promote the sport. Richard Castro of the Pari-Mutuel Employee's Guild asked if the proposed regulation required a collective bargaining agreement. Chairman Shapiro said it was a requirement of the law, and it was a requirement of the proposed regulation. Vito Francesco, an interested party, spoke about the proposed regulation. Commissioner Israel **motioned** to direct staff to initiate a 45-day public comment period regarding the implementation of Rule 2066. Vice-Chairman Harris **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD REGARDING THE UPDATE ON THE LEGISLATIVE BILLS CONCERNING CALIFORNIA'S HORSERACING INDUSTRY.

Vice-Chairman Harris commented on Assembly Bill (AB) 2258. He stated the Board had to look at how it was going to physically accomplish the requirements of the legislation. Executive Director Kirk E. Breed said AB 2258 changed existing horse racing law language to clarify what was considered a licenses fee for the purposes of the \$40 million to be paid to the State. If the amount collected was below the \$40 million, AB 2258 allowed the Board to collect the difference from the industry. The legislation spelled out exactly how that would be done. Chairman Shapiro commented the new Legislative Committee would consist of Commissioner Israel, Vice-Chairman Harris and himself. Commissioner Israel asked if the committee would take positions on legislation. Chairman Shapiro said the committee would discuss legislation, and occasionally take a position. He added the committee might wish to take a position on every bill. There needed to be a write up on each bill that was coordinated with the Governor's office. Chairman Shapiro said the Board's role was not so much to influence legislation, as to act as a responsible analyst.

DISCUSSION BY THE BOARD REGARDING SACRAMENTO HARNESS ASSOCIATION'S UNCASHED TICKETS AND THE AMOUNT OF MONEY GENERATED TO THE CALIFORNIA HARNESS HORSEMEN ASSOCIATION (CHHA), FROM THESE UNCASHED TICKETS FOR THE SUBSIDIZED FUNDING OF CHHA'S BACKSTRETCH AND WELFARE PROGRAM.

Jim Perez of the California Harness Horsemen's Association (CHHA) said in 2006 Board staff recommended that the monies held by Southern California Off Track Wagering, Incorporated, be directed to the CHHA Backstretch and Welfare Fund (BWF). He stated the CHHA was currently in the same situation. Northern California Off Track Wagering, Incorporated

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(NOTWINC), was holding \$137,000 in “outs” money, which was money CHHA would use for the BWF. The monies would be used to benefit needy individuals on the backstretch, and CHHA would normally receive it in June. Mr. Perez stated the CHHA was only days away from closing down its BWF because it did not receive the funds. The defunct Sacramento Harness Association (SHA) did not pay the accounting firm, so no reports regarding the funds held by NOTWINC were generated. The CHHA offered to pay for the reports, but the accounting firm stated it needed permission of SHA, as the reports belonged to that organization. The accounting firm approached Ivan Axelrod of SHA, who told it to delay for a couple of weeks. The CHHA subsequently spoke with Board staff, which told the accounting firm to do the reports. Mr. Perez stated the CHHA was asking the Board to direct NOTWINC to pay the monies directly to the CHHA to ensure it would receive the funds. Mr. Perez said the request was the same as that made in 2006. Chairman Shapiro said in 2006 SHA was not going into bankruptcy, so the issue was simple. He stated he understood CHHA was paying for the reports, but the Board needed legal counsel, as it did not wish to be in the position of directing NOTWINC to pay money to one party when it could be part of a bankruptcy. Robert Miller, CHRB staff counsel, said the issue would be discussed in closed session. Mr. Perez said CHHA only wished to get the issue moving as soon as possible. Chairman Shapiro assured Mr. Perez that the Board would make an effort to expedite a resolution.

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DISCUSSION AND ACTION BY THE BOARD ON THE DISTRIBUTION OF RACE DAY CHARITY PROCEEDS OF THE BAY MEADOWS RACING ASSOCIATION IN THE AMOUNT OF \$33,360 TO FOUR BENEFICIARIES.

Chairman Shapiro **motioned** to approve the request by the Bay Meadows Racing Association to distribute race day charity proceeds in the amount of \$33,360 to four beneficiaries. Vice-Chairman Harris **seconded** the motion, which was **unanimously carried**.

STAFF REPORT ON THE CONCLUDED RACE MEETING OF THE LOS ANGELES TURF CLUB AT SANTA ANITA FROM DECEMBER 26, 2007, THROUGH APRIL 20, 2008.

Chairman Shapiro said compared with national statistics, the Los Angeles Turf Club (LATC) meeting at Santa Anita went well. The average daily on-track attendance was down 5.56 percent, but the handle was up 2.77 percent. Vice-Chairman Harris commented the main problem for LATC was the eight days it lost. Commissioner Choper stated the average daily handle of advance deposit wagering (ADW) was up. Chairman Shapiro said that was during the ADW experiment and there were four ADW providers. He stated if one looked at the current Del Mar ADW numbers, they would be down. Vice-Chairman Harris said it could be the economy, but a comparison could be made of Hollywood Park's last month with the ADW experiment and Del Mar's first month without the experiment. Commissioner Israel commented there was no question the ADW experiment potentially reached twice as many people.

REPORT AND DISCUSSION BY THE BOARD ON POLICY AND REGULATIONS RELATED TO THE REDISTRIBUTION OF PURSES AS A RESULT OF POST-RACE POSITIVE MEDICATION VIOLATIONS.

Chairman Shapiro said it was current practice to distribute purses to winning parties within 72 hours of the race. The practice did not adhere to the Board's rules. Although up to 99 percent of the official tests were returned clean, there were occasions when there were drug violations and the purse had to be redistributed. In some cases there were difficulties and the issue would linger for years. Additionally, there were instances when jockeys refused to return their portion of the purse, as they claimed they fulfilled their contract to ride and were not involved in the positive. The owners would be stuck paying two fees, as they were the ones who had to collect the money from the jockeys. Commissioner Israel asked if there was a mechanism where if the purse money was paid prematurely, and a reimbursement were required, a correction could be made the next time the person was to be paid. Chairman Shapiro said the horsemen and jockeys had accounts that could be debited; however, there were horsemen and jockeys who were not regular participants in California meetings. There were cases that went back years that involved owners and jockeys who were not in state. Commissioner Israel said it was not right that purses were paid in violation of the Board's rules. Chairman Shapiro said the tracks were actually trying to help the horsemen, as it could take a while for tests to clear. The tracks were advancing the money and could be hurt by holding the bag. Commissioner Israel said if the Board's rule were followed there would be a seven-day lag in which no one would be paid, but then everyone would be paid on the same, regular basis. Dr. Rick Arthur, Equine Medical Director, stated 90 percent of the tests could be cleared within 72 hours. The problem was getting the samples to the laboratory for testing; there could be delays.

Weekends and holidays also had to be taken into account. The entire process took longer than the 72 hours in which a sample was tested. Commissioner Israel said the industry would have to accept that one week into the racing schedule there would be a lag in payments, then the process would return to normal. It was hard to imagine anyone losing a business or the ability to keep racing because of one week. Chairman Shapiro said he believed purses should not be distributed until the test samples were cleared. It was not a problem with 90 percent of the samples, as they were cleared within 72 hours of receipt at the laboratory, and 98 percent of the tests were cleared within five days. Vice-Chairman Harris said the Board had jurisdiction over persons who refused to return purse money, but he had not seen anything in the stewards' minutes that indicated anyone did anything when a licensee refused. Chairman Shapiro stated the problem was that horsemen and jockey accounts had not been debited. Ron Charles of Magna Entertainment Corporation (MEC) said past practice was to wait until the test samples cleared the laboratory. However, the horsemen's organization requested and received a change in policy, and the payments were made within 72 hours of the race. Commissioner Israel asked what significant hardship would be incurred by paying any of the parties within 120 hours of the race. Mr. Charles said the horsemen wanted access to their money sooner. Commissioner Israel said technically, the money was not the horsemen's until the tests cleared. Chairman Shapiro said funds were not paid to horsemen on a regular basis in a normal stream. Horsemen may not win money for a week or two, and then they wanted it right away. Commissioner Israel said that was a management problem on the receiver's end. One had to manage assuming one would not win every race. Commissioner Choper said under the current system there was a three to five day lag in payment. If the Board's rule was followed, that

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meant there would only be a couple days more to wait for payment. Chairman Shapiro said the Board's rules required the purse money to be paid after the test cleared. He asked if there were any objections to doing that. Vice-Chairman Harris said he would like to see a finite period of time, such as ten days. He stated before a hearing there could be delays for months if there was a dispute, and a request for a split sample. Mr. Charles said in some cases the distribution could take years. Commissioner Israel said if a horse that won a race tested positive the winner's portion of the purse would be held in escrow until all appeals were exhausted, but the remaining place finishers would be paid their portion of the purse. If the purses were moved up, the additional amounts would be paid. Commissioner Israel stated the purse money could be put in an interest bearing escrow account, and it would be paid out to the winning owner, whether it was the owner that won the appeal or the next owner in order of finish. Mr. Charles said MEC would be comfortable with the proposal; however, the horsemen should be consulted. It was due to the horsemen that the time of payment was initially moved forward. Chairman Shapiro said the Board should follow its rules, not what the jockeys or horsemen thought was right. Commissioner Andreini said in quarter horse racing large purses were held up to three weeks as a course of business. Quarter horses were paid through ten places and everyone had to wait for their payment. Mr. Charles said the racing associations would abide by the Board's decision, but the purses were paid earlier at the request of the horsemen. Dr. Rick Arthur, Equine Medical Director, said when the Board agreed to move up the payment of purses the horsemen stated they would return any monies if there was a positive. In reality, purse redistributions for class one, two or three violations happened less than one percent of the time. He added, like the quarter horses, the Breeders'

Cup did not pay out any monies for the big purses until after the tests were cleared. Darrell Haire of the Jockey's Guild said his organization agreed that the Board should follow its rule. The problem with jockeys was that they did their job and they were not responsible for the actions of trainers. In addition, six months after a race, the jockey would have paid his agent and the valet, and perhaps even taxes. If they had to return the money, they would lose money all the way around. Only a small percentage of the tests did not clear, so jockeys would rather wait until the test cleared to receive their money. Richard Grayco, an attorney said the Board should direct the stewards to have the forfeited purses paid back according to the rule. Implicit in the forfeiture was that those who held the funds should return them, and in most cases that would be the owner, trainer and jockey. However, the stewards were only ordering the owner to repay the purse, which was a clear penalty. Commissioner Choper said if the association waited to pay the purse, or put it in escrow, such problems would be avoided. Chairman Shapiro said he agreed with Mr. Grayco. The stewards needed clear direction, and the Board needed to enforce its rule and hold the moneys until the tests cleared. Drew Couto of Thoroughbred Owners of California, speaking on behalf of California Thoroughbred Trainers (CTT) said CTT was opposed to any changes in the way purses were paid. Chairman Shapiro said staff should advise the parties that purse monies would be distributed according to the Board's rules, which required that tests cleared. If purse monies might be held for a longer period of time, they should be placed in an interest bearing escrow account. Chairman Shapiro said the Board should also look at promulgating new regulations so that interest on the monies in escrow accounts accrued to the benefit of the ultimate beneficiary of the funds. Eual Wyatt of Hollywood Park said there should be a mechanism where in the paymaster of purses could

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be notified when a test clears. Chairman Shapiro said a method of providing official notice to the paymaster regarding test results would be put in place. Dr. Arthur said the official laboratory could release samples as they were cleared on a daily basis. Chairman Shapiro said the Maddy Laboratory, the Equine Medical Director and staff should work together with the various stakeholders to ensure a uniform policy. The issue needed to be handled the same throughout the State, and all segments of the industry needed to be educated so they would know what to expect, and so the tracks or other parties would not be blamed. Commissioner Israel said the simplest system would be for the laboratory to notify the CHRB, which would then notify the track. Chairman Shapiro stated that was what would be worked out between the laboratory, staff and the various tracks.

PUBLIC COMMENT

Drew Couto of Thoroughbred Owners of California (TOC) asked that a discussion regarding overpayment of jockey fees under Business and Professions Code section 19501(b)(2) be placed on a future Board agenda. Chairman Shapiro said he spoke with Barry Broad of the Jockey's Guild regarding the matter, and was told the parties would discuss the issue to reach a resolution. Mr. Couto said TOC would talk to the parties to attempt to reach a resolution. Richard Castro of the Pari-Mutuel Employee's Guild spoke about his concerns regarding pending legislation. Greg Badovinac, a horse racing fan, stated the fans' committee would like the Board to do everything in its power to allow all California licensed advance deposit wagering (ADW) providers full access to California product. Chairman Shapiro said the Board agreed with the fans' committee. He stated the Board was looking at its rules and

regulations, and horse racing law, to determine if it could provide a non-exclusive wagering program to all California fans. The Board wished to encourage every ADW platform to accept wagers on California product, and to have the widest possible distribution.

MEETING ADJOURNED AT 1:32 P.M.

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

Chairman

Executive Director

STAFF ANALYSIS
September 18, 2008

Issue: APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING OF THE HOLLYWOOD PARK FALL RACING ASSOCIATION, LLC AT HOLLYWOOD PARK OCTOBER 29, 2008 THROUGH DECEMBER 21, 2008.

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

- October 29 through December 21, 2008, or 40 days, 8 more than 2007. The association proposes to race a total of 344 races, or 8.60 per day. In 2007 they raced 8.84 races per day with an average of 8.74 runners per race. The (actual) average daily purse for the fall 2007 meet was \$404,000. The (estimated) average daily purse for this meet is \$381,000.
- The race dates proposed are the dates the Board allocated.

October - 2008						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

November - 2008						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23/30	24	25	26	27 H	28	29

December - 2008						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25 H	26	27
28	29	30	31			

- Racing 5 days per week, Wednesdays through Sunday, with 8 races on Wednesday, Thursdays, Fridays and 9 or 10 races on a selected basis on Saturdays and Sundays, with 10 races on Friday, November 28th, Saturday 29th and Sunday 30th (Thanksgiving Weekend).
- First post 12:30 p.m. daily.
 - 7:05 p.m. post Friday, November 7, 14 and 21.
 - 11:00 a.m. post November 27, Thanksgiving Day.
- Request Jennifer Paige be appointed horse identifier pursuant to CHRB Rule 1525.
- Track safety inspection has been requested and will be completed before race meet begins.
- Wagering program will use CHRB rules.
 - Early wagering 8:30 a.m. on the day of and advance-day wagering.
 - \$1 trifecta in any race that complies with Rule 1979 and a \$.10 superfecta in any race that complies with Rule 1979.1.
 - Pick 6 on last 6 races - 70% of net pool to be retained for the jackpot and no cap be set.
 - Pick 4 on first 4 races and last 4 races - designate the major share as 0%.
 - Offering option of an alternate selection in the place pick all, pick 6 and pick 4.
 - Super High Five on the last race in accordance with ARCI Pick(n) Position(x) pools rules.
- The Advance Deposit Wagering (ADW) providers are TVG, Youbet, Xpressbet and Twinspires.
- Simulcasting conducted with out-of-state racing jurisdictions pursuant to Business and

Professions Code Section 19602; and with authorized locations throughout California.

- A copy of the 2007 Hollywood Park Racing Association end of meet report has been included for your review. The report was previously presented to the Board at the March 27, 2008 CHRB Board meeting.
- Inspection of backstretch worker housing completed.

Specific information **still needed** to complete this application includes

1. Horsemen's Agreement.
2. CTT Agreement.
3. Workers Compensation expires September 23, 2008.

RECOMMENDATION:

Staff recommends that the application for license not be heard until the missing information is provided.

If the application is considered for approval, staff recommends a contingent approval pending the satisfactory completion of the track safety inspection and submission of outstanding items.



July 11, 2008

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

Dear Kirk:

Enclosed is the license application for Hollywood Park Fall Racing Association's 2008 Race Meeting to be conducted at Hollywood Park.

As part of the enclosed application, please note that Hollywood Park is opting to use the "Quick Official" procedure in accordance with CHRB Rule 1704. We are also respectfully requesting permission to continue implementation of the 10 day Vet List rule.

The CTBA has taken the position of viewing Hollywood Park Racing Association's 2008 Spring/Summer Meeting and Hollywood Park Fall Racing Association's 2008 Meeting as one for the purpose of calculating the percentage of total stakes from purses allocated to Cal-Bred stakes. The ten percent (10%) requirement for Cal-Bred stakes of total stakes will be met for this year.

Sincerely,

A handwritten signature in black ink, appearing to read "Eual G. Wyatt, Jr.", is written over the word "Sincerely,".

Eual G. Wyatt, Jr.
General Manager

Enclosures

END-OF-MEET OUTLINE SUMMARY

Hollywood Park Racing Association-Fall

November 7, 2007 - December 22, 2007

Race Days: 32

AVERAGE DAILY STATISTICS

	Percent Change	Total Value
Avg. Daily Handle	5.38%	523,327
Avg. On-Track Handle	-4.84%	(68,660)
Avg. ITW Network Handle	-13.56%	(378,847)
Avg. ADW In Network Handle	-1.44%	(15,583)
Avg. Out-Of-State Handle	22.21%	986,417
Avg. Daily Attendance	-4.86%	(606)
Avg. Daily On-Track Attendance	3.56%	170
Avg. Daily ITW Attendance	-10.08%	(776)

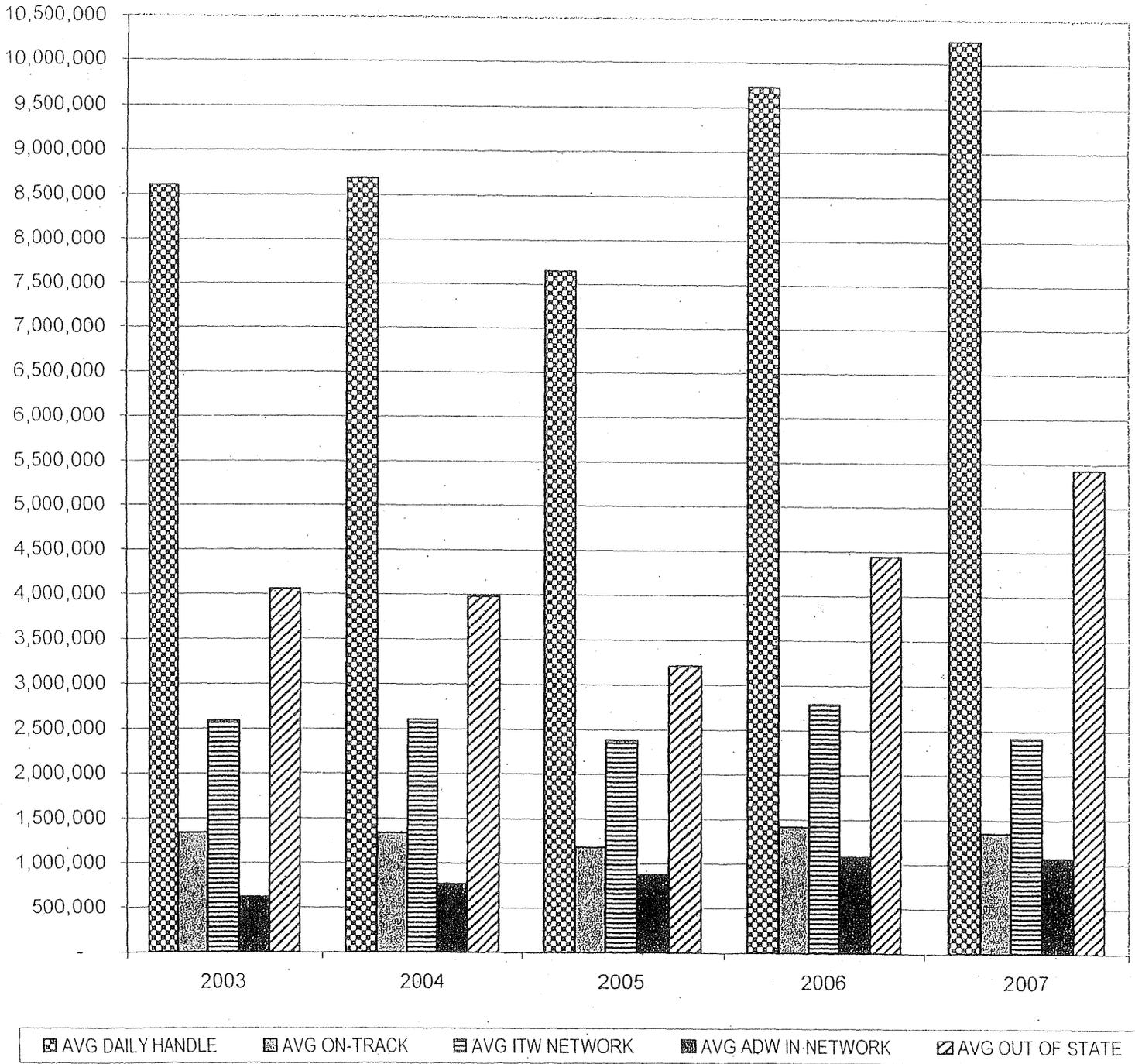
CALIFORNIA HORSE RACING BOARD END OF MEET REPORT

Hollywood Park Fall

						YTY CHANGE	
	2003	2004	2005	2006	2007	2007 \$ CHANGE	2007 % CHANGE
TOTAL RACE DAYS	30	36	31	36	32	(4)	-11.11%
TOTAL HANDLE	258,255,390	312,820,079	237,180,131	350,506,599	328,307,897	(22,198,702)	-6.33%
BY ORIGIN OF WAGER:							
ON-TRACK	40,190,594	48,176,101	36,628,437	51,023,652	43,157,248	(7,866,404)	-15.42%
ITW NETWORK	77,753,538	93,830,167	73,777,828	100,568,379	77,271,023	(23,297,356)	-23.17%
ADW IN NETWORK	18,544,179	27,535,050	27,186,272	39,009,609	34,176,539	(4,833,070)	-12.39%
OUT-OF-STATE	121,767,079	143,278,762	99,587,593	159,904,960	173,703,088	13,798,128	8.63%
	258,255,390	312,820,079	237,180,131	350,506,599	328,307,897		
BY ORIGIN OF RACE							
LIVE	197,674,541	232,695,505	163,730,183	257,118,845	260,997,931	3,879,086	1.51%
OUT- OF- ZONE	26,576,785	32,411,622	25,885,862	30,295,568	25,335,489	(4,960,079)	-16.37%
INTERSTATE-IMPORT	33,842,071	43,020,777	42,914,471	56,647,321	36,481,692	(20,165,629)	-35.60%
INTERNATIONAL-IMPORT	161,994	4,692,176	4,649,616	6,444,865	5,492,785	(952,080)	-14.77%
	258,255,390	312,820,079	237,180,131	350,506,599	328,307,897		
<i>proof</i>	(1)	-	-	-	-		
AVG DAILY HANDLE	8,608,513	8,689,447	7,650,972	9,736,294	10,259,622	523,327	5.38%
AVG BY ORIGIN OF WAGER:							
AVG ON-TRACK	1,339,686	1,338,225	1,181,562	1,417,324	1,348,664	(68,660)	-4.84%
AVG ITW NETWORK	2,591,785	2,606,394	2,379,930	2,793,566	2,414,719	(378,847)	-13.56%
AVG ADW IN NETWORK	618,139	764,862	876,977	1,083,600	1,068,017	(15,583)	-1.44%
AVG OUT OF STATE	4,058,903	3,979,966	3,212,503	4,441,804	5,428,221	986,417	22.21%
AVG BY ORIGIN OF RACE							
AVG LIVE	6,589,151	6,463,764	5,281,619	7,142,190	8,156,185	1,013,995	14.20%
AVG OUT-OF-ZONE	885,893	900,323	835,028	841,544	791,734	(49,810)	-5.92%
AVG INTERSTATE-IMPORT	1,128,069	1,195,022	1,384,338	1,573,537	1,140,053	(433,484)	-27.55%
AVG INTRNL-IMPORT	5,400	130,338	149,988	179,024	171,650	(7,374)	-4.12%
TOTAL TAKEOUT	49,909,088	61,548,110	46,755,751	69,073,604	64,783,023	(4,290,581)	-6.21%
EFFECTIVE TAKEOUT %	19.33%	19.68%	19.71%	19.71%	19.73%	0	0.13%
STATE LICENSE FEES	2,740,595	3,264,374	2,479,100	3,499,171	2,969,858	(529,312)	-15.13%
STATE %	1.06%	1.04%	1.05%	1.00%	0.90%	(0)	-9.39%
TRACK COMMISSION	9,765,698	12,005,814	9,388,716	13,206,910	12,002,914	(1,203,996)	-9.12%
TRACK %	3.78%	3.84%	3.96%	3.77%	3.66%	(0)	-2.97%
PURSE COMMISSION	9,542,633	11,743,502	9,166,316	12,900,651	11,735,644	(1,165,007)	-9.03%
PURSE %	3.70%	3.75%	3.86%	3.68%	3.57%	(0)	-2.88%
CALIFORNIA NETWORK							
ATTENDANCE	444,524	501,446	361,635	448,786	379,535	(69,251)	-15.43%
ON-TRACK	195,475	218,909	146,261	171,882	158,218	(13,664)	-7.95%
ITW NETWORK	249,049	282,537	215,374	276,904	221,317	(55,587)	-20.07%
AVG DAILY ATTENDANCE	14,817	13,929	11,666	12,466	11,860	(606)	-4.86%
AVG DAILY ON-TRACK	6,516	6,081	4,718	4,775	4,944	170	3.56%
AVG DAILY ITW NETWORK	8,302	7,848	6,948	7,692	6,916	(776)	-10.08%
TOTAL RACE EVENTS	299	258	308	228	315	87	38.16%
STARTERS	2,204	1,920	2,320	1,698	2,658	960	56.54%
AVG STARTERS PER EVENT	7.37	7.44	7.53	7.45	8.44	0.99	13.30%
AVG HANDLE PER START	89,689	121,196	70,573	151,425	98,193	(53,231)	-35.15%

Source: CHRIMS

Hollywood Park Racing Association - Fall



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

1. APPLICANT ASSOCIATION

A. **Hollywood Park Fall Racing Association, LLC**
1050 South Prairie Avenue
Inglewood, California 90301
(310) 419-1500 phone
(310) 671-4460 fax

B. Breed of horse: TB QH H

C. Racetrack name: **Hollywood Park**

D. Attach a certified check payable to the Treasurer of the State of California in the amount of \$10,000 as deposit for license fees pursuant to B&P Code Section 19490. **On File**

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

2. DATES OF MEETING

A. Inclusive dates for the entire meeting: **October 29 through December 21, 2008.**

B. Actual dates racing will be held: **October 29, 30, 31, November 1, 2, 5, 6, 7, 8, 9, 12, 13, 14, 15, 16, 19, 20, 21, 22, 23, 26, 27, 28, 29, 30, December 3, 4, 5, 6, 7, 10, 11, 12, 13, 14, 17, 18, 19, 20, 21**

C. Total number of days or nights of racing: **40**

D. Days or nights of the week races will be held:
 Wed - Sun Tues - Sat Other (specify)

E. Number of days or nights of racing per week: **5**

3. RACING PROGRAM

A. Total number of races: **344**

B. Number of races for each day or night: **8 races on Wednesdays, Thursdays and Fridays; 9 or 10 races on a selected basis on Saturdays and Sundays, with 10 races on Friday, November 28, Saturday, November 29, Sunday, November 30.**

CHRB CERTIFICATION

Application received: *7/21/08*
Deposit received: *on file*
Reviewed: *[Signature]*

Hearing date: *9/18/08*
Approved date:
License number:

- C. Total number of stakes races: **25 (17 Stakes and 8 overnight stakes)**
- D. Attach a listing of all stakes races and indicate the date to be run and the added money or guaranteed purse for each. Note the races that are designated for California-bred horses. **Enclosed.**
- E. Will provisions be made for owners and trainers to use their own registered colors?
 Yes No If no, what racing colors are to be used:
- F. List all post times for the daily racing program:

<i>Race</i>	All days except Fridays Nov. 7, 14, 21 And Thursday, November 27	Friday Nights Nov. 7, 14, 21)	Thanksgiving Day, Thursday November 27
1 st	12:30 p.m.	7:05 p.m.	11:00 am
2 nd	1:00 p.m.	7:35p.m.	11:30 am
3 rd	1:30 p.m.	8:05 p.m.	12:00 noon
4 th	2:00 p.m.	8:35 p.m.	12:30 pm
5 th	2:30 p.m.	9:05 p.m.	1:00 pm
6 th	3:00 p.m.	9:35 p.m.	1:30 pm
7 th	3:30 p.m.	10:05 p.m.	2:00 pm
8 th	4:00 p.m.	10:35p.m.	2:30 pm
9 ^{th*}	4:30 p.m.		
10 ^{th*}	5:00 p.m.		

* When applicable

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

4. RACING ASSOCIATION

- A. Association is a: Corporation (complete subsection C)
 LLC (complete subsection D)
 Other (specify, and complete subsection E)
- B. Complete the applicable subsection and attached Addendum, Background Information and Ownership. **On file**
- C. CORPORATION – N/A
- D. LLC
 1. Registered name of the LLC: **Hollywood Park Fall Racing Association, LLC**
 2. State where articles of organization are filed: **Delaware**
 3. Registry or file number for the LLC: **3993459**

HOLLYWOOD PARK FALL MEETING
2008 STAKES SCHEDULE

<u>DATE</u>	<u>STAKE</u>	<u>PURSE/DISTANCE</u>
Sat. Nov. 1	SHARP CAT STAKES Fillies, Two Years Old	\$100,000 Added One Mile & One Sixteenth
Sat. Nov. 8	REAL QUIET STAKES Two Year Olds	\$100,000 Added One Mile & One Sixteenth
Sun. Nov. 16	MOCCASIN STAKES Fillies, Two Years Old	\$100,000 Added Seven Furlongs
Sat. Nov. 22	VERNON O. UNDERWOOD (GRADE III) Three Year Olds & Upward	\$100,000 Added Six Furlongs
Sun. Nov. 23	HOLLYWOOD PREVUE STAKES (GRADE III) Two Year Olds	\$100,000 Added Seven Furlongs
*****	*****	*****
<u>TURF FESTIVAL</u>		
Fri. Nov. 28	CITATION HANDICAP (GRADE I) Three Year Olds & Upward	\$400,000 One Mile and One Sixteenth (Turf)
	MIESQUE STAKES (GRADE III) Fillies, Two Years Old	\$100,000 Added One Mile (Turf)
Sat. Nov. 29	HOLLYWOOD TURF EXPRESS (GRADE III) Three Year Olds & Upward	\$150,000 Six Furlongs (Turf)
	GENEROUS STAKES (GRADE III) Two Year Olds	\$100,000 Added One Mile (Turf)
Sun. Nov. 30	THE MATRIARCH (GRADE I) Fillies & Mares, Three Year Olds & Upward	\$500,000 One Mile (Turf)
	HOLLYWOOD DERBY (GR. I) Three Year Olds	\$500,000 One Mile and One Quarter (Turf)

*

*

Sat.	HOLLYWOOD TURF CUP (GRADE I)	\$250,000
Dec. 6	Three Year Olds & Upward	One Mile and One Half (Turf)

	NATIVE DIVER HANDICAP (GRADE III)	\$100,000 Added
	Three Year Olds & Upward	One Mile and One Eighth

Sun.	BAYAKOA HANDICAP (GRADE II)	\$150,000
Dec. 7	Fillies & Mares, Three Year Olds & Upward	One Mile and One Sixteenth

Sat.	HOLLYWOOD STARLET (GRADE I)	\$250,000 Guaranteed (\$200,000 Added)
Dec. 13	Fillies, Two Years Old	One Mile and One Sixteenth
	Nominations Friday, May 11, 2007	

Sat.	CASHCALL FUTURITY (GRADE I)	\$750,000 Guaranteed
Dec. 20	Two Year Olds	One Mile and One Sixteenth
	Nominations Friday, May 11, 2007	

Sun.	DAHLIA HANDICAP (GRADE II)	\$150,000
Dec. 21	Fillies & Mares, Three Year Olds & Upward	One Mile and One Sixteenth (Turf)

HOLLYWOOD PARK FALL MEETING
2008 OVERNIGHT STAKES SCHEDULE

<u>DATE</u>	<u>STAKE</u>	<u>PURSE/DISTANCE</u>
Wed. Oct. 29	DANCE IN THE MOOD STAKES Fillies & Mares, Three Years Old & Upward	\$65,000 Added Six Furlongs (Turf)
Sun. Nov. 2	IT'S IN THE AIR STAKES Fillies & Mares, Three Years Old & Upward	\$65,000 Added One Mile & One Sixteenth
Sun. Nov. 9	HERMOSA BEACH STAKES Fillies & Mares, Three Years Old & Upward	\$65,000 Added One Mile and One Half (Turf)
Sat. Nov. 15	AUDREY S. KENIS STAKES Fillies, Three Years Old	\$65,000 Added One Mile & One Eighth (Turf)
Thur. Nov. 27	WAR CHANT STAKES Three Year Olds	\$65,000 Added One Mile (Turf)
	PLAYA DEL REY STAKES Fillies & Mares, Three Years Old & Upward	\$65,000 Added Six Furlongs
Sun. Dec. 14	ON TRUST HANDICAP Three Year Olds & Upward, Bred in California	\$100,000 Added * Seven and One Half Furlongs
Sat. Dec. 20	CAT'S CRADLE HANDICAP Fillies & Mares, Three Year Olds & Upward, Cal-Bred	\$100,000 Added* Seven and One Half Furlongs

* - \$15,000 from the Cal-Bred Race Fund.

4. Names of all officers and directors, titles, and the number of shares of the LLC held by each:

Terrence Fancher, Chairman & Director	0	
Jack Liebau, President		0
Kristin Renaudin, Secretary		0
Charlene Kiley, Vice President		0
Eual Wyatt, Vice President	0	
Barbara Helm, Vice President, Finance		0
Martin Panza, Vice President		0
Bernie Thurman, Vice President		0
Dyan Grealish, Vice President		0
5. Names (true names) of all members, other than the officers and directors listed above, that hold 5% or more of the outstanding shares in the LLC and the number of shares held by each: N/A
6. Are the shares listed for public trading? Yes No
 If yes, on what exchange and how is the stock listed:
7. If more than 50% of the shares are held by a parent corporation or are paired with any other corporation or entity, give the name of the parent and/or paired corporation or entity:
Stockbridge Real Estate Partners II, LLC is the general partner of the Fund which owns the Applicant
8. Attach the most recent audited annual financial statement for the licensee, including balance sheet and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the LLC and/or the Securities and Exchange Commission and/or the California Corporations Commission. **Balance sheet on file with the CHRB.**

E. OTHER – N/A

F. Management and Staff

1. Name and title of the managing officer and/or general manager of the association and the name and title of all department managers and staff, other than those listed in 10B, who will be listed in the official program:
 - F. Jack Liebau, President**
 - Eual G. Wyatt, Jr., Vice President & General Manager**
 - Michael Ziegler, Vice President and Assistant General Manager**
 - Charlene Kiley, Vice President**
 - Dyan Grealish, Vice President Marketing & Sales**
 - Barbara Helm, Vice President, Finance**
 - Martin Panza, Vice President-Racing**
 - Bernie Thurman, Vice President**
 - Don Barney, Director of Security & Safety**
 - Cleon Bounds, Property Manager**
 - Bernie Eastridge, Turf Course Superintendent**
 - Diane Hudak, Horsemen’s Liaison**
 - Russell Hudak, Timer, Morning Line Maker**
 - Dal Jones, Director of Marketing**
 - Michael Mooney, Director of Media Relations**
 - Dennis Moore, Track Superintendent**
 - Robert Poole, Director of Pari-Mutuels**
 - Roger Roman, Director of Broadcasting**
 - Vic Stauffer, Track Announcer**
 - Mark Tomes, Plant Superintendent**
 - Kay Webb, Simulcast Coordinator**

F. Management and Staff (continued)

Cole Younger, Operations Manager
Kerlan-Jobe Orthopedic, Jockeys' Physician

2. Name and title of the person(s) authorized to receive notices on behalf of the association and the mailing address of such person(s) if other than the mailing address of the association:
F. Jack Liebau, President, 1050 South Prairie Avenue, Inglewood, CA 90301

5. PURSE PROGRAM **Please note that there were 32 race days during the prior meeting compared to 40 race days for the current meeting.**

A. Purse distribution:

1. All races other than stakes

Current meet estimate: **\$10,192,000 (includes an under-payment carryover of \$350,000)**

Prior meet actual: **\$8,371,000 (including a carryover of \$399,000)**

Average Daily Purse (5A1 ÷ number of days):

Current meet estimate: **\$254,800**

Prior meet actual: **\$262,000**

2. Overnight stakes:

Current meet estimate: **\$560,000**

Prior meet actual: **\$475,000**

Average Daily Purse (5A2 ÷ number of days):

Current meet estimate: **\$14,000**

Prior meet actual: **\$14,800**

3. Non-overnight stakes:

Current meet estimate: **\$3,000,000 (does not include sponsor's supplement to stakes)**

Prior meet actual: **\$2,816,000**

Average Daily Purse (5A3 ÷ number of days):

Current meet estimate: **\$75,000**

Prior meet actual: **\$88,000**

B. Stakes races:

1. Purse distribution for all stakes races:

Current meet estimate: **\$3,560,000**

Prior meet actual: **\$3,291,000**

Average Daily Purse (5B1 ÷ number of days):

Current meet estimate: **\$ 89,000**

Prior meet actual: **\$103,000**

2. Percentage of the purse distribution for all stakes races that will be distributed for California-bred stakes races:

Current meet estimate: **4.8%**

Prior meet actual: **4.5%**

Average Daily Purse (5B2 ÷ number of days):

Current meet estimate: **0.12%**

Prior meet actual: **0.14%**

C. Funds to be generated for all California-bred incentive awards:

Current meet estimate: **\$1,130,000**

Prior meet actual: **\$ 907,000**

D. Payment to each recognized horsemen's organization contracting with the association and the name(s) of the organization(s):

Recognized Horsemen's Organization	Current meet estimate:	Prior meet actual:
TOC	\$137,000	\$119,000
CTT – Pension	137,000	119,000
CTT – Admin	68,000	59,000
NTRA	31,000	70,000
Total	\$373,000	\$367,000

E. Amount from all sources to be distributed in the form of purses or other benefits to horsemen (5A+5C+5D):

Current meet estimate: **\$15,255,000**

Prior meet actual: **\$12,936,000**

Average Daily Purse (5E ÷ number of days):

Current meet estimate: **\$381,000**

Prior meet actual: **\$404,000**

F. Purse funds to be generated from on-track handle and intrastate off-track handle:

Current meet estimate: **\$9,030,000**

Prior meet actual: **\$8,129,000**

Average Daily Purse (5F ÷ number of days):

Current meet estimate: **\$226,000**

Prior meet actual: **\$254,000**

G. Purse funds to be generated from interstate handle:

Current meet estimate: **\$4,312,000**

Prior meet actual: **\$3,422,000**

Average Daily Purse (5G ÷ number of days):

Current meet estimate: **\$108,000**

Prior meet actual: **\$107,000**

H. Bank and account number for the Paymaster of Purses' purse account: **Cal National # On file**

I. Name, address and telephone number of the pari-mutuel audit firm engaged for the meet: **Bowen & Mc Beth Inc. 10722 Arrow Highway, Suite 110, Rancho Cucamonga, Ca. 91730 909/944-6465**

CHRB-17 (Rev. 12/06)

NOTICE TO APPLICANT: All funds generated and retained from on-track pari-mutuel handle which are obligated by law for distribution in the form of purses, breeders' awards or other benefits to horsemen, **shall not** be deemed as income to the association; **shall not** be transferred to a parent corporation outside the State of California; and **shall**, within 3 calendar days following receipt, be deposited in a segregated and separate liability account in a depository approved by the CHRB and shall be at the disposition of the Paymaster of Purses, who shall pay or distribute such funds to the persons entitled thereto. All funds generated from off-track simulcast wagering, interstate wagering, and out-of-state wagering which are obligated by law for distribution in the form of purses and breeders' awards, shall also be deposited within 3 calendar days following receipt, into such liability account. In the event the association is obligated to the payment of purses prior to those obligated amounts being retained from pari-mutuel wagering for such purpose, or as a result of overpayment of earned purses at the conclusion of the meeting, the association shall transfer from its own funds such amounts as are necessary for the Paymaster of Purses to distribute to the horse owners statutorily or contractually entitled thereto. The association is entitled to recover such transferred funds from the Paymaster of Purses' account; and if insufficient funds remain in the account at the conclusion of the meeting, the association is entitled to carry forward the deficit to its next succeeding meeting as provided by B&P Code Section 19615(c) or (d). In the event of **underpayment** of purses which results in a balance remaining in the Paymaster of Purses' account at the conclusion of the meeting after distribution of amounts due to horsemen and breeders and horsemen's organizations, the association may carry forward the surplus amount to its next succeeding meeting; provided, however, that the amount so retained does not exceed an amount equivalent to the average daily distribution of purses and breeders' awards during the meeting. All amounts in excess shall be distributed retroactively and proportionally in the form of purses and breeders' awards to the horse owners and breeders having earned purses or awards during the conduct of the meeting.

6. STABLE ACCOMMODATIONS

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

Complete subsections F through H if the association will request reimbursement for off-site stabling as provided by B&P Code Sections 19607, 19607.1, 19607.2, and 19607.3; otherwise, skip to Section 7.

- F. Total number of usable stalls made available on-site for the **1986** meeting: **2,000**
- G. Estimated cost to provide off-site stalls for this meeting: **\$1,300,000**. Show cost per day per stall:
Average cost: \$12
- H. Estimated cost to provide vanning from off-site stalls for this meeting. Show fees to be paid for vanning per-horse: **\$300,000**
- | | | |
|------------------------|---------------------|--------------|
| Roundtrip from: | Santa Anita | \$216 |
| | Pomona | \$240 |
| | San Luis Rey | \$384 |
| | Los Alamitos | \$216 |

7. PARI-MUTUEL WAGERING PROGRAM

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

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

	TYPE OF WAGERS	APPLICABLE RULES
Race #1 *	\$2DD	CHRB 1957
	\$1E	CHRB 1959
	\$1PPN	CHRB 1976.8
	\$1PK3	CHRB 1977
	\$2Q	CHRB 1958
	\$1 PNP (Pick 4)	CHRB 1976.9
Race #2 *	\$2DD	CHRB 1957
	\$1E	CHRB 1959
	\$1PK3	CHRB 1977
	\$2Q	CHRB 1958
Race #3 *	\$2DD	CHRB 1957
	\$1E	CHRB 1959
	\$1PK3	CHRB 1977
	\$2Q	CHRB 1958
	\$2 PNP (Pick 6 when 8 races)	CHRB 1976.9
Race #4 *	\$2DD	CHRB 1957
	\$1E	CHRB 1959
	\$1PK3	CHRB 1977
	\$2Q	CHRB 1958
	\$2 PNP (Pick 6 when 9 races)	CHRB 1976.9
Race #5 *	\$2DD	CHRB 1957
	\$1E	CHRB 1959
	\$1PK3	CHRB 1977
	\$2Q	CHRB 1958
	\$2PNP (Pick 6 when 10 races)	CHRB 1976.9
	\$1PNP (Pick 4 when 8 races)	CHRB 1976.9
Race #6 *	\$2DD	CHRB 1957
	\$1E	CHRB 1959
	\$1PK3	CHRB 1977
	\$2Q	CHRB 1958
	\$1PNP (Pick 4 when 9 races)	CHRB 1976.9
Race #7 *	\$2DD	CHRB 1957
	\$1E	CHRB 1959

	\$1PK3 (when 9 or more races)	CHRB 1977
	\$2Q	CHRB 1958
	\$1PNP (Pick 4 when 10 races)	CHRB 1976.9
Race #8 *	\$2 DD (when 9 or more races)	CHRB 1957
	\$1E	CHRB 1959
	\$1PK3 (when 10 races)	CHRB 1977
	\$2Q	CHRB 1958
Race #9 *	\$1E	CHRB 1959
	\$2Q	CHRB 1958
	\$2 DD (when 10 races)	CHRB 1957
Race #10*	\$1E	CHRB 1959
	\$2Q	CHRB 1958

* \$1 Trifecta in any race when we can comply with CHRB Rule 1979. 10 cent Superfecta in any race when we can comply with CHRB Rule 1979.1. The Pick 6 [P(n)P] will be offered on the last 6 races of the card. In accordance with CHRB Rule 1976.9 we designate that seventy percent (70%) of the net Pick 6 pool be retained for the jackpot and that no cap be set on the jackpot. A Pick 4 (PnP) will be offered on the first 4 and last 4 races of the card. In accordance with CHRB Rule 1976.9 we designate that major share of the Pick 4 pool be designated as 0%. Additionally, we will offer our patrons the option of an alternate selection pick in the place Pick All and Pick 6 and Pick 4. Additionally we will offer Win, Place or Show parlay wagering in accordance with CHRB 1954.1. We will also offer the Super High Five on the last race of the card in accordance with the ARCI Pick(n) Position(x) pools rule.

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

- B. Maximum carryover pool to be allowed to accumulate before its distribution **OR** the date(s) designated for distribution of the carryover pool: **Closing day, December 21, 2008**
- C. List any options requested with regard to exotic wagering: **B & P Code Section 19611.5**
- D. Will "advance" or "early bird" wagering be offered? Yes No
If yes, when will such wagering begin: **8:30 am on the day of and advance-day wagering.**
- E. Type(s) of pari-mutuel or totalizator equipment to be used by the association and the simulcast organization, name of the person(s) supplying equipment, and expiration date of the service contract: **Scientific Games, September 2012**

8. ADVANCE DEPOSIT WAGERING (ADW)

- A. Identify the ADW provider(s) to be used by the association for this race meeting: **TVG, YouBet, Xpress Bet & Twinspires.com (Television provider will be TVG)**

9. SIMULCAST WAGERING PROGRAM

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

C. California simulcast facilities the association proposes to offer its live audiovisual signal:

- | | |
|--|--|
| National Orange Show (San Bernardino) | Barona Indian Reservation |
| Del Mar Fair (Del Mar) | Sycuan Tribe |
| Ventura County Fair | Cabazon Indian Reservation |
| Riverside County Nat'l Date Fest. (Indio) | Viejas Indian Reservation |
| Lake Perris Fairgrounds | Santa Anita Racetrack |
| Santa Barbara Horse & Flower Show (S.B.) | L.A. County Fair (Pomona) |
| Santa Barbara County Fair (Santa Maria) | Los Alamitos Race Course |
| Antelope Valley Fair & Alfalfa Fest. (Lancaster) | San Bernardino County Fair (Victorville) |
| All Northern California locations authorized to conduct pari-mutuel wagering | |

D. Out-of-state wagering systems the association proposes to offer its live audiovisual signal:
Attachment "A"

E. Out-of-state wagering systems that will combine their pari-mutuel pools with those of the association:
Attachment "A"

F. For **THOROUGHBRED** racing associations, list the host track from which the association proposes to import out-of-state and/or out-of-country thoroughbred races. Include the dates imported races will be held, and whether or not a full card will be accepted. If the full card will not be imported, state "selected feature and/or stakes races": **See Attachment "B"**

NOTICE TO APPLICANT: B&P Code Section 19596.2(a) stipulates that on days when live thoroughbred or fair racing is being conducted in the state, the number of thoroughbred races which may be imported by an association or fair during the calendar period the association or fair is conducting its racing meeting cannot exceed a combined daily total of 23 imported thoroughbred races statewide. The limitation of 23 imported thoroughbred races per day statewide does not apply to those races specified in B&P Code Section 19596.2(a)(1), (2), (3) and (4).

THOROUGHBRED SIMULCAST RACES TO BE IMPORTED

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

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

QUARTER HORSE SIMULCAST RACES TO BE IMPORTED

Name of Host Track	Race Dates	Full Card or Selected Feature and/or Stakes Races
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H. For **STANDARD BRED** racing associations, list the host tracks from which the association proposes to import out-of-state and/or out-of-country harness races. Include the dates imported races will be held, and whether or not a full card will be accepted. If the full card will not be imported, state "selected feature and/or stakes races": **N/A**

HARNESS SIMULCAST RACES TO BE IMPORTED

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

Attachment A – Section 9D and 9E

Out of State Wagering Systems the association proposes to offer its live audiovisual signal. Locations that will not combine their pools with those of the association are marked with an asterisk (*)

Acoma Pueblo Casino	*MIR/Caliente (Mexico, Latin America, South America)
Ajax Downs (Canada)	Mobile Greyhound Park
AmWest Entertainment	Mohegan Sun Casino
Arapahoe Park	Mohegan Sun at Pocono Downs
Arima Race Club (Trinidad and Tobago)	Monmouth Park
Arlington Park	Montana Simulcast Partners
Assiniboia Downs (Canada)	Monticello Raceway
Atlantic City Race Course	Mountaineer Park
Atlantis Paradise Casino (Bahamas)	Mt. Pleasant Meadows
Atokad Downs	Nassau Regional OTB
Balmoral Park	Nebraska State Fair Park
Bangor Historic Track	*Nevada Disseminator Service (NDS)
Batavia Downs	Nevada Pari-Mutuel Association
Beulah Park	New Jersey Casinos
Birmingham Race Course	New York City OTB
Blue Ribbon Downs	NYRA
Bluffs Run Greyhound Park	Newport Jai-Alai
Buffalo Raceway	Northfield Park
Calder Race Course	Northlands Park (Canada)
Canterbury Park	Northville Downs
Capital District OTB	Oaklawn Park
Catskill District OTB	Ocean Downs Racetrack
Charles Town Race Course	Oneida Casino
Charlottetown Raceway (Canada)	Penn National
Choctaw Racing Services	Philadelphia Park
Churchill Downs	Plainridge Racecourse
Churchill Downs Technology Initiatives	Pojoaque Casino (aka Cities of Gold Casino)
Company (dba twinspires.com, winticket.com, brisbet.com, tsnbet.com, Icanbet.com, Betharness.com, Thoroughbets.com, Myracebet.com, Watchandwager.com, Hipodromoenlinea.com, Racelinebet.com, Betpad.com)	Pony Bar Simulcast Center (St. Thomas)
Clinton Raceway (Canada)	Portland Meadows
Coeur D’Alene Casino	Prairie Meadows
Colonial Downs	Presque Isle Downs
Columbus Races	Quinte Raceway (Canada)
Comanche Nation Games	Raceway Park
Connecticut OTB	Racing World (UK & IRE)
Corpus Christi Greyhound Park	Randall James Racetrack (St. Croix)
Crystal Palace Casino (Bahamas)	Raynham Taunton Greyhound
Dairyland Greyhound	Remington Park
Delaware Park	Retama Park
Delta Downs	RGS (St. Kitts)
Divi Carina Bay Casino (St. Croix)	Rideau Carlton Raceway (Canada)
Dover Downs	River Downs
Downs at Albuquerque	Rockingham Park
Dubuque Greyhound Park	Rocky Mountain Turf Club (Canada)
Elite Turf Club (Curacao)	Rosecroft Raceway
Ellis Park	Royal Beach Casino (St. Kitts)
Emerald Downs	Royal River Racing
Eureka Downs	Ruidoso Downs
Evangeline Downs	Sam Houston Race Park
	Saratoga Gaming and Raceway
	Scarborough Downs
	Scioto Downs
	Seabrook Greyhound

Attachment A (continued)	Shoreline Star Greyhound
Fair Grounds	Southland Greyhound Park
Fair Meadows	Sports Creek
Fairmount Park	Stables Casino
Finger Lakes	Sudbury Downs (Canada)
Flamboro Downs (Canada)	Suffolk Downs
Fonner Park	Suffolk Regional OTB
Foxwoods Casino	Sunland Park
Fraser Downs (Canada)	Sun Ray Park
Freehold Raceway	Tampa Bay Downs
Ft. Erie Race Track (Canada)	Tartan Downs (Canada)
Georgian Downs (Canada)	The Meadows
Gillespie County Fair	The Stables Casino
Grand River Raceway (Canada)	Thistledown
Great Lakes Downs	Tioga Downs
Greenetrack	Tote Investment Racing Service (Barbados)
Greyhound Track at Post Falls	Tri-State Greyhound Park
Gulf Greyhound Park	Truro Raceway (Canada)
Gulfstream Park	Turf Paradise
Hanover Raceway (Canada)	Turfway Park
Harrah's Chester Casino and Racetrack	TVG
Harrah's Louisiana Downs	Valley Greyhound
Harrington Raceway	Vernon Downs
Hastings Park (Canada)	Victoryland Greyhound Park
Hawthorne	Western Fair Raceway (Canada)
Hazel Park	Western Regional OTB
Hiawatha Horse Park (Canada)	Wheeling Downs
Hinsdale Greyhound Park	Wichita Greyhound Park
Hippodrome de Montreal (Canada)	Will Rogers Downs
*Hippodromo Presidente Remon	Winners OTB
Ho-Chunk Casino	Windsor Raceway (Canada)
Hoosier Park	Wonderland Greyhound Park
Horsemen's Park	Woodbine Entertainment Group (Canada)
Indiana Downs	Woodlands
International Racing Group (Curacao)	Wyoming OTB
Jackson Harness	Xpressbet
John Martin's Manor Restaurant	Yavapai Downs
Kawartha Downs Raceway (Canada)	Yonkers Raceway
Keeneland	Youbet
*LVDC	Zia Park
Lebanon Raceway	
Les Bois Park	
Lewiston Raceway	
Lien Games	
Lincoln Greyhound Park (aka Twin Rivers)	
Lodge at Belmont Greyhound	
Lone Star Park	
Manor Downs	
Marquis Downs (Canada)	
Maryland Jockey Club	
Maywood Park	
Meadowlands	
MEC International (aka Global Wagering Solutions) (Austria, Germany, UK, IRE)	
Meskwaki Casino	

Attachment B – Section 9F

THOROUGHBRED SIMULCAST RACES TO BE IMPORTED

Name of Host Track	Race Dates	Full Card or Selected Feature and/or Stakes Races
Aqueduct	10/29 - 12/21/08	Full Card or Partial Cards
Beulah Park	10/29 - 12/20/08	Full Card or Partial Cards
Calder	10/29 - 12/21/08	Full Card or Partial Cards
Churchill Downs	10/29 - 11/29/08	Full Card or Partial Cards
Delaware Park	10/29 - 11/09/08	Full Card or Partial Cards
Delta Downs	10/29 - 12/21/08	Full Card or Partial Cards
Fair Grounds	11/27 - 12/21/08	Full Card or Partial Cards
Hastings Park	10/29 - 11/02/08	Full Card or Partial Cards
Hawthorne Park	10/29 - 12/21/08	Full Card or Partial Cards
Hoosier Park	10/29 - 11/23/08	Full Card or Partial Cards
Laurel Park	10/29 - 12/21/08	Full Card or Partial Cards
Meadowlands	10/29 - 11/15/08	Full Card or Partial Cards
Mountaineer Park	10/29 - 12/21/08	Full Card or Partial Cards
Penn National	10/29 - 12/21/08	Full Card or Partial Cards
Philadelphia Park	10/29 - 12/21/08	Full Card or Partial Cards
Portland Meadows	10/29 - 12/21/08	Full Card or Partial Cards
Remington Park	10/29 - 12/14/08	Full Card or Partial Cards
Sam Houston	10/29 - 12/21/08	Full Card or Partial Cards
South America	10/29 - 12/21/08	Full Card or Partial Cards
Suffolk Downs	10/29 - 11/08/08	Full Card or Partial Cards
Sunland Park	12/09 - 12/21/08	Full Card or Partial Cards
Tampa Bay	12/06 - 12/21/08	Full Card or Partial Cards
Turf Paradise	10/29 - 12/21/08	Full Card or Partial Cards
Turfway Park	11/30 - 12/21/08	Full Card or Partial Cards
United Kingdom	10/29 - 12/21/08	Full Card or Partial Cards
Woodbine	10/29 - 12/07/08	Full Card or Partial Cards
Zia Park	11/07 - 12/09/08	Full Card or Partial Cards

OTHER BREED SIMULCAST RACES TO BE IMPORTED

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

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

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

Every association shall pay over to the simulcast organization within 3 calendar days following the closing of wagering for any day or night racing program, or upon receipt of the proceeds, such amounts that are retained from off-track simulcast wagering, interstate and out-of-state wagering, and which are obligated by statute for guest commissions, simulcast operator's expenses and promotions, equine research, local government in-lieu taxes, and stabling and vanning deductions. Every association shall pay to its Paymaster of Purses' account within 3 calendar days following the closing of wagering for each day or night racing program, or upon receipt of the proceeds, such amounts that are retained or obligated from off-track simulcast wagering, interstate and out-of-state wagering for purses, breeders' awards or other benefits to horsemen. (See Notice to Applicant, Section 5.)

10. CHARITY RACING DAYS

- A. Name and address of the distributing agent (charity foundation) for the net proceeds from charity racing days held by the association: **Hollywood Park Racing Charities, 1050 South Prairie Avenue Inglewood, California 90301 310-419-1518**

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

Tirso del Junco, M.D.
Chairman & President
4924 Sunset Boulevard
Los Angeles, CA 90027

Miss Angie Dickinson
Treasurer
P. O. Box 369
Inglewood, CA 90306

Mr. Willie D. Davis
Vice-President
P. O. Box 369
Inglewood, CA 90306

Mrs. Barbara Knight
Secretary
P. O. Box 369
Inglewood, CA 90306

Rick Baedeker
c/o Hollywood Park
1050 South Prairie Ave
Inglewood, CA 90301

Alvin Segel, Esq.
Irell & Manella
1800 Avenue of the Stars, #900
Los Angeles, CA 90067

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

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

NOTICE TO APPLICANT: Net proceeds from charity racing days shall be paid to the designated and approved distributing agent within 180 days following the conclusion of the association's race meeting in accordance with the provisions of B&P Code Section 19555. Thereafter, the distributing agent shall distribute not less than 90% of the aggregate proceeds from such charity racing days within 12 calendar months after the last day of the meeting during which the charity racing days were conducted and shall distribute the remaining funds as soon thereafter as is practicable. At least 20% of the distribution shall be made to charities associated with the

horse racing industry in accordance with the provisions of B&P Code Section 19556(b).

11. RACING OFFICIALS, OFFICIALS, AND OFFICIATING EQUIPMENT

A. Racing officials nominated:

Association Veterinarian(s)	Jill Bailey, D.V.M.
Clerk of Scales/Film Specialist	Ruben Hernandez
Clerk of the Course	Lisa Jones
Horse Identifier	Jennifer Paige
Horseshoe Inspector	Louis Damore
Paddock Judge/Patrol Judge	Ken Goldberg
Patrol Judge	Heather Correa
Placing Judges	Zachary Soto Kevin Colosi
Starter	Gary Brinson
Timer	Russell Hudak

B. Management officials in the racing department:

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

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

D. Photographic device to be used for photographing the finish of all races, name of the person supplying the service, and expiration date of the service contract: **Plusmic, USA 12/31/08**

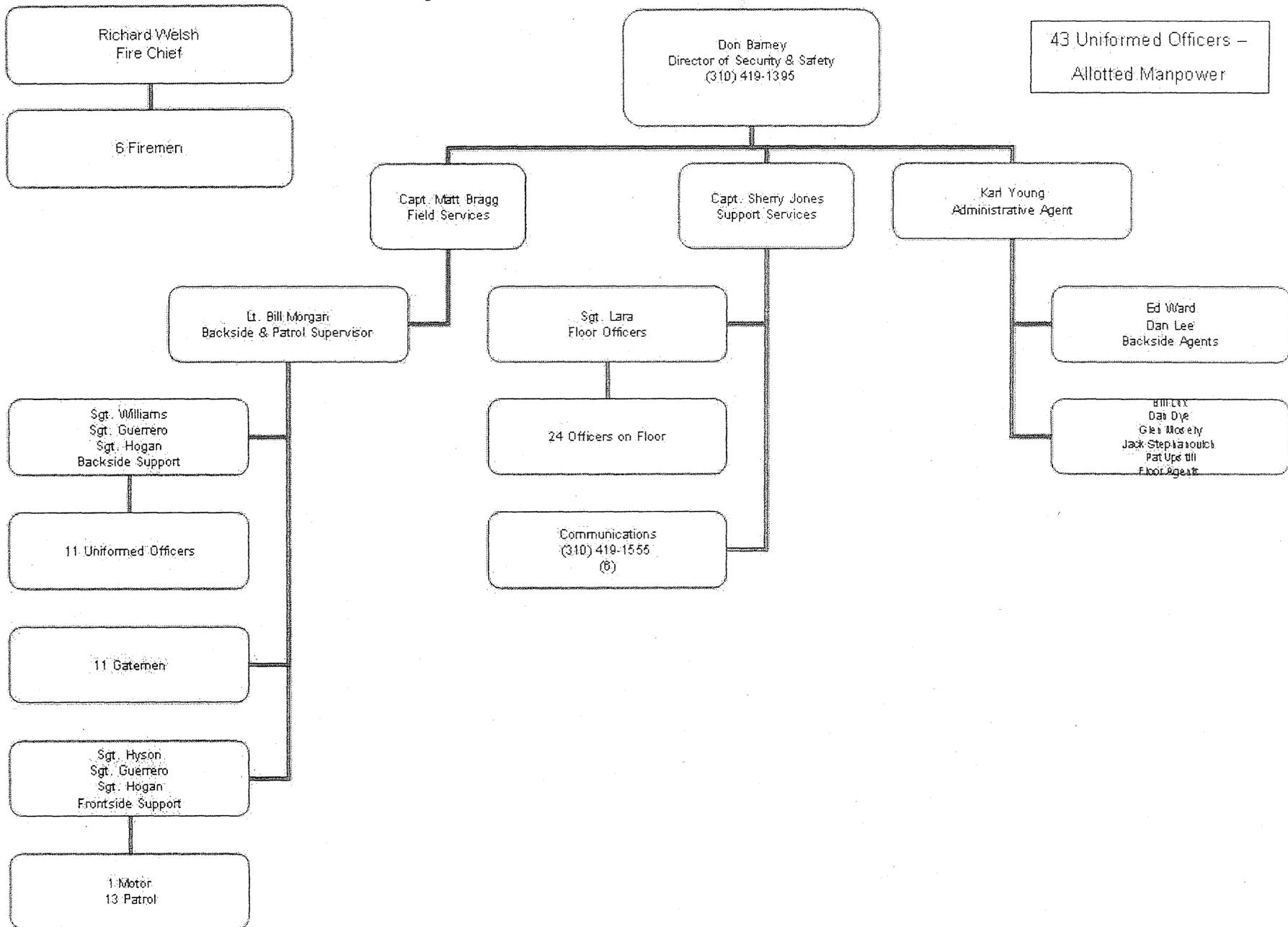
E. Photo patrol video equipment to be used to record all races, name of the person supplying the service, and expiration date of the service contract. Specify the number and location of cameras for dirt and turf tracks. **Association provides its own service and equipment. Equipment utilized is described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

F. Type of electronic timing device to be used for the timing of all races, name of the person supplying the service, and expiration date of the service contract: **American Teletimer, 12/31/08**

12. SECURITY CONTROLS

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

Hollywood Park Security Department



VIDEO EQUIPMENT

CAMERAS

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

VIDEO TAPE RECORDING EQUIPMENT

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

DISTRIBUTION/SWITCHING EQUIPMENT

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

OTHER

Four "Autotote" VGS Units - Betting Screens
Data links wagering system
2 - Chyron Graphics Systems - Max and Maxine
Charlson O'Hare Computer Graphics System
Clear-com "Matrix" Intercom System
Approximately 1,100 Color Televisions

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

- 43 Uniformed Officers
- 8 Agents
- 5 Firemen
- 11 Gatemen
- 5 Communication Operators

1. Attach a written plan for enhanced security for graded/stakes races, and races of \$100,000 or more, to include the number of security guards in the restricted areas during a 24-hour period and a plan for detention barns. **Six hours prior to post time, officers or Backstretch Events Personnel will be assigned to each horse scheduled to run in all stakes races with a purse value of \$100,000 or more. The officers and Backstretch Event Personnel will all be equipped with a video surveillance camera and a security radio. In addition, there will be an Agent to monitor the security enforcement and 5 additional uniformed officers throughout the backside during racing. During non-racing, nighttime hours there will be 4 officers per shift patrolling the backside. In the event that horse is assigned to the detention barn, uniformed officers will be assigned to that area for twenty-four hour surveillance. The horses will also be under video surveillance.**

2. Detention Barns:

- A. Attach a plan for use of graded stakes or overnight races.
Detention barn is used as required by the CHRB.
- B. Number of security guards in the detention barn area during a 24-hour period.
As needed at the direction of the CHRB.
- C. Describe number and location of surveillance cameras in detention barn area.
There are currently 10 cameras over the stalls and 2 covering the shedrow. We have additional cameras on site ready for installation.

3. TCO2 Testing:

- A. Number of races to be tested, and number of horses entered in each race to be tested.
Will follow CHRB staff directives to insure compliance with CHRB Rule 1843.6.
- B. Plan for enhanced surveillance for trainers with high-test results **Will follow CHRB staff directives to insure compliance with CHRB Rule 1843.6.**
- C. Plan for detention barns for repeat offenders. **Will follow CHRB staff directives to insure compliance with CHRB Rule 1843.6.**
- D. Number of security personnel assigned to the TCO2 program.
As needed per the advice of CHRB staff.

- C. Describe the electronic security system:

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

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

13. EMERGENCY SERVICES

- A. Name, address and emergency telephone number of the ambulance service to be used during workouts and the running of the races: **Huntington Ambulance Service, Box 145 Sunset Beach, California 562/904-1550**
- B. Name, address and emergency telephone number of the ambulance service to be used during workouts at auxiliary sites: **Santa Anita- Huntington Ambulance Service, Box 145 Sunset Beach, California 562/904-1550; Pomona-Cole Schafer Ambulance Service, 324 N. Town Ave., Pomona California 909/966-4727-800/966-4727; San Luis Rey Downs- North County Fire Protection District, Fallbrook, California-760/723-2006**
- C. Describe the on-track first aid facility, including equipment and medical staffing: **Our first aid facility is located on the ground level in the hallway between the paymaster of purses and the track photographer offices. The rear entrance to the first aid facility opens to tunnel 1A and is approximately 12ft from the Jocks' room entrance. During training hours two certified EMTs are stationed in an ambulance located on the backstretch just off the main track. They have access to the first aid facility should the need arise. During racing hours two certified EMTs staff and maintain the first aid facility with an addition team of two EMTs stationed in an ambulance on the race track. Also during racing hours there is a medical doctor on duty who provided through Kerlan-Jobe clinic.**
The facility is equipped with the following: beds, stethoscope, otoscope, flash light, forceps, clamps, scissors, scalpel, tourniquet, sterile syringes, blood pressure kit, oxygen, eye flushes, splints, bandages, trauma dressing, hydrogen peroxide etc., nasal packing, topical anesthetic, thermometer, Silver nitrate sticks (AgNO₃), ice packs, backboards for spinal precautions, cervical collars, immobilization straps hare traction splints for closed femur fractures, KED splints, bag valve mask for CPR, Automated external defibrillator., oxygen masks, cannula tubing and a variety of addition supplies and over the counter drugs (aspirin etc.)
- D. Name and emergency telephone number of the licensed physician on duty during the race meeting: **Dr. John Goff 310/419 1562 There will be other doctors who will be pre scheduled to relieve Dr. Goff from time to time during the race meeting . That schedule will be provided to the CHRB when it becomes available.**
- E. Name, address and emergency telephone number of the hospital to be used for admittance and treatment of emergency injuries in the event of an on-track injury to a jockey: **Centinela Hospital, 555 East Hardy Street, Inglewood, Ca- Dr Lee Wise- Chief of staff 310/697-9180**
- F. Attach, in English and Spanish, the emergency medical plan procedures that will be posted in each jockey's room to be used in the event of an on-track injury to a jockey: **Refer to Attachment "D"**
- G. Name of health and safety manager and assistant manager responsible for compliance of health and safety provisions pursuant to B& P Code 19481.3(d): **Don Barney Safety Manager- Karl Young Assistant Safety Manager**

Attachment D - Section 13

MEMORANDUM

From: Don Barney, Director of Security & Safety

Subject: Emergency Medical Action Plan for Injured Jockeys

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

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

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

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

From: Don Barney, Director of Security & Safety

Subjecto: Emergencia Medica Accion de plan para el Jinete Lastimado

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

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

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

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Street, Inglewood.

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

ACORD CERTIFICATE OF LIABILITY INSURANCE

Page 1 of 2

DATE
09/26/2007

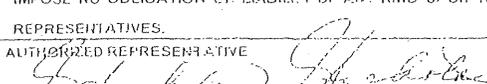
PRODUCER 877-945-7378 Willis North America, Inc. 26 Century Blvd. P. O. Box 305193 Nashville, TN 372305191		THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.	
INSURED Stockbridge Capital Group, LLC dba Hollywood Park 4 Embarcadero Center, Suite 3300 San Francisco, CA 94111		INSURERS AFFORDING COVERAGE	NAIC#
		INSURER A American Home Assurance Company	19380-100
		INSURER B:	
		INSURER C:	
		INSURER D:	
		INSURER E:	

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR ADD'L LTR INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
	GENERAL LIABILITY COMMERCIAL GENERAL LIABILITY CLAIMS MADE <input type="checkbox"/> OCCUR <input type="checkbox"/> GEN'L AGGREGATE LIMIT APPLIES PER: POLICY <input type="checkbox"/> PRO JECT <input type="checkbox"/> LOC <input type="checkbox"/>				EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMPIOP AGG \$
	AUTOMOBILE LIABILITY ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS HIRE/AUTOS NON-OWNED AUTOS				COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	GARAGE LIABILITY ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY: EA ACC \$ AGG \$
	EXCESS/UMBRELLA LIABILITY OCCUR <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> DEDUCTIBLE RETENTION \$				EACH OCCURRENCE \$ AGGREGATE \$ \$ \$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below		9/23/2007	9/23/2009	WC STATUTORY LIMITS <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
	OTHER				

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS

CERTIFICATE HOLDER CHRB 1010 Hurley Way Suite 300 Sacramento, Ca 95825	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES. AUTHORIZED REPRESENTATIVE 
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- H. Attach a fire clearance from the fire authority having jurisdiction over the premises.
Fire clearance inspection has been scheduled for September 10, 2008.
- I. Name of the workers' compensation insurance carrier for the association and the number of the insurance policy (if self-insured, provide details): **American Home Assurance Company #On file**
- J. Attach a Certificate of Insurance for workers' compensation coverage. The CHRB is to be named as a certificate holder and given not less than 10 days' notice of any cancellation or termination of insurance that secures the liability of the association for payment of workers' compensation.
Attached

NOTICE TO APPLICANT: Every licensee conducting a horse racing meeting shall pursuant to B&P Code 19481.3 maintain, staff, and supply an on-track first aid facility, that may be either permanent or mobile, and which shall be staffed and equipped as directed by the board. A qualified and licensed physician shall be on duty at all times during live racing, except that this provision shall not apply to any quarter horse racing at the racetrack if there is a hospital situated no more than 1.5 miles from the racetrack and the racetrack has an agreement with the hospital to provide emergency medical services to jockeys and riders. An ambulance licensed to operate on public highways provided by the track shall be available at all times during live racing and shall be staffed by two emergency medical technicians licensed in accordance with Division 2.5 (commencing with Section 1797) of the Health And Safety Code, one of whom may be an Emergency Medical Technician Paramedic, as defined in Section 1797.84 of the Health and Safety Code. (b) Each racing association and racing fair shall adopt and maintain an emergency medical plan detailing the procedures that shall be used in the event of an on-track injury. The plan shall be posted in each jockey room in English and Spanish. (c) Prior to every race meeting, the racing association or racing fair shall contact area hospitals to coordinate procedures for the rapid admittance and treatment of emergency injuries. (d) Each racing association or racing fair shall designate a health and safety manager and assistant manager, who shall be responsible for compliance with the provisions of this section and one of whom shall be on duty at all times when live racing is conducted. The health and safety manager may, at the discretion of the racing association, be the person designated to perform risk management duties on behalf of the association.

14. CONCESSIONAIRES AND SERVICE CONTRACTORS

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

15. ON-TRACK ATTENDANCE/FAN DEVELOPMENT

- A. Describe any promotional plans:

For the Fall Meet of 2008, Hollywood Park Racing Association ("HPRA") intends to make every effort possible to reverse the declines in on track attendance and handle seen during the Spring Summer Meet. During the Spring Summer Meet, average daily on-track attendance decreased 6.3% and average daily on-track handle decreased 10.33%. It is hoped that following the Fall Meet, a reversal will have taken place.

The following is the proposed Promotional Schedule for the Meet:

Week #1

- Wednesday, October 29 – Day 1 – Opening Day – For Opening Day, coupons for free General Admission for two will be sent to members of the Hollywood Park Mailing list in the first Direct Mail piece. Also, an additional coupon for a free box seat will be offered to members of the Hollywood Park Gold Club.

Every Wednesday is also Senior Day, where all Seniors, aged 62 and over, receive a \$3.00 discount on the regular admission price, resulting in a final price of \$4.00, including parking and a program.

The fact that live racing has returned to Hollywood Park will be advertised on Television.

Attachment E - Section 14Concessionaires and Service Contractors

Levy Premium FoodService Limited Partnership Food, Beverage, Liquor
 980 North Michigan Avenue, Suite 400
 Chicago, IL 60611

Robert J. Baedeker Tip Sheet
 Baedeker's Guide
 130 West El Portal
 San Clemente, California 92672

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

Winners Tip Sheet
 Toby Turrell
 14112 Enfield Circle
 Westminster, California 92683

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

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

Thorograph
 541 Hudson Street
 New York City, New York 10014

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

Miscellaneous

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

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

CHRB-17 (Rev. 12/06)

- Thursday, October 30 – Day 2 – Every Thursday, members of the Hollywood Park Gold Club receive free general admission, including parking and a program.
- Friday, October 31 – Day 3 – Friday, October 31 – Sunday, November 2 – Round 1 Fall Handicapping Championship
- Saturday, November 1 – Day 4 – On four weekends during the Meet, there will be giveaway promotions. The promotional item for the first Saturday will be a Coffee Mug Set.

Television advertising will be utilized to promote this giveaway.

- Sunday, November 2 – Day 5 – Every Sunday, the NFL Package will be promoted – enticing fans to come to the races and enjoy every football game.

Week #2

- Wednesday, November 5 – Day 6 – Senior Day
- Thursday, November 6 – Day 7 – Free Admission for Gold Club members.
- Friday, November 7 – Day 8 – Friday Night Fever – In the Fall Meet, night racing will be conducted on three consecutive Fridays beginning Nov. 7. Each of these events will be highlighted by live music following the races in the Ascot Terrace. Throughout the evening, there will be \$1 Beers, sodas, and Hot Dogs. Television Advertising will be utilized to promote these events.
- Saturday, November 8 – Day 9 – Mystery Mutuel Voucher Promotion – In the first Direct Mail Piece, a Mystery Mutuel Voucher worth anywhere from \$2 to \$5,000 will be sent to all fans on the Hollywood Park Mailing List.
- Sunday, November 9 – Day 10 – NFL Package

Week #3

- Wednesday, November 12 – Day 11 – Senior Day
- Thursday, November 13 – Day 12 – Free Admission for Gold Club members.
- Friday, November 14 – Day 13 – Friday Night Fever – Television Advertising will be utilized to promote this event.
- Saturday, November 15 – Day 14 – Free Day On Us! – One of the most popular promotions with regular customers is the Free Day on us. On these days, a select number of fans will receive an offer which includes free parking, free Clubhouse admission, a free program and a free Daily Racing Form. The Free Day on us will take place twice during the Fall Meet.
- Sunday, November 16 – Day 15 – NFL Package

Week #4

- Wednesday, November 19 – Day 16 – Senior Day
- Thursday, November 20 – Day 17 – Free Admission for Gold Club members.
- Friday, November 21 – Day 18 – Friday Night Fever – Television Advertising will be utilized to promote this event.
- Saturday, November 22 – Day 19 – Round #2 – Fall Handicapping Challenge

- Sunday, November 23 – Day 20 – NFL Package

Week #5

- Wednesday, November 26 – Day 21 – Senior Day
- Thursday, November 27 – Day 22 – Thanksgiving Day, featuring a brunch in the Turf Club and a special early post time.

Free Admission for Gold Club members and Senior Day.

Television Advertising will be utilized to promote the Turf Festival

- Friday, November 28 – Day 23 – Turf Festival – Grade I Citation Handicap and Grade III Generous Stakes
- Saturday, November 29 – Day 24 – Turf Festival – Grade III Miesque Stakes and Grade III Hollywood Turf Express – Giveaway #2 – Tentatively scheduled to be a wallet with a select few containing cash vouchers.
- Sunday, November 30 – Day 25 – Turf Festival – Grade I Matriarch and Grade I Hollywood Derby - \$1 Million Guaranteed Pick Six – Mystery Mutuel Voucher Promotion. Also, NFL Package.

Week #6

- Wednesday, December 3 – Day 26 – Senior Day
- Thursday, December 4 – Day 27 – Free Admission for Gold Club members.
- Friday, December 5 – Day 28
- Saturday, December 6 – Day 29 – Grab Bag Giveaway – fans will have the opportunity to pick up one of their favorite giveaway items from the past.
- Sunday, December 7 – Day 30 – Snow Day Family Day in the Parking Lot prior to the races. Also, NFL Package

Week #7

- Wednesday, December 10 – Day 31 – Senior Day
- Thursday, December 11 – Day 32 – Free Admission for Gold Club members.
- Friday, December 12 – Day 33
- Saturday, December 13 – Day 34 – Round 3 – Fall Handicapping Championship
- Sunday, December 14 – Day 35 – Free Day on Us #2 and NFL Package.

Week #8

- Wednesday, December 17 – Day 36 – Senior Day
- Thursday, December 18 – Day 37 – Free Admission for Gold Club members.
- Friday, December 19 – Day 38
- Saturday, December 20 – Day 39 – Grade I CashCall Futurity – Fleece Jacket Giveaway

Television advertising will be utilized to promote this giveaway.

- Sunday, December 21 – Day 40 – Closing Day - \$1 Day. Also, NFL Package.

Advertising Plan

Print Advertising:

- Los Angeles Times: Quarter Page ads will be purchased three times weekly promoting the following events:
 - Opening Week Giveaway
 - Turf Festival and Wallet Giveaway
 - CashCall Futurity – Fleece Jacket Giveaway
- Beach Reporter: Full Page, full color ads will be purchased each week of the meet highlighting weekly upcoming events.
- The Argonaut: Full Page, full color ads will be purchased each week of the meet highlighting weekly upcoming events.
- Inglewood Today Weekly: Half Page ads will be purchased each week of the meet highlighting weekly upcoming events.
- Our Weekly: Half Page ads will be purchased each week of the meet highlighting weekly upcoming events.

College Ads: To promote the four Friday night race events, advertising will be placed in the following publications for three weeks (one week leading up to the events and each week they actually take place):

- USC Daily Trojan
- UCLA Daily Bruin
- Los Angeles Daily Loyolan
- SMCC Corsair
- Long Beach Union
- Saturday Night Magazine
- LA Weekly

Radio Advertising:

- JACK-FM: Hollywood Park will partner with JACK-FM again to promote Friday nights. This was the same station used in the Spring Summer Meet.
- Racing Radio – weekly spots will be placed on each of the following racing radio shows:
 - Inside Racing with Jason Levin
 - Thoroughbred Los Angeles with Jay Privman on Saturdays and Mike Willman on Sundays
 - Race & Sports Radio with Felix Taverna
 - The Roger Stein Show

Television Advertising:

- A television advertising campaign very similar to the one conducted in the Spring Summer Meet will be implemented in the Fall. Television media will again be purchased using MediaDex as the buying agency. For Friday night events, the “Stays in Vegas” ad campaign will be utilized. For racing events, in-house creative will be utilized. Individual campaigns will be built for each of the following events:
 - Opening Week –Giveaway on Saturday, November 1
 - Turf Festival
 - CashCall Futurity/Fleece Jacket Giveaway
 - Each Friday Night we race

- B. Number of hosts and hostesses employed for meeting: **During the fall meet, we will employ up to 14 hosts and hostesses to handle group business and between 12 and 15 guest service personnel. We add another 15-20 people on promotional days for giveaways and sign-ups for the Hollywood Park Gold Club.**
- C. Describe facilities set aside for new fans:
- **Jockey Club/Ascot Terrace – On two Friday nights, the Jockey Club Bar area and the Ascot Terrace will be the venue for a post race concert. The areas both overlook the track and during the races will be staffed with customer service representatives to answer racing related questions.**

- Saturday Handicapping Seminar with Kurt Hoover
- Sunday Handicapping Seminar with George Ortuzar
- Customer Service Booths – Throughout the facility there are Customer Service booths staffed to assist patrons with any requested information
- Group Events – The track hires handicappers each day there are groups attending the races to educate new fans regarding handicapping.

D. Describe any improvements to the physical facility in advance of the meeting that directly benefit:

1. Horsemen
2. Fans
3. Facilities in the restricted areas Improvements to be determined

16. SCHEDULE OF CHARGES

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

1) General Admission	\$ 7.00
a. 17 yrs. old and under	Free
b. Wed & Thu Senior Citizens	\$ 4.00
(2) Clubhouse Admission	\$ 10.00
(3) Turf Club	\$ 20.00
(4) Reserved seating	\$ 2.00
(5) General Parking	Free
(6) Preferred (Premium) Parking	\$ 3.00
(7) Valet Parking	\$ 8.00
(8) Programs	\$2.25

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

	Box Seats		*Turf Club Membership
4 seat Box	\$1,600	Single Turf Club	\$ 800
6 seat Box	\$2,000	Double Turf Club	\$ 1,250
8 seat Box	\$2,600	Corporate Membership	\$ 2,400
8 seat SuperBox	\$3,000	Guest	\$ 12

***Includes Spring/Summer, Fall Meets and Simulcast**

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

17. JOCKEYS/DRIVERS' QUARTERS

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

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

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

18. BACKSTRETCH EMPLOYEE HOUSING

A. Inspection of backstretch housing was completed by Jim Hamilton on March 20, 2008.

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

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

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

19. TRACK SAFETY

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

B. Describe the type(s) of materials used for the inner and outer railings of the race course, the type of inner railing supports (i.e., metal gooseneck, wood 4" x 4" uprights, offset wood 4" x 4" supports, etc.), the coverings, if any, on the top of the inner railing, and the approximate height of the top of the inner railing from the level of the race course. **Main Track - aluminum gooseneck post, aluminum railing, as well as aluminum safety panels covering the gooseneck post. Turf Course - inner rail - Fontana turf rail 40" in height, outer rail - metal uprights.**

C. Name of the person responsible for supervision of the maintenance of the racetrack safety standards pursuant to CHRB Rule 1474: **Dennis Moore**

D. Attach a Track Safety Maintenance Program pursuant to CHRB Rule 1474. **On file**
It is anticipated that we will have one break during morning training when the track will be harrowed with the Track Master harrows to a depth of 2 ½ inches. After training the track will again be harrowed to a depth of 2 ½ inches in preparation for racing. The track will be harrowed only when necessary between races. At the conclusion of the racing program the same procedures that are used after training are employed to prepare the track for the following morning. Additionally when necessary the track maybe power harrowed, rolled and/or watered.

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

20. DECLARATIONS

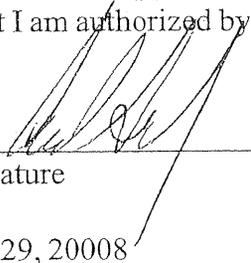
- A. All labor and lease agreements and concession and service contracts necessary to conduct the entire meeting have been finalized except as follows (if no exceptions, so state): **No exceptions**
- B. Attach each horsemen's agreement pursuant to CHRB Rule 2044. **To be submitted under separate cover.**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

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

21. CERTIFICATION BY APPLICANT

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

Eual G. Wyatt, Jr.
Print Name


Signature

Vice President, General Manager
Print Title

July 29, 2008
Date

STAFF ANALYSIS
PUBLIC HEARING AND ACTION BY THE BOARD ON THE
PROPOSED AMENDMENT OF
RULE 1481. OCCUPATIONAL LICENSES AND FEES
AND
RULE 1486. TERM OF LICENSE
AND THE PROPOSED ADDITION OF
RULE 1504.5. PROVISIONAL EXERCISE RIDER

Regular Board Meeting
September 18, 2008

BACKGROUND

Business and Professions Code section 19420 provides that jurisdiction and supervision over meetings in this State where horse races with wagering on their results are held or conducted, and over all persons or things having to do with the operation of such meetings, is vested in the California Horse Racing Board (Board). Business and Professions Code section 19440 states the Board shall have all powers necessary and proper to enable it to carry out fully and effectually the purposes of this chapter. Responsibilities of the Board shall include licensing all persons, other than the public at large, who participate in a horseracing meeting with pari-mutuel wagering. Business and Professions Code section 19520 states every person who participates in, or has anything to do with, the racing of horses shall be licensed by the Board pursuant to rules and regulations that the Board may adopt. Board Rule 1481, Occupational Licenses and Fees, provides that a person acting in any capacity within the restricted area of an inclosure, or auxiliary stabling area shall procure the appropriate license and pay the fee required. A person acting in the capacity of an exercise rider shall procure an exercise rider license and pay a fee of \$75.00. The term of an exercise rider license is three years.

At the April 2008 Regular Board Meeting Leigh Ann Howard of San Luis Rey Downs proposed the creation of a provisional exercise rider (PER) license. The proposed license would provide a training period for aspiring exercise riders to gain experience before becoming licensed as an exercise rider. Ms. Howard contended California is losing experienced and professional exercise riders because there is no venue where an aspiring exercise rider can learn to ride a thoroughbred racehorse in a setting that duplicates the conditions at California racetracks. If they are able to get a license, inexperienced exercise riders are often thrown into the system without supervision and can become a danger on the racetrack.

Current practice requires that an applicant for an original exercise rider license must contact the CHRB licensing office where he or she fills out an application and receives a recommendation card. To complete the licensing process the applicant must gallop a horse on the track in front of the outriders, who judge the rider's ability to handle a racehorse and knowledge of track rules. In Northern California – primarily at Golden Gate Fields – applicants must also take a short written test, which is administered by the outriders. The

outriders and the stewards will sign the recommendation card if the applicant is considered qualified to be an exercise rider. The applicant must return to the CHRB occupational licensing office with the completed recommendation card to finish the licensing process. The signature of the outriders certify the applicant is qualified to gallop and breeze horses with experienced riders. However, if an inexperienced rider obtains a license, there is no way to distinguish him or her from other exercise riders, and trainers have no way to judge the competence of such riders when they seek employment.

At the April 2008 Regular Board Meeting staff was directed to initiate a 45-day public comment period for a proposal to amend Rule 1481, 1486 and to add Rule 1504.5.

ANALYSIS

The proposal to establish a PER license would require the addition of a new Rule 1504.5, Provisional Exercise Rider, the amendment of Board Rule 1481, Occupational Licenses and Fees, and the amendment of Rule 1486, Term of License.

The proposed addition of Rule 1504.5 states that no persons may be licensed as exercise riders if they were not first a PER.

At the August 2008 hearing for adoption the Board directed staff to modify the text of the proposed Rule 1504.5 to exempt jockeys and apprentice jockeys from the PER requirements. Rule 1504.5 provides an exemption for applicants who have been or who currently are licensed in California as an exercise rider, jockey or apprentice jockey. Applicants who currently are, or who were previously licensed in another State as an exercise rider, jockey or apprentice jockey may also receive a California exercise rider license. This will allow persons who are already licensed as exercise riders, or who have held such a license, to obtain a license without having to first become a PER.

To become licensed as a PER an applicant must be employed by a licensed trainer. The trainer would be responsible for supervising the rider until the PER license is upgraded to full exercise rider. The PER would only be allowed on the racetrack under specific conditions. They are:

1. The PER would not be allowed on the track without the permission of the outrider,
2. A mounted trainer or assistant trainer must accompany the PER until the outrider determines the PER is competent enough to ride unaccompanied.
3. Must wear distinctive helmet and vest covers that would identify them to other riders on the track.

Under the proposed amendment to Rule 1486, the full term of the PER license would be set at one year. However, the PER license could be upgraded to a full exercise rider license within 60 days after the issuance of the PER license if the outrider determines that the PER is

qualified. Otherwise, an upgrade to a full exercise rider license could take place anywhere within the 60-day to one year period.

A survey of the Arizona, Illinois, Kentucky, Louisiana, Maryland, New York, Ohio, Pennsylvania and Texas racing commissions revealed that none of the racing jurisdictions had an apprentice or provisional exercise rider license. Pennsylvania does allow stable employees to exercise horses with the permission of the outrider. Such employees may go on to become licensed exercise riders. The remaining jurisdictions have much the same requirements as California: the outrider and the stewards must approve the initial licensing of an exercise rider.

RECOMMENDATION

This item is presented for Board discussion and action.

At the August 2008 hearing for adoption Chairman Shapiro asked that Leigh Ann Howard produce a chart contrasting current licensing requirements for an exercise rider license and the proposed requirements for a PER license. The chart is attached.

Staff recommends the Board direct staff to initiate a 45-day public comment period regarding the revised text of Rule 1504.5.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 4. OCCUPATIONAL LICENSES
PROPOSED ADDITION OF
RULE 1504.5. PROVISIONAL EXERCISE RIDER

Regular Board Meeting
September 18, 2008

1504.5. Provisional Exercise Rider.

No person may be licensed as an exercise rider who has not previously been licensed as a provisional exercise rider, or unless such person has held *a jockey, apprentice jockey or an exercise rider license in good standing in California, or who was or is currently licensed as a jockey, apprentice jockey or an exercise rider in good standing in another racing jurisdiction.*

(a) Except as otherwise provided under this article, an applicant for a provisional exercise rider license shall provide evidence that a licensed trainer employs him or her by submitting a notarized Provisional Exercise Rider Agreement CHRB-213 (New 09/08), which is hereby incorporated by reference. The notary acknowledgement is not necessary if the CHRB-213 is signed before a CHRB employee. The CHRB-213 shall be available at CHRB licensing offices at live race meetings, and at CHRB headquarters offices.

(b) A licensed provisional exercise rider shall:

(1) Not enter the track without the permission of the outrider, and unless the outrider states otherwise shall be accompanied by the mounted trainer/employer or the trainer's assistant trainer while on the track.

(2) While on the track wear a helmet cover and vest cover of a distinctive color as determined by the outrider.

(c) A provisional exercise rider may apply for license as exercise rider 60 days after the date of issue of his or her provisional exercise rider license.

(1) At the time of application for license as exercise rider, the provisional exercise rider shall submit a recommendation card form California Horse Racing Board CHRB-59 that has been signed by at least two outriders and the stewards. The recommendation card form California Horse Racing Board CHRB-59 is hereby incorporated by reference. The CHRB-59 is available at CHRB licensing offices at live race meetings, and CHRB headquarter offices. By signing the recommendation card the stewards and the outrider certify that the applicant has:

(A) Been observed riding one or more horses on the racetrack to the extent necessary for the outriders to determine if the applicant has demonstrated an ability to safely navigate and respond to track conditions.

(B) Complete and pass a written examination prescribed by the Board and administered by its agents.

(1) A score of 80% shall constitute a passing grade on the written examination.

(2) An applicant who fails to adequately demonstrate horsemanship, and or who fails the written examination, may reapply for a license as exercise rider after a period of at least one month, but not more than six months, and retake the failed portion.

(C) Only outriders who are currently working at a race meeting for flat racing are authorized to sign a recommendation card for exercise rider applicants.

Authority: Sections 19420, 19440 and 19520,
Business and Professions Code.

Reference: Sections 19420, 19440 and 19520,
Business and Professions Code.

I _____, a licensed trainer (CHRB license no. _____) have employed _____ as a provisional exercise rider. During _____ employment he/she will be under my supervision while within the inclosure, and will ride only horses trained by me. If _____ employment with me is terminated for any reason prior to the expiration of his/her provisional exercise rider license, I will notify the stewards and outrider immediately, and remove him/her from my work list.

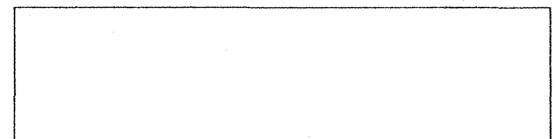
Trainer's Signature: _____ Date: _____

Worker's Compensation Insurance Policy no. _____ Expiration Date: _____

I understand that during my employment as a provisional exercise rider with _____ I will be under his/her supervision while within the inclosure, and will ride only horses trained by him/her. If my employment as a provisional exercise rider is terminated for any reason prior to the expiration of my provisional exercise rider license, I may not exercise horses within the inclosure unless I have executed another Provisional Exercise Rider Agreement CHRB-213 (New 05/08) with a CHRB licensed trainer.

Provisional Exercise Rider Signature: _____ Date: _____

Provisional Exercise Rider License no.: _____



Notary acknowledgement

(Notary Acknowledgment not required if signed before an employee of the California Horse Racing Board)

EXISTING EXERCISE RIDER LICENSE	PROPOSED PROVISIONAL EXERCISE RIDER LICENSE.
License procedure may differ with each track	License procedure same at each track
<p>Applicant rides once for outrider</p> <ul style="list-style-type: none"> • Rider borrows horse. • Rider not on trainer's work list (no worker's comp insurance.) • Rider only proved ability to ride. • Some tracks require oral/written test. 	<p>Must obtain PER license by:</p> <ul style="list-style-type: none"> • Trainer puts on work list (covered by worker's comp insurance). • Rider wears distinctive vest and helmet cover (visibility). • Rider rides trainer's horses for 60 days under watchful eye of outrider. • Rider rides horse to gate for experience.
Applicant must visit stewards with card signed by outrider to be quizzed by stewards as to track rules and suitability for job.	PER must visit stewards with card signed by outrider and starter to be quizzed by stewards as to track rules and suitability for job.
Rider is then issued an Exercise Rider license and is free to ride at any CHRB approved track.	Rider is then issued an Exercise Rider license and is free to ride at any CHRB approved track.

STAFF ANALYSIS
HEARING AND ACTION
REGARDING THE PROPOSED ADDITION
OF
CHRB RULE 1689.2, SAFETY REINS REQUIRED

Regular Board Meeting
September 18, 2008

BACKGROUND

Business and Professions Code section 19504 provides that the Board shall determine whether the use of safety reins would provide jockeys and exercise riders greater protection from accidents and injuries than conventional reins. If the Board determines safety reins provide greater protection, it shall adopt a regulation mandating the use of approved safety reins whenever a racehorse is ridden at a racetrack. The Board shall approve any model of mandatory safety rein, if required, in use at a racetrack. Under Business and Professions Code section 19504(d), safety reins are defined as: "...a type of rein that is reinforced with a wire cable, nylon strap, or other safety device or material that is attached to the bit and designed to maintain control of the horse should the rein break."

Safety reins are essentially a rein within a rein. Typical reins are made of leather or nylon and attach to the bit. Reins provide jockeys and drivers with control of the horse; when reins break, control is lost. With safety reins, a nylon cord is stitched into the traditional leather or nylon reins during the manufacturing process, and the safety cord attaches to the bit independently of the conventional reins. Should the outer leather or nylon reins break, the safety reins allow the jockey or rider to maintain control; however, the safety feature is intended to break if a horse or rider should become entangled in the dangling ends. This is the reason nylon is used instead of wire. Additionally, the nylon only goes as far back as the end of the grip for the same reason. Arthur Gray designed the Sure Lines safety reins. Sure Line reins have a nylon cord that emerges from the outer reins and attaches to the bit using a metal clasp. Brian and Lisa Peck designed a second (loop) type of safety rein (BP Safer Rein). The "Peck" safety reins have a nylon cord that remains inside of the outer reins throughout and can be seen. Both the nylon and outer reins are looped around the bit. It should be noted that while the safety rein designers can provide supporting materials, including laboratory reports on the testing of their reins, there are currently no safety standards established for safety reins.

In late 2007 the Board was informed that the California Horsemen's Safety Alliance (CHSA), which oversees the worker's compensation program at California thoroughbred racetracks, had ordered Sure Line and Peck safety reins to distribute to horsemen to use voluntarily as an experiment to determine their effectiveness and to identify any problems. The Jockey's Guild endorsed a CHSA request that the Board delay mandating safety reins until after the experiment was completed and evaluated.

The CHSA distributed 209 safety reins to 105 CHSA thoroughbred trainer participants. During the experiment the CHSA received feedback from trainers, which resulted in the modification of the grip and the overall length of the reins. The CHSA has reported the response to the reins has been positive. In addition, Chris McCarron, retired jockey, endorses the use of safety reins. The CHSA also reported it was working to establish ASTM International (ASTM) standards for safety reins. This goes a step beyond the Business and Profession Code Section 19504 definition of safety reins, and will provide a standard by which all manufacturers of safety reins may be judged.

In June 2008, the Jockeys Guild submitted a request that the Board adopt a regulation mandating the use of safety reins at California tracks. At the June 27, 2008 regular Board meeting, staff presented proposed text for Rule 1689.2, Safety Reins Required, for discussion by the Board. After discussion, the Board requested adjustments be made to the text. The Board determined the proposed rule should be specific to racehorses and the effective date should be 12 months, as opposed to 18 months. The Board also expressed concern that it did not want the rule to create a single-vendor monopoly; therefore the proposed rule only mandates safety reins generally, without specifying a particular design.

At the June 27, 2008 meeting of the Board, Ed Halpern, President of the California Thoroughbred Trainers (CTT) and California Horseman's Safety Alliance (CHSA), provided the Board with the most recent report from its Safety Rein Pilot Study Program. Originally, CHSA provided 105 trainers in California with sample safety reinforced reins from Sure Line Reins and from BP Safer Reins for use during morning workouts and racing. After an 11 month study period, a post follow up survey was conducted with the participating trainers. Seventy six of the 105 trainers participated in the survey. Two trainers chose not to use the safety reins provided. The safety reins received both positive and negative comments from the trainers. Additionally, the number of trainers in favor of and the number opposed to mandating the use of safety reins were similar.

The report contained a summary of independent laboratory test results for both the Sure Line Safety Rein and BP Safer Rein. The tests measured the breaking points of the leather rein and reinforced nylon cord in both models. The Sure Line Safety Rein was tested by Quality Inspection Services, Inc. The February 15, 2008 test report indicates the failure load on leather reinforced with attached clip ranged from 498 to 685 lbs causing the leather strap failure. The April 26, 2008 test report shows failure load to the nylon strap of the safety clip assembly at 132 to 155 lbs and nylon strap failure at 478 lbs.

The BP Safer Reins were submitted to Geotechnical Engineering Materials Testing Construction QA/QC for testing. The June 15, 2007 test report states the reinforced rein leather failed at 1145 lbs of pull pressure, with the nylon cord failing at 873 lbs. The conventional un-reinforced reins failed at 400 to 493 lbs of pull pressure.

The proposal to add Rule 1689.2, Safety Reins Required, was subsequently noticed for a 45-day comment period. During the public comment period, the following five comments were received:

1. California resident and horseplayer, Greg Badovinac, expressed support for the proposed rule.
2. Jack Holton, President of the Indiana Standardbred Association, expressed concern regarding the state's liability should it mandate a single source supplier. He also stressed that with proper maintenance and inspection of equipment, harness reins rarely break and that if there is a question of safety on the thoroughbred circuit, jockeys have a "perfect right to demand that their mounts be equipped with safety reins or they have the option of purchasing the equipment for themselves."
3. Edward Halpern, Director of CTT and President of CHSA, does not support the adoption of a rule mandating safety reins at California racetracks. He contends that safety reins do not provide jockeys and exercise riders greater protection from accidents and injuries than conventional reins and asks the Board to defer a decision on safety reins until objections raised by safety experts have been analyzed and overcome.
4. Four comments were provided by California Horsemen's Safety Alliance (CHSA).
 - a. Sonia Pishehvar, CHSA Administrator, discourages mandating safety reins before further scientific studies and before regulatory guidelines on reins or safety reins are determined.
 - b. Terry Smith, Ph.D., Principal Scientist at Dynamic Research, Inc., commented that after analyzing safety rein test information provided by the CHSA, he believes "there are good safety rein products on the market; however, there is not enough information currently available to develop an appropriate performance specification for these safety rein products." Furthermore, he believes "there is insufficient data available to conclude whether or not safety reins are safer for the rider or perhaps more dangerous to the rider because of their potentially higher failure limit (relative to typical leather products)."
 - c. Anthony Bahno, Technical Services Manager for AIG Consultants, Inc., believes that the current testing of safety reins should be considered incomplete and that more testing needs to be conducted to develop safety performance specifications before the Board mandates the use of safety reins.
 - d. Brian Peck, Inc., representing BP Safety Reins, provided a document detailing proper maintenance of BP Safer Reins. It states that "leather reins should be

cleaned only with mild soap or conditioning product made for use on leather...No harsh chemicals including but not limited to household cleaners should ever be used on the leather or grips.”

5. Christine Picavet believes that “regular nylon and plastic reins are dangerous. Leather reins break on rare occasions and those used in races should be newer.”

The majority of comments received advise the industry to continue testing safety reins to develop industry standards.

Attached for reference:

- (A) Proposed CHRB Rule 1689.2, Safety Reins Required
- (B) Business and Professions Code section 19504
- (C) Letter of endorsement from the Jockeys Guild
- (D) Letter from CHSA reporting on the safety reins pilot study program
- (E) Letter from CHSA summarizing the safety reins pilot study survey
- (F) Letter of endorsement from Chris McCarron, retired jockey
- (G) Informational packet provided by Art Gray, maker of Sure Lines safety reins
- (H) Informational packet provided by Brian and Lisa Peck, makers of BP Safer Reins
- (I) Opposition to mandatory safety reins
- (J) Comment from Mr. Greg Badovinac
- (K) Comment from Mr. Jack Holton
- (L) Comment from Mr. Edward Halpern
- (M) Comments provided by CHSA
 - a. From Sonia Pishehvar, CHSA
 - b. From Terry Smith, Ph.D., Dynamic Research, Inc.
 - c. From Anthony Bahno, Aig Consultants, Inc.
 - d. From Brian Peck, Inc.
- (N) Comment from Ms. Christine Picavet

RECOMMENDATION

This item is presented for public hearing and action by the Board.

ATTACHMENT

A

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 8. RUNNING THE RACE
PROPOSED ADDITION OF
RULE 1689.2. SAFETY REINS REQUIRED

1689.2. Safety Reins Required.

(a) No jockey or apprentice jockey shall ride in a race, nor shall any person exercise, gallop, breeze, work out or ride a racehorse on the grounds of a facility under the jurisdiction of the Board unless the racehorse is equipped with safety reins as defined under Business and Professions Code Section 19504(d).

(b) Conventional reins, as defined under Business and Professions Code Section 19504(e), may be used at facilities under the jurisdiction of the Board for a period of 12 months after the effective date of this regulation.

(c) This regulation does not apply to standardbred racehorses.

Authority: Sections 19440 and 19504,
Business and Professions Code.

Reference: Section 19504,
Business and Professions Code.

ATTACHMENT

B

CALIFORNIA HORSE RACING BOARD
DIVISION 8, CHAPTER 4, BUSINESS AND PROFESSIONS CODE
SECTION 19504

19504.

(a) No racehorse shall be ridden at a racetrack unless the rider is equipped with a safety helmet and safety vest.

(b) No later than July 1, 2006, the board shall conduct an investigation, including at least one public hearing, to determine whether the use of safety reins would provide jockeys and exercise riders greater protection from accidents and injuries than conventional reins. Should the board determine that the use of safety reins would provide greater protection for jockeys and exercise riders than conventional reins, it shall adopt a regulation no later than July 1, 2007, mandating the use of approved safety reins whenever a racehorse is ridden at a racetrack. The regulation adopted by the board may phase in the use of safety reins, but in the event safety reins are mandated, the board shall not permit the use of conventional reins in a parimutuel race for longer than 18 months following the adoption of the regulation.

(c) The board shall approve any model of safety helmet, safety vest, and mandatory safety rein, if required, in use at a racetrack.

(d) For the purposes of this section, a "safety rein" is a type of rein that is reinforced with a wire cable, nylon strap, or other safety device or material that is attached to the bit and designed to maintain control of the horse should the rein break.

(e) For the purposes of this section, a "conventional rein" is any rein other than a safety rein.

ATTACHMENT

C

June 5, 2008

Richard Shapiro
Chairperson
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, California 95825

Re: Proposed Safety Rein Regulation

Dear Chairperson Shapiro and Members of the Board:

I am writing on behalf of the Jockeys' Guild to inform the CHRFB of our position with regard to the adoption of a regulation mandating the use of safety reins in accordance with the provisions of Business and Professions Code section 19504 (AB 1180, Stats. 2005, Chap. 329).

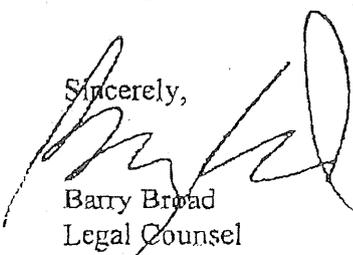
The Guild supports the adoption of the following language:

"No jockey, apprentice jockey, exercise rider or any other person shall gallop, breeze, exercise, workout, or otherwise ride a horse on the grounds of a facility under the jurisdiction of the commission unless the horse is equipped with safety reins. A safety rein is a rein with a nylon safety cord stitched into a leather, nylon, or other synthetic rein during the manufacturing process and the nylon safety cord is securely attached to the bit."

We believe that this language adequately defines a safety rein with sufficient specificity to insure that the desired result--preventing reins from breaking—is achieved without favoring a particular brand or manufacturer. The language also assures that safety reins are used whenever horses are ridden at the track, including non-racing periods as well as during races.

We urge the CHRFB to adopt this language as soon as possible.

Sincerely,



Barry Broad
Legal Counsel

1127 11th Street, Suite 501
Sacramento, CA 95814
(916) 442-5999
Fax (916) 442-3209

ATTACHMENT

D



CALIFORNIA HORSEMEN'S SAFETY ALLIANCE

Date: November 9, 2007
To: Ed Halpern, CHSA President, CTT General Counsel
From: Sonia Flores Pishchvar, CHSA Administrator
Subject: Safety Reins Pilot Study Program

A 90 day pilot study program was conducted in Del Mar, Santa Anita, Hollywood Park, Pomona, Golden Gate Fields, and Bay Meadows. Two manufacturers participated in this project. They were willing and able to make adjustments to specs given by a sample pool of trainers and jockeys, requesting to increase the grip length by 2 inches and the over all rein length by 3 inches.

Art Grays' Sure Lines provided 109 leather thoroughbred attached clasp nylon strip reinforced safety reins. It should be noted that these reins have not been tested at an ASTM approved testing facility. This Administrator made the recommendations to Mr. Gray to do.

The second manufacturer, Brian Pecks' Safer Reins, provided 100 units of leather loop reins with reinforced nylon parachute cord. This product has been tested at an ASTM approved laboratory in Kentucky by Mr. Matthew A. Dettman, P.E. On his report dated June 15, 2007, page one notes that the purpose of the testing was to perform quality control of the products as well as to compare results between reinforced and un-reinforced reins. The test results showed failure modes for the reinforced rein at two distinct failure points, first being the leather portion of the rein, second being the reinforcement. Failure modes for the un-reinforced rein was one, is at the leather portion of the rein. The reinforced rein leather failed at 1145 lbs of pull pressure, with the exposed reinforcement (nylon cord) failing at 873 lbs. The un-reinforced rein failed at 493 lbs of pull pressure.

The results were positive as it confirmed that the purpose of the reinforced "safety" rein is to provide a backup for the jockey or exercise rider in the event that the leather rein breaks or fails, the reinforced rein will provide the rider something to hold on to in order to continue to control the horse coming to a safe and controlled stop for the safety of both the horse and the rider.

209 safety reins were distributed to 105 CHSA Trainer participants. Release of liability was secured from all the participants. Only two trainers refused to participate in the pilot study; one citing that he only utilizes custom English leather reins and did not want to try any new products, the other trainer stating that he did not want to be bothered with any safety project.

105 trainers in Northern and Southern California were open to the practice and use of safety reinforced reins given the option to select the style and comfort of their choice. Positive feedback was received from all trainer participants and some have placed additional orders on their own. It should be noted that no written national or international standard exist on safety/reinforced reins, thus how to regulate the "safety" reins without a governing approved standard will be difficult to regulate.

ATTACHMENT

E



DATE: June 25, 2008
TO: Ed Halpern, CHSA President, CTT General Counsel
FROM: Sonia Flores Pishevvar, CHSA Administrator
SUBJECT: Safety Reins Survey Summary

Pursuant to the Safety Rein Pilot Study Program report dated 11/9/2007, where it was noted that CHSA provided 105 Trainers in California with sample safety reinforced reins from Sure Line Reins, (reinforced and attached clip) and from BP Reins,(reinforced loop reins) for use during morning workouts and racing. Trainers were to provide feedback and comments on the equipment used.

The purpose of a reinforced “safety” rein is to provide a backup for the jockey and exercise rider in the event that the leather rein fails or breaks, the reinforced rein will provide the rider something to hold on to in order to continue to control the horse coming to a safe and controlled stop for the safety of the horse and rider.

Additionally it was recommended that the Sure Line reins submit the equipment for testing at an independent laboratory and provide the testing results for review. It should be noted that Mr. Art Gray has provided the testing results as requested. According to Quality Inspection Services Report dated 2/15/2008, the failure load on leather reinforced with attached clip ranged from 498 to 685 lbs, causing the Leather strap failure. Test report 4/26/2008 indicated failure load to the nylon strap of the safety clip assembly at 132 to 155 lbs; nylon strap failure at 478 lbs.

The BP Reins test results previously submitted noted that the reinforced rein leather failed at 1145 lbs of pull pressure, with the exposed reinforcement (nylon cord) failing at 873 lbs.

The conventional un-reinforced reins failed at 400 to 493 lbs of pull pressure.

Conventional rein failure is due largely to wear and tear and poor equipment inspection and maintenance practices.

Following please find the summary of a post follow up survey conducted with the Trainers in California that participated in the 11 month CHSA Safety Reins Pilot study.

76 Trainers of the original participants were available to participate in this survey. 2 of the Trainers chose not use the safety reins provided.

74 Trainers used both the reinforced with the attached clip and the reinforced loop reins.

Page 2

The positive comments received were: “good quality”, “safer than conventional reins,” “They didn’t break”, “my riders like them, the oil doesn’t penetrate”, “good and strong”, “felt very safe”, “excellent quality”, “ added sense of security”, “long lasting”, “ seem to last, rubber stays”, “ they are still intact”, “ everything about them is good”, “ strong and sturdy”, “durable”, “sound for safety”, “less risk for injury”, “easy to use”, “ easy to clean”, “worked great in the afternoon”.

The negative comments received were: “No need for extra clip”, “ I did not like neither of them, too thick”, “ Too heavy, too wide, too thick”, “ the buckle too difficult to clean”, “ the clip twists on the bit”, “ I saw no difference than the ones I already use”, “ ok for morning workouts, too heavy for racing”, “ I don’t like the clip”, “ the loop is too wide”, “ a little too thick”, “ not soft, too hard, too thick”, “ the clip at times gets stuck on the buckle”, “ they didn’t feel like leather”, “ could not tie into bit”, “ too thick to tie knot for riders grip”, “ a little slippery”, “ too long”, “ the nylon separate attachment is not that good”, “ clip reins rubber is too far from bridle”, “ no different then ordinary reins”.

Additional comments: “ trainers need to take care of their equipment a little better”, “ I like the one I already use”, “ good English leather doubled with nylon in the middle would be safer”, “ we monitor and maintain our equipment and update and change every 2 months”, “ make the reins lighter”, “ I would prefer the use of screws and not a buckle”, “ I think we should continue looking for safer racing equipment”, “ riders prefer the reinforced loop”, “ I would like them to use screws”, “ I like the product, safety is important”, “ I want to purchase the clip reins”, “ I try using quality safety equipment”, “I don’t know if they are any better than the once I already use”, “ liked the quality on both, clip reins are more piratical and in my opinion safer”, “I purchased reinforced loop and not as good quality than the ones CHSA issued”, “ If the jockeys are in favor of these it should be their decision”, “ continue working on safety and safety equipment”, “ they become slippery when wet, check in rainy days”, “ reinforced reins are double safe and strong”, “loop reins were very good quality”, “ I will use them in the future”, “ should not be made mandatory”, “ I don’t like CHRB mandates”, “ should be left up to the riders and trainers”, “ I would not like these to be made mandatory”, “ it should be the trainers choice”, “ thank you for providing us with the reins”, “I am supportive on safety Issues”.

31 - Trainers preferred the loop reinforced rein, 22 - preferred the reinforced with attached clip, 19 - liked both styles of reinforced reins, 5 - had no comments, 1- did not like neither of them.

On the issue of making the safety reins mandatory, we had 32 - Trainers indicating that they are not in favor of mandating a rule. 28 - Trainers were in favor. 11- Trainers had no comment and 5 trainers were undecided.

As a result of the Trainers participating in this Pilot study, it brought awareness for the need and implementation of equipment inspection and safe work practices and procedures. Based on the comments made by the trainers contained in the body of this report there is a need for improvement on the reinforced safety reins provided in this study.

ATTACHMENT

F

April 9, 2008

In reference to the Sure Lines safety reins;

To Whom It May Concern:

I believe that the *Sure Lines* safety rein is an invaluable tool that will help prevent serious racing or training accidents. The concept and design of the *Sure Lines* safety rein is a good sound one and the product itself is good quality. I acquired 15 sets of the safety reins from Art Gray in September, 2006 and have been using them in my school, the North American Racing Academy, ever since. I do not allow my students to go out on as horse without them.

During the Santa Anita meet in 2002, I escorted Art around the stable area at Santa Anita and introduced him to many trainers offering my endorsement of safety reins. I persuaded Paco Gonzalez to use them and I rode *Came Home* with the safety reins in both the SA Derby and Kentucky Derby.

I personally have had a rein break or come apart during a race or a workout on three separate occasions during my career. I was fortunate that I was able to get my mount pulled up without incident all three times. However, these incidents are pretty scary, as you could imagine, and don't always end the way they did for me. The first time occurred on the grass course at Del Mar going a mile and a sixteenth for Chay Knight. My left rein broke where the rubber grip begins nearest the bit. It happened three strides out of the gate so I had a minute and 42 seconds travelling at 40 mph to consider the consequences. The good news; we finished second. The second time, for Mike Harrington, the rein came apart at the bit because the buckle was not fastened properly. On the third occasion, I was working a three million dollar Seattle Slew two year old for Eoin Harty (Darley) at Del Mar right after the break. I broke the colt off in company at the five-eighth pole and again the rein came apart at the buckle. So picture this; I'm breezing on the outside fence with horses jogging the wrong way. We had to get by two gaps and thread our way through that traffic. The outrider was able to pick me up at the sixteenth pole. A real eye opener, I must say. Since that day, I ALWAYS check my tack to make sure it is assembled properly and placed on the horse correctly. The reason I mentioned the trainers names is because they are all fantastic horseman with top-class outfits. If it can happen to them, it can happen to anyone.

I believe mandating a product that is designed and constructed to improve the safety of riders and horses is the prudent thing to do. Anytime measures are taken to reduce the chances of accident or injury, it simply is common sense.

I personally like the Sure Lines product because I have been using the reins for 20 months now and they have held up well despite the drastic changes in weather here in Kentucky. I have sent two pairs of reins to Darrell Haire for you to examine.

I'd be happy to speak in further detail if anyone wishes to contact me. 859.797.3843

Yours truly,

Chris McCarron, retired jockey

ATTACHMENT

G

Gray & Associates Consulting, Inc.
19 Naples Drive West Seneca, NY 14224
Office (716) 675-5572 Fax (716) 675-5736
Art@Gray-Consulting.net

California Horse Racing Board
1010 Hurley Way
Sacramento, CA 95825

April 9, 2008
Subject: Safety reins

Honorable Chairman Shapiro & Board Members:

The California Horse Racing Boards proactive approach to maximizing the level of safety on the racetrack for our human and equine athletes is greatly appreciated.

Safety reins have been a debated issue for many years. In an effort to assist in determining the type of safety rein best suited to ensure safety on the track we have researched and prepared the following report for your consideration. The factors pertaining to this equipment that have been agreed upon and accepted include:

- This equipment innovation is designed to address one of the most dangerous situations on the racetrack, a failed rein.
 - The weakest points of thoroughbred, quarter horse reins and harness lines are at the bit and underneath the grip.
 - The safety innovation is applicable to reins made of leather, nylon and beta (biothane coated nylon) material in both the buckle and loop style.
 - The additional reinforcement in the rein will increase the life span of the equipment.
 - Horsemen initiated the movement to mandate the safety reins.
 - In order to ensure complete protection on the training and racetrack this equipment needs to be implemented universally.
 - The right to manufacture the safety reins is available to all businesses serving the industry in accordance with regulatory and RCI guidelines.
 - Quality control systems are in place for the manufacturers.
- Attached test report #08-65-0125-1 documents eight individual tests of safety reins from various manufacturers. Samples one through six failed to meet the required break loads. Samples seven and eight met the requirements. The instrument used for the testing is also pictured.

- This improvement is cost effective and the patent fees are minimal. With appropriate time allowed for full compliance and financial programs available to assist the horsemen in the transition from conventional reins to the safety equipment the financial hardship is minimized.
- Premium increases for liability, health and equine mortality insurance in the future will be reduced as accidents due to failed reins are eliminated.
- In the last eight years numerous letters supporting the safety reins have been submitted to RCI by industry leading Associations, Racetrack Executives and Hall of Fame horsemen. Additionally, many articles have been published praising this innovation as a potentially life saving improvement whose time has come.
- The public will be protected as their wagers will not be compromised by failed reins altering the outcome of the race.
- Most importantly the level of safety for our jockeys, exercise riders, drivers, trainers, grooms and horses will be enhanced.

The factors still under consideration include:

- The type and style best suited to safely prevent accidents from failed or improperly fastened reins.
- The establishment of standards by an accredited engineering firm or association.
- A maximum break load requirement that will allow the reins to give in exigent circumstances in order to prevent further injury.

Type & Style

The general concensus is that the safety reins with the reserve rein and snap hook providing a secondary backup attachment to the bit provides the best protection. This reserve rein is an integral component. The safety principle is the same for the thoroughbred, quarter horse reins and harness lines. The safety reins have a second nylon rein manufactured inside the original rein with a snap hook attached. The nylon strap extends back through to the far end of the grip away from the bit. The snap hook extends one-half inch beyond the loop and is attached to the bit along with the loop from the rein. There is no pressure on the snap hook. If the original material fails either at the buckle or under the grip; this second attachment to the bit will enable a jockey or exercise rider to maintain control of his/her horse.

It is important to note that other reins submitted to various jurisdictions and the CHRB for approval as safety reins do not have this key component. If the original material fails on these other reins the jockey, exercise rider, the horse and any others nearby are in danger. Without the second attachment to the bit they become passengers without control. These reins have been thoroughly tested and used by trainers in all facets of horse racing since 2003. Ohio, New Mexico and Canada after performing due diligence on the products available mandated the reins and lines with the integral second backup attachment to the bit.

Testing & Standards

The most discussed factor regarding the safety reins is the testing and potential establishment of standards for the equipment. Except for helmets there are no standards available regarding the required strength of horse racing equipment. Determining a standard break load for reins and driving lines would be difficult, very expensive and the result would be a wide range that would take into account the variables of size, strength, demeanor and racing style of both the horsemen and the horses. Additionally the various levels of quality, density and strength of the material used to manufacture the reins will result in a variety of test results. These factors have an equal effect on both conventional and safety reins.

The ASTB and ASTM representatives recommended that we test the conventional reins and utilize that information as a foundation for a required break load. Testing highlighted the weak links in the equipment. Test results dated March 7, 2008 indicated an average break load of five hundred sixty three (563) pounds for the leather reins. (Reference report # 08-65-0125-2) Testing of other manufacturers products averaged as low as four hundred (400) pounds. The deduction from these test results is that conventional reins should have a minimum break load of four hundred (400) pounds.

The original design utilized weather resistant steel cable to anchor the snap hook inside the rein but the break load of both the cable and snap hook were too strong. There were concerns that the steel cable would prevent the rein from breaking in an emergency to prevent further injury. By using a snap hook with a break load of four hundred fifty (450) pounds, replacing the steel cable with nylon and using a square box stitch to attach the snap hook we reduced the strength to a point close to the strength of conventional reins. When tested the snap hook started to open up at approximately four hundred fifty (450) pounds and the nylon material and or stitching started to fail at four hundred (400) pounds. (Reference test # 07-65-0185-1) These improvements result in a safety rein that has comparable strength to conventional reins enabling the equipment to give or be cut under extreme circumstances.

It is important to note that test results for other equipment submitted to various jurisdictions as well as the CHRB as safety reins have a break load of as much as 1100 pounds and do not have a second backup attachment to the bit. These reins do not address industry concerns and will not break at the bit if necessary to prevent further serious injury.

As earlier stated this equipment improvement has been a debated issue for many years. During this time the industry has witnessed numerous incidents due to failed reins, fortunately with only a few serious injuries.

- 2004 Mike Luzzi suffered a broken leg that required surgery in the first race of the meet at Saratoga.
- 2005 Breeders Cup Juvenile John Velazquez aboard Private Vow finished last.
- 2006 Maryland, Edgar Prado finished last in the Black Eyed Susan.
- 2007 John Velazquez finished last in a Grade 3 Stake at Aqueduct.
- 2007 Kent Desormeaux aboard Premium Tap in Dubai had a rein fail fifty yards out of the gate.
- 2008 Arizona, Jockey Ryan Barber suffered a back injury as a result of a failed rein during a morning workout.

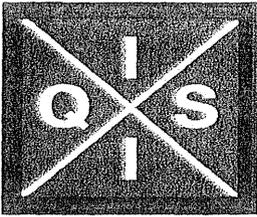
These incidents due to failed reins are notable because the jockeys, trainers and horses are prominent members of the horse racing community. There are many more occurrences involving lesser known participants in racing that are as serious but do not receive international attention.

These incidents and injuries could have been averted if a reserve backup rein were available. If any of these jockeys or their horses had succumbed to serious injury this report would not be necessary – the safety reins with the backup attachment would already be mandated in every jurisdiction.

Safety for all participants in horse racing is paramount. Many sports and businesses take a reactive approach to safety until there is a tragedy.

- Dale Earnhardt died in an accident on the racetrack in the Daytona 500.
- A minor league baseball coach was killed last year when he was hit in the head by a line drive.
- Billy Haughton and Dave Dunckley were killed due to serious head trauma suffered in harness racing accidents.
- After these tragedies NASCAR mandated head restraints for all drivers. Major and minor league baseball mandated that all first base and third base coaches wear batting helmets during games and harness racing mandated safety helmets.

As we are all aware we live in litigious times and liability is an ever present concern. If a tragedy occurs due to a failed rein and there is equipment available that could have prevented the accident there may well be legal repercussions. Basing decisions on personal trainer preference will not bode well in court as a factor in mandating safety equipment.



Quality Inspection Services, Inc.

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REPORT No. : 07-65-0185-1

May 2, 2007

Attn: Arthur Gray
Sure Lines, Inc.
19 Naples Dr.
West Seneca, NY 14224

MECHANICAL TEST REPORT

Date Submitted: 4/26/2007

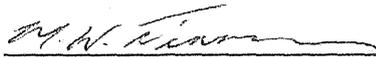
Sample Submitted: One (1) thoroughbred horse rein with sewn-in safety clip.

Objective: Tensile load test of safety clip assembly.

Test Methods: Assemblies were loaded in tension on our Tinius-Olsen Universal Test Machine S/N 88355 and ultimate load recorder.

Results:
 Ultimate Load: 400 lbs.
 Failure Mode: Safety clip strap stitching

Sincerely,
QUALITY INSPECTION SERVICES, INC.


Michael W. Timmons
Metallurgical Services Manager

Page 1 of 1

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Sustaining Member



Buffalo, New York
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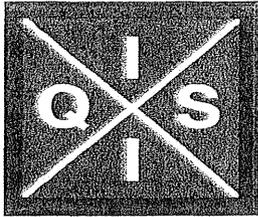


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For Job Satisfaction - Think Quality



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REPORT No. : 07-65-0185-2

May 2, 2007

Attn: Arthur Gray
 Sure Lines, Inc.
 19 Naples Dr.
 West Seneca, NY 14224

MECHANICAL TEST REPORT

Date Submitted: 4/26/2007

Sample Submitted: One (1) thoroughbred horse rein with sewn-in safety clip.

Objective: Tensile load test of safety clip assembly.

Test Methods: Assemblies were loaded in tension on our Tinius-Olsen Universal Test Machine S/N 88355 and ultimate load recorder.

Results:

Ultimate Load:	350 lbs.
Failure Mode:	Safety clip strap stitching

Sincerely,
 QUALITY INSPECTION SERVICES, INC.

Michael W. Timmons
 Metallurgical Services Manager

Page 1 of 1

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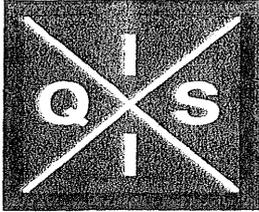


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For Job Satisfaction - Think Quality



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REPORT No. : 08-65-0125-1

March 7, 2008

Attn: Arthur Gray
Gray & Associates Consulting, Inc.
19 Naples Dr.
West Seneca, NY 14224

MECHANICAL TEST REPORT

Date Submitted: 4/26/2007

Sample Submitted: Eight (8) thoroughbred horse reins with sewn-in safety clip.

Objective: Tensile load test of safety clip assembly.

Test Methods: Assemblies were loaded in tension on our Instron Universal Test Machine S/N 2524 and ultimate load recorded.

Results:	Rein Sample No.	Ultimate Load (lbs.)	Failure Mode
	1	145	Nylon strap failure
	2	150	Nylon strap failure
	3	143	Nylon strap failure
	4	155	Nylon strap failure
	5	146	Nylon strap failure
	6	132	Nylon strap failure
	7*	450	Stitching failure
	8*	478	Nylon strap failure

* SLI samples

Note: A photograph of the test set-up is attached.

QUALITY INSPECTION SERVICES, INC.

Michael W. Timmons
Metallurgical Services Manager

Page 1 of 2

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Fax (203) 245-8017

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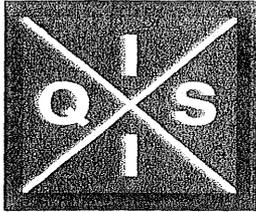


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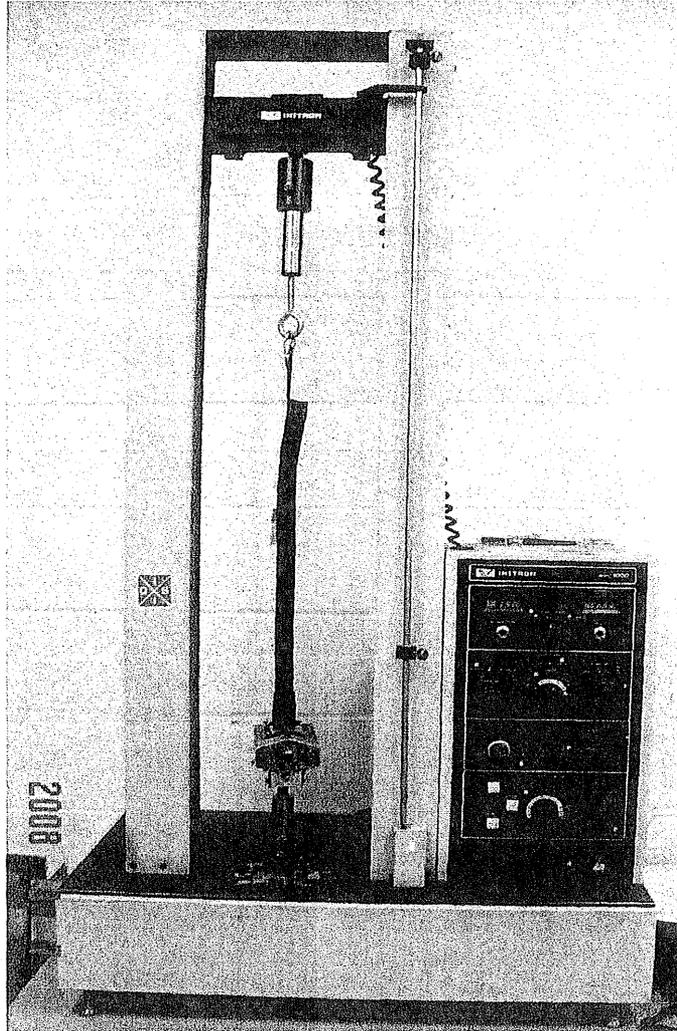
Quality Inspection Services, Inc.

Corporate Headquarters
Cathedral Park Tower
37 Franklin Street • Suite 400 • Buffalo, New York 14202
(716) 853-2611 • Fax (716) 853-2619
Visit Us At: www.qisi.com E-Mail: Buffalo@qisi.com

REPORT No. : 08-65-0125-1

March 7, 2008

TEST SET-UP



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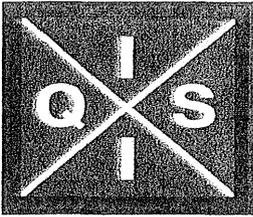


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REPORT No. : 08-65-0125-2

March 7, 2008

Attn: Arthur Gray
Gray & Associates Consulting, Inc.
19 Naples Dr.
West Seneca, NY 14224

MECHANICAL TEST REPORT

Date Submitted: 2/15/2008

Sample Submitted: Six (6) thoroughbred horse reins with sewn-in safety clip.

Objective: Tensile load test of leather loop assembly.

Test Methods: Assemblies were loaded in tension on our Instron Universal Test Machine S/N 2524 and ultimate load recorded.

Results:	Rein Sample	Ultimate Load	Failure Mode
	No.	(lbs.)	
	1	530	Leather strap failure
	2	685	Leather strap failure
	3	597	Leather strap failure
	4	537	Leather strap failure
	5	526	Leather strap failure
	6	498	Leather strap failure

Note: A photograph of the test set-up is attached.

QUALITY INSPECTION SERVICES, INC.

Michael W. Timmons
Metallurgical Services Manager

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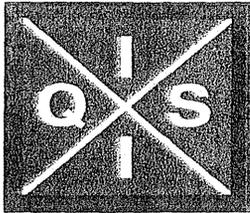


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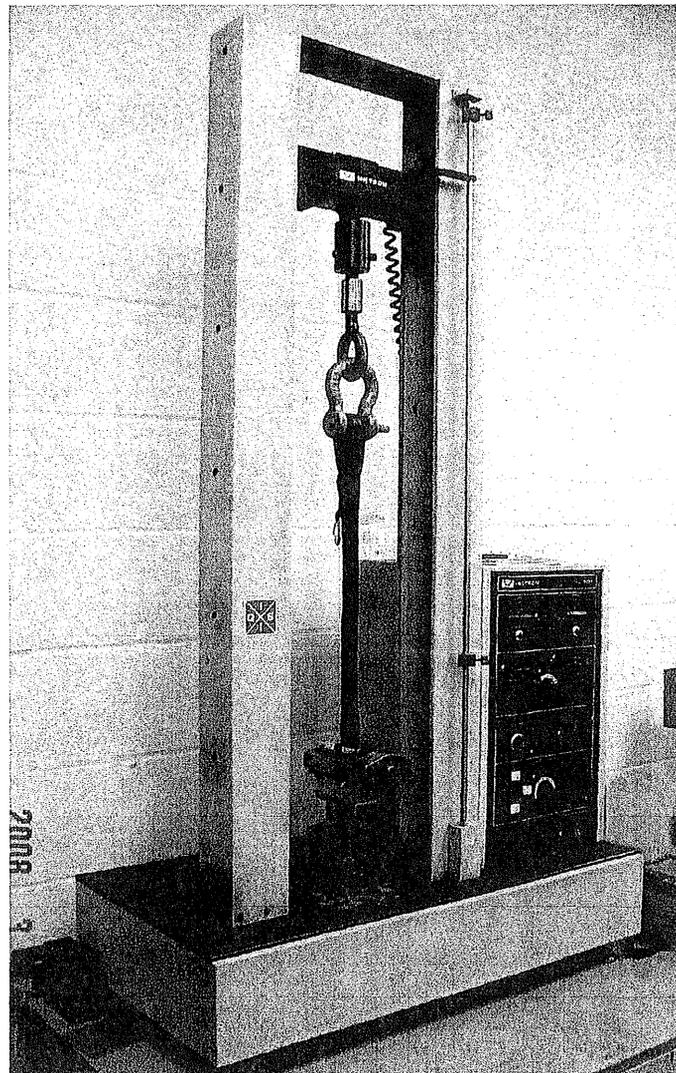
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REPORT No. : 08-65-0125-2

March 7, 2008

TEST SET-UP



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Sure Lines Inc. Safety Rein Information
Table of Contents

- Original safety rein rule draft and notes
- ARCI/Indiana safety rein thoroughbred and standardbred rule draft.
- Thoroughbred Times article
- Stan Bergstein article
- Endorsements from industry leaders
- Conventional and safety rein test results and analysis
- Safety rein picture, note the safety hook just above the loop at the bit.

SAFETY REIN RULE DRAFT

No one will be permitted to exercise, gallop, breeze, work out or other wise ride a horse at any time on the premises of a State racetrack unless the horse is equipped with safety reins of a type, style and design approved by the commission and tested to meet the necessary break load requirements.

All safety reins shall be equipped with a second nylon rein and hook originally manufactured inside the rein. The second rein must be anchored inside, emerge from the rein from under the buckle and hook to the bit.

Similar wording can be applied to a harness rule by replacing breeze, gallop, workout and ride with the appropriate harness terminology; jog, train or drive. .

NOTE: It is important to note that the attorneys and insurance companies I talked to recommended that the safety reins should not be mandated for racing only. If there is an injury or fatality on the training track due to a broken rein both the state and racetrack are liable to be found culpable for not implementing the same safety measures for the entire facility. The same applies if there is an injury due to a broken rein at a track in a jurisdiction where the safety reins not required. The fact that the safety reins are available and not mandated also leave the state and racetrack open to liability. The wording specifying a secure secondary attachment to the bit is also important. Most times the rein fails at the bit. It is rare but if the rein should happen to fail at the handholds or at any other section of the rein this wording will protect all from culpability.

Creating a better, safer rein

Sure Line's patented safety rein has been hailed by riders but has encountered resistance from horsemen
by Don Clippinger

IT WAS a death, a horse's death, that propelled Arthur A. Gray to action.

To be sure, the veteran New York harness racing judge had seen plenty of broken leather in his time on the track. As a young man, he was training a horse at Roosevelt Raceway when the right-hand line of the horse and driver outside him broke. Gray remembers the sensation of the horse's head passing over his own as the horse made a sudden left-hand turn toward the rail.

Gray also remembered an incident at Roosevelt in the early 1980s when one of the lines broke on a horse heading for the finish line. The driver quickly stood up on his sulky and jumped on the horse's back so he could control it and protect his fellow drivers. He was disqualified from the victory—the driver must be in the bike when crossing the finish line—but the driver may well have saved himself and other drivers and horses from serious injury.

As a judge, Gray had witnessed three or four incidents a year where leather gave way, almost always with no warning that the harness lines—the equivalent of reins—were weakened and ready to snap.

But the incident that really got to him occurred in 1987 in a \$5,000 claimer at Buffalo Raceway. Sequoia Blue Chip's line broke, and he dumped his driver. A track employee made a mistake and opened the gate to the paddock; the gelding cut sharply into the paddock, ripped open his side on a post, and bled to death. "That night, I went home and started drawing pictures, making a design," Gray said.

Sure Lines Inc.

He wanted to create a harness-racing line that, in cases where the leather broke, the driver would retain control of the horse. And he accomplished that goal. It was a short step to Thoroughbred and Quarter Horse racing, and Gray developed a design for a safety rein. He obtained two patents and with the backing of investors started Sure Lines Inc.

With a product that could save horses and save lives, it would appear that Gray had a sure winner, and indeed drivers and jockeys strongly support his safety reins and lines. But it has not been an easy road for Gray, who often becomes frustrated by the inaction of most regulators and the opposition of horsemen and some tack manufacturers. "It's such a simple solution and at a minimal cost," he said. "I knew it was going to be a bit of a struggle, but I didn't think it would be the struggle that it has turned out to be."

While broken reins are not widely discussed within the sport, the sudden danger to horse and rider was in the spotlight last October 29 in the Breeders' Cup Juvenile (G1), when Private Vow's rein broke on the backstretch. Fortunately, John Velasquez was able to use some mane and his remaining rein to guide the colt to the outside and eased him in the stretch.

Six months earlier, Merrill Gold's right rein broke at the start of Black Eyed Susan Stakes (G2). Under Edgar Prado, she set the pace under no control or restraint but tired to finish last of six.

When he was the national manager of the Jockeys' Guild, John Giovanni took Gray into the jockeys' room at Saratoga Race Course to discuss the concept of safety reins. "Every jockey in the room has a story to tell" about broken reins," Gray said.

Chris McCarron, a Racing Hall of Fame jockey who is starting a national jockeys school at the Kentucky Horse Park, said safety reins would offer significant protection to both jockeys and exercise riders. "Given a choice between a flak jacket and safety reins, I would take the safety reins," he said last month at the Association of Racing Commissioners International's annual meeting.

A simple concept

Gray's concept was as simple as could be. In essence, he wanted to put a rein inside a rein. He started out with a thin steel cable that was stitched into the reins or harness lines. When the cable proved too strong—harness horses sometimes need to have their tack cut away when they fall and become tangled—he switched to a half-inch-wide piece of nylon that is similar to the material used in nylon reins.

A half-inch of the nylon strip emerges from the leather reins, and it is attached to a clasp that in turn snaps onto the bit. Until it is needed, the clasp places no pressure on the bit. The nylon membrane runs through the grip of the reins, where weakness in the leather sometimes can go undetected.

In principle, the safety reins function much like safety glass, where glass is fused to a clear plastic membrane to keep it from shattering in case of an accident.

The day after he completed his drawings, Gray contacted his friend Robert Siegelman, a Meadowlands trainer who helped to develop the safety lines and put them into use under training and race conditions. The project attracted the attention of brothers Barry and Jeff Rubenstein, prominent harness owners who became the principal investors in the project. Gray was granted patents in 1999 and 2004.

The company did little paid marketing, and Gray took a leave of absence from state employment to promote the product, attending conferences and speaking to industry groups about his safety product. Although safety reins were enthusiastically endorsed by jockeys and drivers, they were greeted with silence, hostility, or abuse in other corners of the industry.

True, safety reins cost more than regular leather reins. While traditional reins might cost \$75 to \$80, tack manufacturers typically would charge \$100 for the safety reins, Gray said. The additional cost of manufacturing and markup are most of the difference. Gray said Sure Lines's royalty is \$3 to \$5 per rein.

Gray, who takes no salary from Sure Lines and supports himself and his family with industry consulting work, is frustrated by the slow acceptance of his product and stung by insinuations that he and his investors are trying to make a financial killing at the expense of hard-pressed horsemen.

Profits to charity

Noting that his investors have put up hundreds of thousands of dollars that they may never recoup, Gray said it was decided early that any profits from the safety reins would be donated to equine charities. "This is something we said from the start," he said.

With his regulatory background, Gray knew well how fractious and divided horse racing is, and he believed the obvious strategy was to have racing commissions make the safety reins mandatory. He had observed how safety helmets for harness drivers were not adopted universally until racing commissions—most notably the New Jersey Racing Commission—mandated their use. For the safety reins to be effective, “everybody has to be using them,” he said.

Gray said he has spoken twice before the ARCI’s model rules committee but has been unable to persuade the panel to adopt safety reins and lines. “They said they wanted an industry consensus,” he said.

With backing from the current Jockeys’ Guild administration, Gray and Sure Lines have made progress toward mandating safety reins and lines in California and Indiana. California’s legislature last year passed a requirement that the Horse Racing Board conduct an investigation and at least one hearing by July 1 into whether safety reins would provide greater protection to jockeys and exercise riders.

If the inquiry finds that the reins would improve safety, the Horse Racing Board is required to adopt a regulation making them mandatory by July 1, 2007. Although the requirement could be phased in, that period cannot exceed 18 months from the adoption of the regulation.

Earlier this year, the Indiana Horse Racing Commission approved a safety-rein requirement. Gray said he spoke at the hearing and heard no objections from horsemen attending the meeting. However, a torrent of opposition followed the hearing, including a statement by the Indiana Standardbred Association that the rule was unnecessary and placed an onerous additional expense on horsemen.

Gray agreed that the safety reins should be phased in over an extended period to give horsemen the opportunity to replace existing tack with safety equipment. “You can’t tell them to change immediately. You don’t want to create a financial hardship,” he said. “We’ve urged the commissions to set a date a year in the future.”

Get author description

Subhead

Arthur Gray took a leave of absence from state employment to promote the product, attending conferences and speaking to industry groups about his safety product. Although safety reins were enthusiastically endorsed by jockeys and drivers, they were greeted with silence, hostility, or abuse in other corners of the industry.

Helping Stop the Most Feared Call of All

DEATH is not dining-room conversation in this sport. Drivers do not sit and discuss it with their wives and kids over dessert.

But every driver's wife knows, when the front door closes and her husband backs out of the driveway to go toward the track, that he is headed toward danger.

They know their husbands will be guiding a thousand pounds of pure power, in a speeding crowd of flying hooves, sitting on a catapult. They know that one bad step, or one broken line, can spell disaster. And every one of them fears, consciously or in the deeper recesses of her mind, the telephone call that starts with "There's been an accident."

Ask Dottie Haughton. Ask Laura Dunkley. Ask Michelle Goudreau. Ask Jackie Smullen Roe. They all received those terrible calls, and they all are harness racing widows.

Ask Art Gray.

Gray is a college-educated former trainer, driver, and New York presiding judge who has spent the last few years crisscrossing North America, attending meetings of state racing commissioners and track owners and anyone in authority who will listen. He is telling them that he can save lives, and end broken bodies and racing carnage, with his invention, Sure Lines and Reins.

He has covered thousands of miles, and spoken 100,000 words, telling how this simple idea can work.

John Campbell says the thing every driver fears most is a broken line. He wrote to the New Jersey Racing Commission saying, "I feel very strongly that the safety lines are a significant step towards safer racing, and I hope that they will be mandatory in the very near future."

Others who wrote similar letters included Chris McErlean of The Meadowlands; Hugh Mitchell of Woodbine Entertainment; Jerry Knappenberger of the Ohio Harness Horsemen's Association; Steve O'Toole, general manager of Plainridge Racecourse; Dennis Brida of the New York Thoroughbred Horsemen's Association; L. Wayne Gertmenian, president and CEO of Thoroughbred racing's Jockeys Guild; and Dan Fick of the American Quarter Horse Racing Association. They all endorsed Gray's idea.

Fans sitting high in the stands may not sense it, but all one needs to do to realize the danger on the track is to stand by the rail, or in the first turn, and feel the rush of raw power surge past.

If a line snaps, the driver is sitting behind a half ton of life-threatening dynamite—a runaway locomotive.

When Shelley Goudreau, one of the best drivers this sport has seen in the past 50 years, hopped on his bike behind Regan's Lad 20 years ago, this August at Hollywood Park, he knew the danger—as every driver in every race knows it. It is part of the built-in peril of their careers.

And in the instant after Regan's Lad's bit broke, and Goudreau toppled backwards toward his death, he likely understood what had happened to him.

It need not have been Goudreau's last drive.

Gray's invention, a snap hook attached to a second reserve line, which is anchored inside the original line, could have prevented it—and could prevent every other disaster, fatal or simply fearsome, that comes from a snapped line or, with new refinements, a broken bit.

Owner Barry Rubenstein, who knows disaster first-hand from the blazing night when his trainer, Robbie Siegelman, lost his stable in the barn fire at Gateway training center, recognized the merit of Gray's invention the minute he saw it. He has made it financially possible for Art to continue his nationwide safety pilgrimage.

Rubenstein is not seeking profit. He has pledged 100 percent of any gain as an investor to racing-related charities. Rubenstein understands fully what these lines can mean. He was an owner in the Billy Haughton, David Dunkley and Shelly Goudreau stables when those three died in racing accidents.

It was Siegelman, who trained Rubenstein and his Cheyenne Gang, and Ed Shumate, owner of Kelly's Harness Shop at The Meadowlands, who helped Art Gray reach the point where leading figures in harness, Thoroughbred and Quarter Horse racing now want his product to become required universally.

Shumate helped Gray with hands-on expertise in developing the line, and Siegelman tested it on his horses for more than a year at The Meadowlands. Along the way that track's leading drivers, led by Campbell, became avid believers.

The American Standards Testing Bureau now has successfully tested Gray's lines, and has agreed to be the certifying agency for them.

Rubenstein said that when Gray first told him about Sure Lines, he thought it would be great if harness racing could have a proactive way of preventing accidents, rather than simply reacting to them. He knew the NASOAR people learned after losing Dale Earnhardt that an accident need not be fatal if drivers had head restraints, which now are mandatory in that sport.

Sure Lines provide that type of safety net, a security blanket, a life-insurance policy, for the driver of the horse. Gray says his goal was—and is—to maximize safety for harness racing's human and equine athletes.

Our sport, and Thoroughbred and Quarter Horse racing, should support Sure Lines and Reins every step of the way, and should urge racing commissions everywhere to mandate the safety lines as required equipment. Art Gray's lines and reins can hugely reduce those heart-stopping phone calls.

More importantly, they can save lives.



4 Free Issues of The Blood-Horse



Three Chimneys: Joyeux Danseur



February 16, 2001

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Prairie Meadows Sued Over Trainer's Injuries

by The Associated Press
 Date Posted: 2/7/01 8:28:37 AM
 Last Updated: 2/7/01 8:25:37 AM

A North Dakota horse trainer who struck his head in a fall in 1999 at Prairie Meadows claims in a lawsuit that racetrack personnel let him lie on the ground for half an hour while they debated his rescue – a delay that cost him his career.

Douglas Miller's lawsuit names Polk County and the Racing Association of Central Iowa, which manages the track in Altoona. Attorney Tom Flynn said the track will fight the allegations.

Miller fell after a rein snapped on the horse he was riding. His head slammed into a rail and he suffered permanent brain damage, ending his career.

Miller's brother, Robert, filed the lawsuit, saying Miller's condition prevents him from being sole plaintiff. The lawsuit seeks compensation for physical and mental pain, and loss of earning capacity.

Miller's lawsuit contends Prairie Meadows should have had an outrider - someone on horseback ready to assist a struggling rider - on duty.

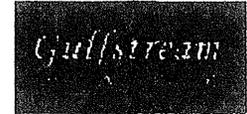
Prairie Meadows also failed to provide assistance when ambulance crews were unable to reach Miller - locked entrance gates delayed Miller's rescue, the lawsuit claims.

The lawsuit also blames the Altoona Fire Department for canceling a Mercy Air Life flight. "He could have been LifeFlighted back to the emergency room trauma center within minutes," attorney Gregory Landry said.

Altoona fire officials said they had not yet seen the lawsuit and could not comment on it.

The lawsuit comes six months after a Polk County jury awarded a former jockey more than \$3 million for her injuries in a Prairie Meadows accident in 1996.

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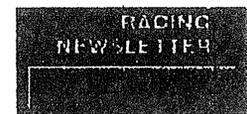


Questbeval.com - See our Winter 2001 catalog



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tybreds.com





January 16, 2002

Lanny Powell
President & CEO
Association of Racing Commissioners International (ARCI)
Two Paragon Centre
2343 Alexandria Drive, Suite 200
Lexington, KY 40504

Dear Lanny:

I wanted to express my support of the Sure Line lines/reins. I have provided the product to members of the AQHA Professional Horsemen's Association - Racing Division, including Pat Swan who is married to Tomcy Swan, President of The Jockey's Guild. I have spoken to these horsemen and women regarding its potential usefulness. The reaction I have received has been positive as a way to ensure continued safety on the racetrack and avoid potential situations from occurring.

Art Gray has worked hard to explain the many benefits of the Sure Lines lines/reins and as a former horsemen and racing official is able to effectively convey the usefulness of the product.

I would hope that RCI would see the value of the Sure Lines product as well.

Sincerely,

Dan Fick

cc: Art Gray, Sure Lines
Frank Lamb, NAPRA

P. O. Box 200 ■ Amarillo, Texas ■ 79168
1600 Quarter Horse Drive ■ Amarillo, Texas ■ 79104
(806) 376-4811



NEW YORK THOROUGHBRED HORSEMEN'S ASSOCIATION, INC.

February 2, 2002

Mr. Lonny Powell
President and CEO
Association Of Racing
Commissioners International, Inc.
2343 Alexandria Drive, Suite 200
Lexington, KY 40504-3276

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EXECUTIVE DIRECTOR
ROBERT F. FLYNN

Dear Mr. Powell,

The safety of horses, backstretch workers and jockeys is very important to the NYTHA and all horsemen in New York. Some of our members have tried the safety reins made by Sure Lines Inc., and have given us positive feedback.

While the NYTHA does not, as a rule, endorse products, it will back any product that will increase safety and performance in the thoroughbred industry. If you have any further questions on this matter, please contact me at the numbers listed below.

Sincerely,

Dennis J. Brida
Vice President
NYTHA

P.O. Box 170070 - JAMAICA, NEW YORK 11417

AQUEDUCT (718) 848-3043 - FAX (718) 848-9269 - BELMONT (516) 488-2337 - FAX (516) 488-1698 - SARATOGA (518) 584-6200


WOODBINE
ENTERTAINMENT

October 23, 2001

Mr. Terry Stone
Deputy Director,
Ontario Racing Commission
9th Floor
20 Dundas Street West
Toronto, Ontario
M5G 2C2

Dear Terry,

I write to endorse the concept of safety lines for Thoroughbred and Standardbred racing in the province of Ontario. I have seen one product in particular, *Sure Lines*, and its hook-up is excellent at helping to prevent either a line or rein from coming loose or breaking.

Safety of the race participants is of utmost concern to Woodbine Entertainment and we would hope the Commission would look seriously at the merits of the use of this equipment.

Sincerely,

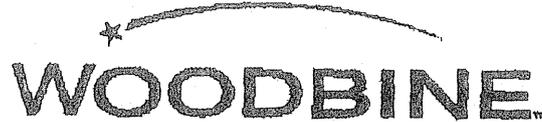


Hugh M. Mitchell
Sr. Vice President - Racing

JMM/cm

WOODBINE ENTERTAINMENT GROUP
555 Rexdale Boulevard P.O. Box 158 Toronto Ontario Canada M9W 5L2
Tel: 416-675-3993 Fax: 416-213-2126 www.WoodbineEntertainment.com




WOODBINE
ENTERTAINMENT

January 21, 2002

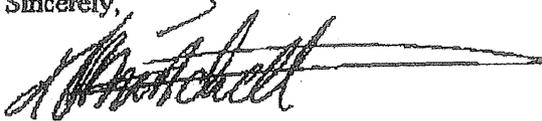
Mr. Lonny Powell
President & CEO
Association of Racing Commissioners International (ARCI)
Two Paragon Centre
2343 Alexandria Drive, Suite 200
Lexington, Kentucky
40504

Dear Mr. Powell

I write endorsing the use of the Sure Lines as a safety feature on equipment used for both Thoroughbred and Standardbred race horses. The product offers a new standard of safety for jockeys and drivers which should be welcomed by the racing industry.

I trust that the ARCI will see the merits of the Sure Lines and look favourably on their use.

Sincerely,



Hugh M. Mitchell
Sr. Vice President - Racing

HMM/cm

cc: A. Gray - Sure Lines

WOODBINE ENTERTAINMENT GROUP
555 Rexdale Boulevard P.O. Box 756 Toronto Ontario Canada M9W 5L2
Tel: 416-675-3998 Fax: 416-213-2128 www.WoodbineEntertainment.com



** TOTAL PAGE.02 **

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Lexington, Kentucky 40504

Mr. Powell:

On behalf of Charles E. Coon & Sons (Chuck, Greg and Dan) I would like to take this opportunity to make you aware of our support for a system of safety lines/reins being considered by industry leaders.

Our primary business is the design, construction and maintenance of racetracks for thoroughbred and standardbred horses. Our first concern is for the safety of the athletes, both human and equine.

The Coon family has over 60 years of experience starting harness races. In that time, we have experienced the danger inherent when a horse breaks a line behind the starting gate. Personally, I can think of nothing more dangerous than a horse with a human passenger who cannot steer his mount.

As lifelong proponents of safety, we at Charles E. Coon & Sons support the implementation of a safety line/rein system.

Sincerely,



Greg Coon
Charles E. Coon & Sons, Inc.



Safety Rein Test Analysis

Buffalo Testing Laboratories Inc.

May 1999

These tests were conducted when we initially started developing the safety rein. Both Thoroughbred and Standardbred reins were tested. The a) tests were to determine the break load of the safety hooks and black fishing line that we originally attempted to use.

The b) tests were to determine the weakest point of the rein. Results indicated that the loop at the bit was the weakest point in both the types of rein with a break load of approximately 425lbs.

ASTB/Analytical Services Inc.

April 2002

These tests were performed when we determined that the 600lb break load for the safety hooks was too strong. We changed to a safety hook with a 500lb. break load. These reins were manufactured with the steel cable to anchor the safety hooks.

The Set "A" results indicated a consistent break load of approximately 506 lbs. These were leather reins.

The Set "B" tests were on nylon reins. The results indicated that the nylon material started but did not completely fail 440lbs. The safety hooks started to open at approximately 490lbs.

Quality Inspection Services Inc.

May 2005

These tests were on the reins as they are made today. There was concern that using the steel cable to anchor the safety hook could be a problem.

We replaced the steel cable with a half inch piece of nylon consistent with the bulk and strength used in manufacturing conventional nylon reins. Results indicate that break load for both the nylon and leather reins is reduced to an average break load of 460lbs., approximately 35 lbs. stronger than conventional reins.

Summary: The average break load of the safety rein is stronger than the conventional reins used today. But not too strong as to prevent the rein from breaking when required.

BUFFALO TESTING LABORATORIES INC.

CHEMISTS - METALLURGISTS

902 Kenmore Avenue

Phone (716) 873-2302



BIOLOGISTS - ENGINEERS

Buffalo, NY 14216-1495

FAX (716) 873-9914

Report No. 7241

Page 2

Results:

Sample No. 1: Manufactured Sulky Bridle - Clear Fishing Line.

- a.) Hook failed at 620 lbs.
- b.) Leather loop failed at eyelet in buckle at ⁴²⁰~~240~~ lbs.

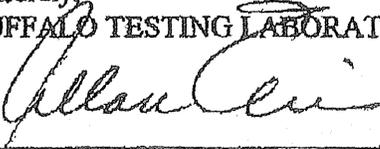
Sample No. 2: Hand made Sulky Bridle - Black Fishing Line

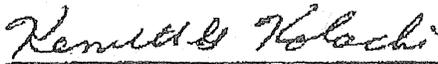
- a.) Black line failed at 360 lbs.
- b.) Leather loop failed at eyelet in buckle at 425 lbs.

Sample No. 3: Thoroughbred Bridle - Black Fishing Line. Gripped On Rubber Section.

- a.) Black line failed at 380 lbs.
- b.) Leather loop failed at eyelet in buckle at 415 lbs.

Sincerely,
BUFFALO TESTING LABORATORIES, INC.


ALLAN ENIS
METALLURGICAL ENGINEER


KENNETH G. KOLACKI
METALLURGIST

ASTB / ANALYTICAL SERVICES, INC.

4027 New Castle Avenue, New Castle, DE 19720 <> Phone: (302) 571-8882 <> Fax: (302) 571-0582

April 18, 2002

Sure Lines, Inc.
 19 Naples Drive
 West Seneca, NY 14224

Att: Mr. Arthur A. Gray
 President

Gentlemen:

RE: Testing of Sure Line Products
 ASTB/AS P. #1235-722; LR. #31071

Pursuant to your recent request, ASTB/AS received and tested two (2) SURELINE safety rein/line assemblies for ultimate strength determinations, described as follows:

SET "A" Light Tan Leather/Red Rubber Reins

SET "B" Black Nylon/Red Rubber Reins

These rein assemblies were tested in triplicate, with the following results:

	SET "A"	SET "B"
Peak/Breaking Load, lbs	506, 509, 507	485, 440, 496
Test Observations	Snap Hooks Deform	Nylon Loop/Snap Hooks Failed

The actual test sets are being returned under separate cover for your review.

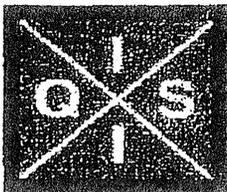
Respectfully submitted,

ASTB/ANALYTICAL SERVICES, INC.

F. Wanzenberg
 F. Wanzenberg, P.E.
 Analytical Division

V. Morfopoulos
 V. Morfopoulos, Ph.D.
 Technical Director

FW/VM/ad
 Enc.



Quality Inspection Services, Inc.

Corporate Headquarters
Cathedral Park Tower
37 Franklin Street - Suite 400 - Buffalo, New York 14202
(716) 853-2611 • Fax (716) 853-2619
Visit Us At: www.qisi.com E-Mail: Buffalo@qisi.com

REPORT No. : 65-2042

May 9, 2005

Attn. Arthur Gray
Sure Lines, Inc.
19 Naples Dr.
West Seneca, NY 14224

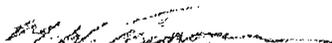
MECHANICAL TEST REPORT

Date Submitted: 5/3/05
Sample Submitted: Four (4) thoroughbred reins with sewn-in safety clips.
Objective: Tensile load test of safety clip assembly.
Test Methods: Assemblies were loaded in tension on our Tinius-Olsen Universal Test Machine S/N 88355 and ultimate load recorder.

Results:

Assembly No.	Ultimate Load (lbs.)	Failure Mode
Nylon #1	490	Bending of clip metal
Nylon #2	430	Bending of clip metal
Leather #1	460	Bending of clip metal
Leather #2	480	Bending of clip metal

Sincerely,
QUALITY INSPECTION SERVICES, INC.


Michael W. Timmons
Metallurgical Services Manager

Page 1 of 1

Madison, Connecticut
Tel. (203) 245-7743
Fax (203) 245-8017

Warren, Pennsylvania
Tel. (814) 726-1908
Fax (814) 726-7850

Welder Training & Testing Services
Tel. (716) 831-1404
Fax (716) 831-1408

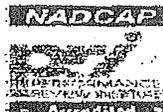


Sustaining Member



Buffalo, New York
Tel. (716) 836-0131
Fax (716) 836-9008

East Syracuse, New York
Tel. (315) 431-4291
Fax (315) 431-4292



Jacksonville, Florida
Tel. (904) 359-0747
Toll Free (800) 927-3575
Fax (904) 359-0771

Garnerville, New York
Tel. (845) 429-2000

Amherst, New York
Tel. (716) 568-0154
Fax (716) 636-8921

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We Bring the World to New Jersey

Meadowlands Racetrack
Giants Stadium
Continental Airlines Arena
Monmouth Park Racetrack
Boardwalk Hall
Atlantic City Convention Center
The Wildwoods Convention Center



January 14, 2002

Lonny Powell
President & CEO
Association of Racing Commissioners International (ARCI)
Two Paragon Centre
2343 Alexandria Drive, Suite 200
Lexington, KY 40504

Dear Lonny,

I wanted to express my support of the Sure Line lines/reins. I have seen the product in use at the Meadowlands Racetrack and have spoken to many horsemen regarding its potential usefulness. The reaction I have received has been positive as a way to ensure continued safety on the racetrack and avoid potential dangerous situations from occurring.

Art Gray has worked hard to explain the many benefits of the Sure Lines lines/reins and as a former horsemen and racing official is able to effectively convey the usefulness of the product.

I would hope that ARCI would see the value of the Sure Lines product as well.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris McErlean", is written over the word "Sincerely,".

Christopher McErlean

Copy to: A. Gray, Sure Lines
F. Zanzuccki, NJRC
B. Plasteris, NJRC
B. Garland

Sent via fax/e-mail and regular mail

LONDON FISCHER LLP

58 MAIDEN LANE
NEW YORK, NEW YORK 10038E-MAIL:
LAW@LONDONFISCHER.COM

(212) 972-1000

FACSIMILE
(212) 972-1030

September 18, 2002

Mr. Norman Barron
Chairman, Safety Committee
Ohio State Racing Commission
77 S. High Street
Columbus, Ohio 43266

Dear Chairman Barron:

By way of introduction, I am a long term insurance defense attorney specializing in equine related liability cases, including those cases which involve personal injuries and accidents occurring in horse races and training. I am therefore, taking this opportunity to endorse the safety lines and reins designed by Sure Lines, Inc.

Insurance companies recognize that horse racing, in general, can be a very dangerous activity. Any measure we can implement to protect our grooms, trainers, drivers, jockeys, exercise riders and horses should, therefore, be vigorously pursued. It is my considered view that the Sure Lines' safety lines and reins will provide an increased measure of safety for the human and equine athletes in all facets of racing and training by eliminating one of the more dangerous situations on the racetrack.

As evidenced by the present workers' compensation crisis, insurers are certainly concerned about horseracing's level of focus on safety. A concerted effort and renewed focus on safety procedures, policies, regulations and equipment would send a clear message to the insurers that the sport is concerned about safety as well. Additional safety measures such as the mandated use of Sure Lines' safety lines and reins should also have a positive long-term effect on future premium rates as accidents under these circumstances will be eliminated, or at the very least, significantly reduced.

The Safety Committee of the Ohio State Racing Commission, under your leadership, should be commended for its progressive position on safety. I sincerely hope that for the benefit of all in racing you will consider mandating this product as part of your progressive position on safety.

Mr. Norman Barron
Chairman, Safety Committee
September 18, 2002
Page 2

I appreciate your time and consideration.

Very truly yours,

LONDON FISCHER LLP



Harvey A. Feintuch

K:\360\002\corresp\Norman Barron Letter 9-18-02.doc

LONDON FISCHER LLP

ATTACHMENT

H

Matthew A. Dettman, P.E.

Geotechnical Engineer
Materials Testing
Construction QA/QC

June 15th, 2007

Lisa and Brian Peck

RE: Supplemental Report: Testing of Reinforced Reins

Lisa and Brian,

In accordance with your request, I have completed the second round of testing of your 1 inch reinforced reins. This letter will summarize the results of the testing. Please note that the reins and the process are identical to that described in my report dated December 6th, 2006.

PURPOSE

The purpose of this second round of testing was to verify the results of the initial testing to determine the consistency of the testing procedure as well as to serve as a quality control measure of your rein manufacturing process to see if the reins test the same over a period of time. In addition to the testing of the 1 inch reinforced reins, a sample of 1 inch reins were manufactured by you in the identical fashion as the reinforced reins except that the reinforcing was omitted. The purpose of this testing was to compare your reinforced reins to un-reinforced reins. In the first round of testing, un-reinforced reins were tested; however they were manufactured by a separate company. The goal here was simply to compare the results of the 2 reins with everything being identical except for the reinforcement.

TEST RESULTS

In this round of testing, 10 reinforced reins and 4 un-reinforced reins were tested in the identical fashion as the first series of testing. For all intents and purposes, the results of the testing for the reinforced reins were the same as the first series of tests in both failure mode and load at failure. In the failure mode, two distinct failure points were noted with the first failure being that of the leather portion of the rein and the second being that of the reinforcement. The failure mode of the un-reinforced reins resulted in one failure point, which was of course expected.

The table below shows the average results from testing. For the reinforced reins, both the leather failure

Contact Information:

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Office) 270-745-2462 Mobile) 270-991-4814 email) matthew.dettman@wku.edu

and the cord failure results are shown. Results from the first round of testing are shown in parenthesis below the current results.

Un-Reinforced Rein 1 inch width	Reinforced Rein 1 inch width	
	<i>Leather Failure (lbs)</i>	<i>Cord Failure (lbs)</i>
493 (500)	1145 (1130)	873 (840)

The results of the current testing show a high correlation with the initial testing which is a good indication that the testing method is sound and that the rein manufacturing process is consistent and reliable.

It should be noted that in the first round of testing there were a couple of “flyers”, or reins that failed more than 20% over or under the average. This round of testing had one reinforced rein out of ten that I considered a “flyer”. This rein failed approximately 30% below average in both leather and cord, but still well above the strength of the un-reinforced rein. It is my opinion that this type of result is to be expected of a product that is manufactured by hand using a natural material such as leather. In addition, I believe the results show that these reins are very consistent in strength and quality, and even the “worst case” failure is still capable of providing the intended safety of the jockey.

In conclusion, I believe that based on the two rounds of rein testing, that the test method I have developed is sound, reliable, and repeatable and that the reins developed by Lisa and Brian Peck will provide a reliable back-up system for the jockey such that in the event that the leather rein fails due to excessive use, weathering, sudden high tensile load, or any other event that could cause the leather to fail, the parachute cord will remain in-tact allowing the jockey an opportunity to regain control of the horse guide it to safety. If you have any questions or comments, please don't hesitate to contact me.

Sincerely,



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 Office) 270-745-2462 Mobile) 270-991-4814 email) matthew.dettman@wku.edu

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Matthew A. Dettman, P.E.

Geotechnical Eng.
Materials Testing
Construction QA/QC

December 16th, 2006

Lisa and Brian Peck

RE: Testing of Reinforced Reins

Lisa and Brian,

In accordance with your request, I have completed the initial testing of the reinforced reins. This letter will summarize the purpose, description of reins, process, and results of this testing.

PURPOSE

Several weeks ago, you contacted me to determine if a test method could be developed to determine the strength of a horse rein that had been reinforced with parachute cords. It is my understanding that the purpose of the parachute cords is to provide a backup for the jockey if the leather in the rein breaks or fails, then the parachute cord will remain intact so the jockey has something to hold on to so control of the horse can be maintained to guide both the horse and jockey to safety.

DESCRIPTION OF REINS

At the time of our initial meeting, you provided several samples of un-reinforced reins that are currently in use, as well as samples of your new reinforced rein. The un-reinforced reins are made of leather with rubber grips and are 1 inch wide. The new reinforced rein is also leather with rubber grips, is 1 inch wide, and reinforced with parachute cord. The parachute cord is embedded in the leather and starts at the loop end of the rein and runs down the entire length of the rubber grip and it stops at this point. The remaining part of the rein contains no reinforcing. On a subsequent visit, you brought another group of reinforced reins which were identical to the previous samples; however they were $\frac{3}{4}$ of an inch wide. The 3 reins are shown in Figure 1, with the un-reinforced rein on the top, the 1 inch reinforced rein in the middle, and the $\frac{3}{4}$ inch reinforced rein on the bottom.

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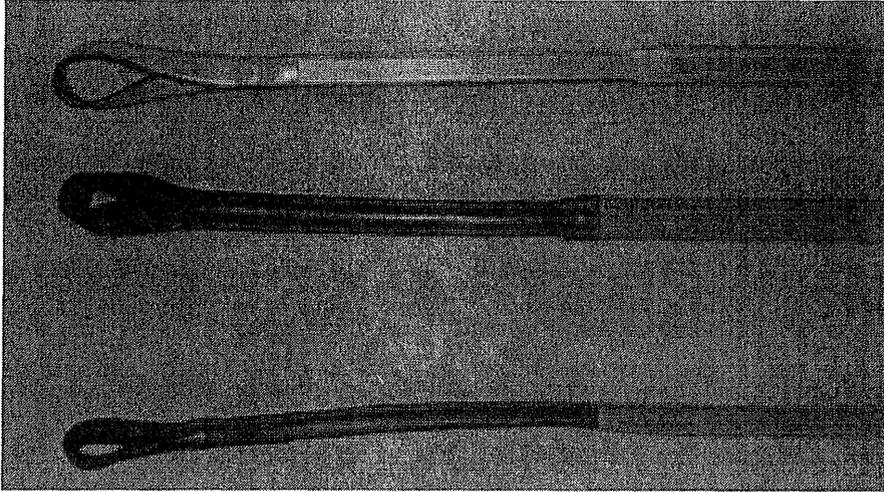


Figure 1 – Close-up of the 3 Reins Tested

TEST PROCESS

The project started with research into whether or not a current standard test method exists for the analysis of reins. Since no standard test method was found, it was necessary to develop a reliable and repeatable method to determine the ultimate tensile strength of the reins. Further research was performed into the process used to test safety straps and climbing harnesses and aspects of these different existing methods were combined in the development of the method used to test the reins. The difficulty in performing this test is how to “grab” the rein without tearing the material or creating stress concentrations that would have an adverse impact on the final results. The method developed to test the reins was to create 2 brackets that would hold a piston horizontally such that the ends of each rein could be wrapped around the piston and clamped so that enough friction would be developed to allow the reins to be pulled to failure. To pull the reins, one of the brackets was mounted to the floor, and the other was mounted to an MTS actuator capable of pulling a maximum force of 50,000 pounds. The actuator is computer controlled so that load and deflection readings can be taken during the test. Figure 2 below shows a close up of the brackets and a view of the entire test setup.

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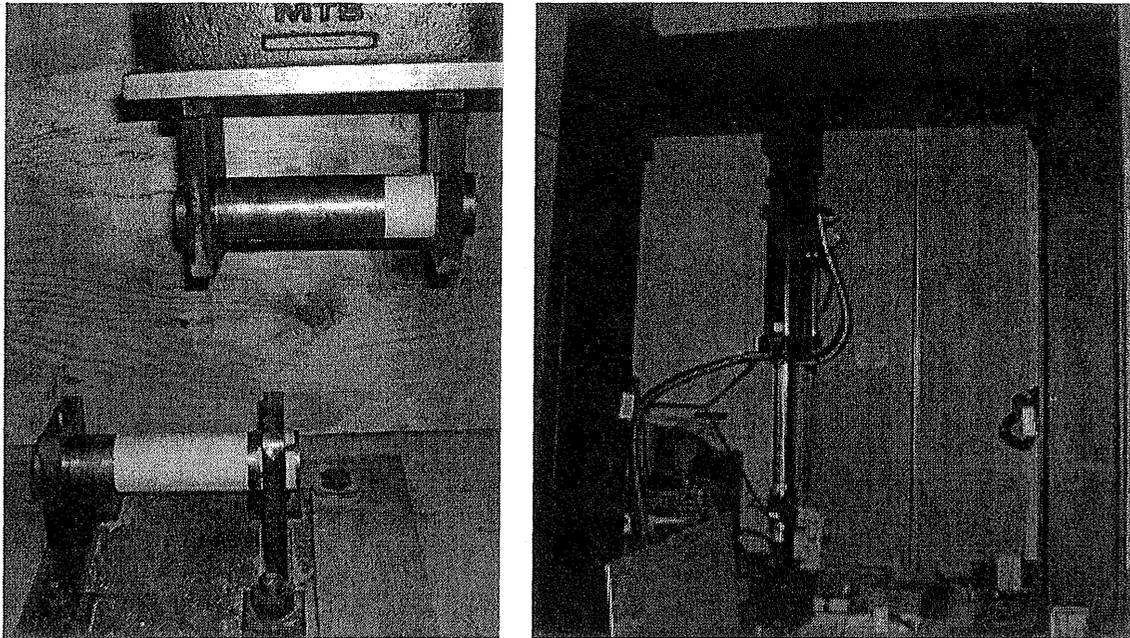


Figure 2 – Brackets and Test Frame Setup

As the purpose of the rein testing was to determine if the parachute cords would remain in-tact after the leather failed, the reins were tested entirely in the reinforced section to determine both the overall strength of the rein and to see if the cord would remain in-tact such that the jockey could hold the cord and guide the horse to safety. To perform this test, the loop-end of the rein was attached to piston of the upper test bracket, which is affixed to the MTS actuator, and the lower portion of the rein was wrapped around the piston of the lower test bracket, as shown in Figure 3 below. Once the rein was fully secured, the MTS actuator pulled the rein to failure recording both tensile load and deflection during the test. Figure 4 shows a close-up of a rein after the test was completed.

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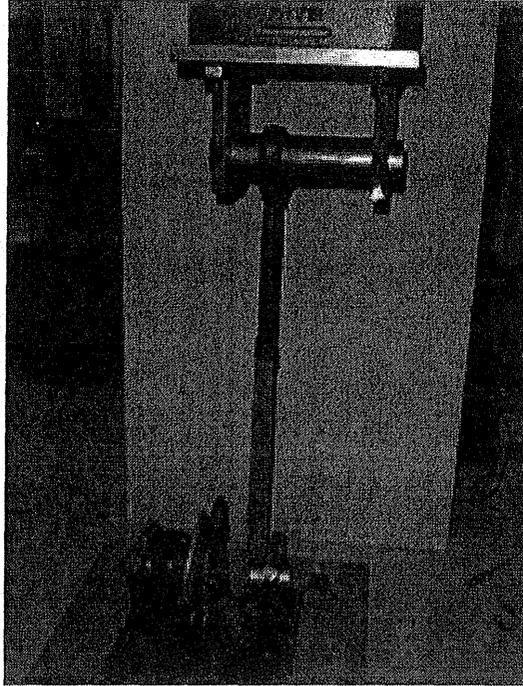


Figure 3 – Rein in the Test Setup

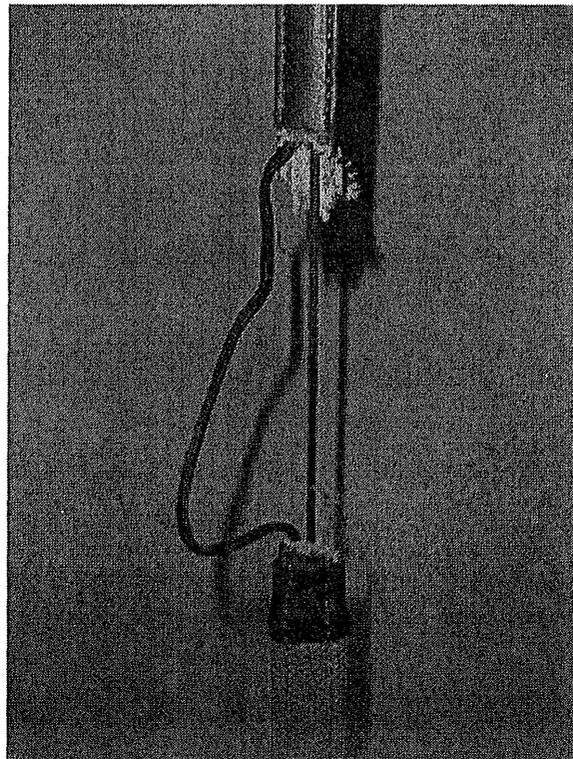


Figure 4 – Failed Rein

Contact Information:

Matthew A. Dettman, P.E. PO Box 1577 Bowling Green, KY 42102
Office) 270-745-2462 Mobile) 270-991-4814 email) matthew.dettman@wku.edu

TEST RESULTS

A series of tests was performed on each of the 3 types of reins. Several tests were run to test the brackets and MTS actuator in order to determine the best process that was repeatable and that provided consistent results. As stated above, each rein was tested to failure and the failure load was recorded for each test. For the reinforced reins, the tests revealed 2 separate and distinct failure loads recorded during the test. The first failure load recorded was the load at which the leather failed and the second failure load was the load at which the parachute cord failed. Based on these observations, it appears that once the leather fails, the parachute cord does in fact remain intact. When the parachute cord does fail, it typically does not break, but it pulls loose from its sewn connection at the base of the rubber grip. In none of the tests did the cord pull loose from the looped end of the rein.

The table below shows the average results from testing. For the reinforced reins, both the leather failure and the cord failure results are shown.

Un-Reinforced Rein 1 inch width	Reinforced Rein 1 inch width		Reinforced Rein ¾ inch width	
	<i>Leather Failure (lbs)</i>	<i>Cord Failure (lbs)</i>	<i>Leather Failure (lbs)</i>	<i>Cord Failure (lbs)</i>
500	1130	840	1000	770

While this data represents a fairly small sampling of reins, the results were very consistent and did not show a very wide spread of data. In other words, most of the reinforced 1 inch reins broke within about two hundred pounds of the average value with only a couple “flyers”, or reins that broke either much higher or much lower than the average. The same can be said for the un-reinforced reins and the ¾ inch reinforced reins.

At this point I am very confident that the test method developed is sound and will work for all similar reins. I would recommend another round of testing now that all of the “kinks” have been worked out of the system and the focus can be solely on the results as the testing process is established.

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 Office) 270-745-2462 Mobile) 270-991-4814 email) matthew.dettman@wku.edu

Please let me know if you have any questions regarding this report. I have several more pictures as well as video clips of the testing process. If you are interested in doing any more testing of reins, I would recommend a sample of 10 reins for each type to be tested. I am confident that the procedure is sound and any future testing would simply be to put the rein in the machine and test it. I don't see any more "kinks" in the system so the testing should go very quickly. I have really enjoyed working on this project and hope to do some more testing soon.

Sincerely,

A handwritten signature in black ink, appearing to read "Matt A. Dettman". The signature is stylized with a large initial "M" and a long horizontal stroke extending to the right.

Matthew A. Dettman, P.E.

Contact Information:

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Office) 270-745-2462 Mobile) 270-991-4814 email) matthew.dettman@wku.edu

ATTACHMENT

I

Opposition to Mandatory Safety Reins

I am Dwayne Rhule, 1st Vice President of the ISA. Currently I hold an owner, trainer, and qualifier license for harness horses.

FOR THE RECORD:

Thank you Madame Chair and Commissioners for the opportunity to speak on this important matter concerning the "Safety Reins" issue. I am aware of the 20 minute time limitation. I will be speaking on behalf of the Standardbred, Thoroughbred, and Quarter Horse associations. Nat Hill IV, DVM will also speak within this allotted time frame regarding the "Safety Reins." We had originally requested that four of our leading harness manufacturers and suppliers be allowed to speak as well. Unfortunately, our time restraint will not allow everyone who has now gained knowledge on the "safety reins proposal" the opportunity to share their opposing concerns of the mandatory ruling.

Madame Chair, your letter dated May 16, 2006 stands correct that the Thoroughbred and Quarter Horse associations were in opposition to mandatory safety reins at the previous meetings. The ISA did submit a letter dated November 18, 2005 that we were not opposing mandatory "safety reins." However, if you would refer back to that letter it also stated that "Although possibly erroring on the side of caution, rather than to expose the horsemen to harm, the ISA agrees to support the safety rein requirement." No one at that time within the ISA Board of Directors had any real experiences with the "Sure Lines" product. Around mid-November 2005, I placed in service two sets of "Sure Lines" purchased through Tim Konkle's magazine, Hoosier Horse Review. Mr. Konkle had written and published a personal endorsement of the product for "Sure Lines." Shortly after the November 18, 2005 letter the ISA became deeply involved with the "Integrity '06 Proposal."

At the January 24, 2006 IHRC meeting Sure-Lines and the Jockey's Guild presented the "Safety Reins" proposal to the commission. Myself and other guests present at the meeting found it difficult to hear all of the comments and inter personal conversations of the IHRC persons and presenters. To speak or make objections at the time would not have been beneficial to us due to the lack of knowledge of the proceedings for the promotion of the "Sure Lines" product. After the meeting the 3 horse breeds

requested a copy of the transcript from the January 24, 2006 meeting. Upon reviewing the transcript the ISA Board of Directors voted to **OPPOSE MANDATORY "SAFETY REINS."** A letter was then drafted dated February 18, 2006 and forwarded to the IHRC. We realized the commission had moved to some degree on this matter but had not yet adopted or drafted a rule mandating "safety reins." We requested an opportunity to highlight our concerns to the commission before a decision was made to adopt "Safety Reins" as a mandatory rule. Thank you again for this opportunity.

According to the transcript from January 24th, page 55 lines 17 through 25. Mr. Gorajec stated, “Well, my opinion is that if the Commission feels that the safety reins are a SUPERIOR PRODUCT, then the route to go is to mandate them. Quite frankly, they are kind of optional right now. My thought and I’m sure horsemen will have an opportunity to rebut me, but I think unless it’s mandatory, I don’t believe a lot of horsemen are going to opt for it because of the additional cost.” It is the ISA’s conclusion after in depth research that the “Sure Lines Product” is NOT A SUPERIOR PRODUCT! Additional cost is a factor, but is not the major concern for opposing the mandating of “Safety Reins.” Our concerns are quality, necessity, proposed endorsements, and cost of the “Sure Lines” product.

Now let’s look at “Sure Lines” after 6 months of use. (Line #1) The cable is frayed; (Line #2) nylon strapping is coming apart at the buckle area. I took these out of use after only 6 months. (Line # 3) Here a regular set of lines with 2 years of use that appear acceptable for a race. (Line #4) Here is 2 regular sets of lines with 5 or more years of use still in acceptable condition. “Sure Lines” contends that this product is under their close supervision and quality control. Why should the commission feel this product is superior to present market equipment?

Big Dee’s is the largest supplier of harness equipment in North America. They sold or gave away for promotion 24 sets in 5 years of the “safety reins,” while selling 13,163 sets of other lines on the market. Once again the concern of “safety reins” being a SUPERIOR product is questionable.

We have consulted with our membership including drivers and trainers. I have here a signed petition of 100 Standardbred drivers and trainers currently racing at Hoosier Park who OPPOSE MANDATORY “SAFETY REINS.” This list of names includes Indiana’s top trainers and drivers. Their names can be found on the back of the race program listed under “LEADING DRIVERS” and “LEADING TRAINERS.” They hold first hand knowledge of our safety concerns for racing in the state of Indiana. For horsemen this is their business, income, and life at stake when sending a horse out onto the racetrack. Therefore, safety is at their forefront. After discussing with them the Commission’s idea to mandate “safety reins” for the state of Indiana, many of them were more than eager to sign the petition to oppose a mandatory rule for “safety reins.” This is just a small representation of the horsemen for the

state of Indiana. Keep in mind that the petition was signed by horsemen within 2 hours on one given race evening ending the petition at 100 trainers and drivers. Many more signatures could be gathered if need be. In addition to their signature many of the trainers and drivers who signed noted actually using the "Safety Reins." However, they do not believe the "safety reins" are a proven SUPERIOR product that warrants a mandatory ruling.

This leads us into the necessity of "Safety Reins." I asked Joe Gorajec if I could speak to the judge about the "safety reins". He said it was okay. I have no intention of placing the Judges in an awkward position. I did not ask them their opinion on the reins. I simply asked the following questions "Tim Schmitz, do we have a crisis on our hands concerning broken lines?" Tim responded, "We do not have a problem with broken lines." I then asked, "Tim, what equipment malfunctions have you seen at Hoosier Park and Indiana Downs during your tenure?" His reply, "One broken line 2 feet from the buckle area. It was a dry rotted leather line. The trainer was fined \$300 and placed on probation." I proceeded to ask, "Tim, throughout your career as an Official Racing Steward, how many horses have you started that have had broken equipment relating to the reins?" Tim responded with "1 broken bit, 5 reins not buckled, and 1 rein broken in the middle of the line as mentioned previously." I then asked Tim "how many horses have you started in your 20 plus year career where you had made these observations?" His reply, "I have started an estimated 1,100,000 horses." I then asked him "Would reins constructed like the 'Sure Lines' product help this proposed safety issue?" His response was "No, why would a person hook a second hook when they did not buckle the line in the first place."

Please take a look at the February 2006 issue of the Hoof Beats magazine that has been provided to you. The top 21 Standardbred horses in North America are shown here without use of the safety reins. Is there a demonstrated need for safety reins? According to data that we have researched, this issue does not merit the need for safety reins. The same statement can be made for the Thoroughbred Times magazine (Handout Copies).

Furthermore; according to the transcript from January 24th, page 42 lines 8 through 22. Art Gray stated "Now, on the safety rein issue, we are here today because of the need to protect the riders and the

horse and the integrity of the betting public in horse racing. Throughout the industry, as you know, times have progressed, certain safety measures have increased. And for the health and safety of riders and horses also, we are proposing from the Guild the use of safety reins. We have had an – I will just quote a couple of incidences. In the Black-Eyed Susan this year, Edgar Prado's horse broke a rein. He could not ride his horse out. He was one of the choices. Of course, it was detrimental to the betting public. He couldn't finish on his horse to a placing that the horse could have gained."

I have here a picture of the photo finish from the 2006 Kentucky Derby Winner Barbaro, with jockey Edgar Prado (who Art Gray referred to in the January Transcript). Please take notice that in this picture Edgar Prado was not using safety reins. This leads us to question his assurance of safety lines having the **SUPERIOR QUALITY** that would ensure his safety. By not using "safety reins" during North America's largest most publicized and wagered upon horse racing event it appears that there is not an emergency need for "Safety Reins?" Furthermore, this picture of the 2006 Preakness winner also does not show use of safety reins.

The USTA was approached for their endorsement of "Sure Lines," and they did NOT provide it per Mr. Hastings, head of regulations. The U.S.T.A. is the regulatory body of our Standardbred business. You also have a letter in your packet from an outstanding director of the U.S.T.A., Jerry Landess, not wanting mandatory "safety reins." He has over 60 plus years in the Horse Racing Industry, in which his opinion should hold value. You also have a letter from Doug Ackerman, with over 60 years as well in the industry and one of the top horsemen in North America who is from Indiana. These examples should all hold a high merit as excellent testimony opposing the necessity of "Safety Reins."

To the best of our knowledge no Indiana horse owner, trainer, driver, except Tim Konkle has asked for this product to be mandatory. Here in Indiana we are competing within our own jurisdiction. As noted previously, there does not appear to be a need for mandatory "safety reins" within our jurisdiction. We need to keep the focus on our needs here currently in the Horse Racing Industry of Indiana.

As for the cost factor, all three breeds are looking at a cost totaling well over \$200,000 to owners, trainers, and drivers. This figure is calculated as a beginning figure for a mandatory ruling.

Safety Precautions to Consider:

Has this issue ever been brought to our trainers or Paddock Judges attention that they were not fulfilling their duties according to the IHRC Rule Book?

- Current IHRC Rule – **Paddock Judge Responsibilities**; inspection of horses for changes of equipment, broken or faulty equipment, and head numbers.
- Current IHRC Rule – **Trainer responsibilities**; ensuring that his or her horse are properly shod, bandaged, and equipped.

If we have a perceived problem why have we not seen some kind of communication from the IHRC before now? Mandatory safety reins is a drastic first communication with the horsemen,

I conducted a time and motion research study at Hoosier Park and Indiana Downs this past month of May. In short version Jockey's never looked at or touched the reins of their horses until they are asked to mount the horse. Jockey's have anywhere from 6 ½ to 8 minutes of idle time. Minor variations can occur. After observing numerous races in the paddock I could not understand how anyone could mount a horse and not check over his or her reins. Chief Steward said, "He had 2 broken reins in the last 2 years, but no conclusive data as to the cause of the broken reins."

As for the Standardbred drivers at Hoosier Park they have at least 3 to 8 minutes of time to look over a horse. Normally most drivers took about 2 minutes to look over reins and other equipment. The majority did a good job of reviewing their horses programmed to drive prior to leaving the paddock for the race.

A SOLUTION!

All accidents have a root cause. Root causes here are lack of inspection by users such as jockey's, drivers, and trainers. I can provide you with more detail later, but briefly this is what the ISA proposes. This simple solution would not cause additional financial burden to the owners, trainers, and drivers of Indiana. When horses are being prepared to race in the paddock, the paddock judge makes a call over the loud speaker to the trainers and grooms to check their reins. When the paddock judge calls for the horses to be hooked to the race bike, he once again makes a call for the reins to be checked. This would involve the trainer and groom checking to make sure the reins are fastened properly and are in a racable condition. Then as drivers and jockeys are called to mount their horses they are reminded over the loud speaker by the paddock judge to check their reins to ensure proper racable condition. This type of safety precaution can be conducted within 30 seconds. If more time permitted I could give you a detailed description of how the safety check could be performed. If there is reins or any type of questionable equipment malfunction the paddock judge already at both racetracks has stored extra equipment available for such emergency situations. This is a repetitive process that becomes second nature. It will be low cost but highly effective in the prevention phase.

In conclusion, the Standardbred, Thoroughbred, and Quarter Horse Associations hereby oppose a mandatory ruling for "Safety Reins." Please take into serious consideration this presentation before making a crucial judgment of mandatory "Safety Reins." Our research proves that "Safety Reins" do not possess SUPERIOR QUALITY, that Indiana has not previously demonstrated a need for this emergency safety precaution, nor does mandatory "Safety Reins" support the best interest of our Indiana Horse Racing Industry leaders or the general population of horsemen. (Give out the main points of this presentation.)

Thank you for your time, Dwayne Rhule, ISA 1st Vice President

ATTACHMENT

J

Germek, Colleen

From: greg badovinac
Sent: Sunday, August 03, 2008 10:31 AM
To: Germek, Colleen
Subject: Rule 1689.2

As a California resident and horseplayer, I strongly support the Commissioners' efforts to protect the horses and riders with the proposed amendments to CHRB Rules 1689.2.

This should pose little additional costs with the phase-in period while protecting the human athletes riding the equine athletes during training and races.

Greg Badovinac
North Hollywood, CA

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ATTACHMENT

K

Germek, Colleen

From: Jack Holton
Sent: Tuesday, September 02, 2008 7:10 AM
To: Germek, Colleen
Subject: Safety reins

Ms. Germek,

Indiana has been dealing with this proposal for two years. The Indiana Horse Racing Commission proposed the rule and evidence was presented at a Commission meeting. The Commission decided not to impose the mandate at that meeting. My concerns are directed at the version of "Safety Reins" that are in use for Standardbred racing. In harness racing the incidence of line breakage is extremely rare. Failure of proper attachment is the primary cause of mishap related to lines (reins).

As an owner I constantly stress proper maintenance of equipment and only hire trainers who take care of equipment. I also want to have the latest and greatest in terms of equipment. In the case of harness lines well maintained equipment rarely breaks and when it does there is no uniform location for the breakage. In harness racing it would seem to only be "Safety Equipment" if the reinforcement was imbedded in the entire length of the lines or reins. Another concern is that if "Safety" is a built in attribute of equipment there is a tendency by some to rely on the advertised quality rather than proper maintenance.

The final concern is that of liability. If a state agency mandates a single source supplier the state may be legally responsible for equipment failure. The state should not be put in the position of directing mandatory sales of a product. The state would be better served by stipulating general requirements for equipment and letting the manufacturer's come up with the solution. With that being said, jockeys have a perfect right to demand that their mounts be equipped with such reins or they have the option of purchasing the equipment for themselves. If the issue is as dangerous as purported then peer pressure on other jockeys and pressure on owners and trainers should be sufficient without the need for state mandate.

Jack Holton, President
Indiana Standardbred Association

ATTACHMENT

L



September 4, 2008

PRESIDENT

JOHN W. SADLER

NO CAL VICE PRESIDENT

WILLIAM ANTON

SO CAL VICE PRESIDENT

JAMES CASSIDY

SECRETARY/TREASURER

HOWARD ZUCKER

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NOBLE THREBWEIT

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 Executive Director
 & General Counsel

CHARLES E. DOUGHERTY, JR.
 Deputy Director

ANGIE CARMONA
 Deputy Director

Via Mail & Fax (818) 227-8550

The Honorable Richard Shapiro
 Chairman, California Horse Racing Board
 5000 N. Parkway Calabasas, Suite 210
 Calabasas, CA 91302

Dear Commissioner Shapiro:

I am writing in regards to a proposed decision to require "safety reins" be used by jockeys and exercise riders. Business & Professions requires the Board to adopt a regulation to that effect only if it determines that "the use of safety reins would provide jockeys and exercise riders greater protection from accidents and injuries than conventional reins." To date, no rein has been shown to provide said "greater protection from accidents and injuries." What has been submitted shows only that the additional material used in the demonstration reins increases the number of pounds per square inch that it takes to break the rein. That standard would be acceptable if it were shown that an extremely high degree of tension is what causes a rein to break or that an extremely high degree of material strength is what prevents a rein from breaking. Neither of those propositions is correct. Furthermore, the tests provided by the manufacturers are not relevant as they test only new equipment. New reins do not fail due to a failure of material strength.

It is on a very rare occasion that a rein will break. When that happens, it is usually because a buckle has broken or has been left unhooked. It also happens on very rare occasion when the rein material has been compromised or the stitching tears lose. In fact, the most common incident of control failure has nothing to do with the rein. It occurs when the bit breaks.

As stated at the July CHRB meeting, in the six years that the industry has been keeping accident and injury records, there has not been one accident or injury that is attributable to the failure of a conventional rein. Therefore, at a very minimum, a different design of rein may afford similar protection from accidents and injuries, but cannot be shown to provide "greater protection." It is more important to note that experienced horsemen will state that for a number of reasons the proposed "safety rein" actually increases the possibility of accidents or injuries. If a rein becomes tangled on the starting gate, or the rail or the rider, the preference would be for it to break at lesser pressure not greater pressure.

Furthermore, the most common rein in current use has a safety feature that is lacking in the proposed rein. This current safety feature allows the rider to maintain control when the most common incidents of rein failure occur. The proposed rein does not prevent accident or injury when equipment breaks due to improper care or maintenance of the buckle, yet this is the most common reasons for failure. The rein currently used by most trainers has a stiff, reinforced portion that wraps around the bit. If that rein is used and the buckle area should break or become undone, the area around the bit has enough strength to keeps its shape around the bit, thus, allowing the rider to control or stop the horse. The proposed rein does not contain that safety feature and is, therefore, less likely to prevent a loss of control and, thus, less likely to prevent accident or injury. We would also point out that the current version of "safety reins" does not represent a new concept. The reins have been reviewed by predecessors on the California Horse Racing Board on at least one and possibly more occasions in recent history. At those meetings, there was not a finding that they added additional safety for the rider or the horse. Furthermore, the marketplace has previously rejected the concept.

SO. CALIFORNIA - MAIN OFFICE
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 (510) 524-3081
 (510) 524-5280 FAX
 E-Mail: nocacall@aol.com

www.calltrainers.org

The Honorable Commissioner Richard Shapiro
September 4, 2008
Page 2

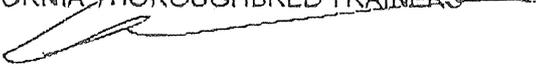
The California Thoroughbred Trainers will be happy to continue working with the Jockeys and any other party to investigate and develop technology that will help to ensure the safety and integrity of equipment used in racing. Our commitment to that end has already been shown by our involvement in the development of new safety vests and helmets. We will also be taking part in two programs to monitor the quality of the equipment that is currently in use. First, we will take part in a program to inspect equipment that is currently in use and, second, we will provide all trainers with information to ensure that equipment is maintained in the proper manner.

In the meantime, we ask that the Board defer a decision on "safety reins" until the objections raised by safety experts have been analyzed and overcome. The opinions of safety and engineering experts are being forwarded under separate cover.

Thank you for your consideration of this matter.

Sincerely,

CALIFORNIA THOROUGHBRED TRAINERS


EDWARD I. HALPERN
Executive Director & General Counsel

EIH:ac

cc: CHRB Commissioners
CTT Board

ATTACHMENT

M (a)



CALIFORNIA HORSEMEN'S SAFETY ALLIANCE

DATE: September 2, 2008
TO: Richard Shapiro, CHRB Chairman and Board of Directors
FROM: Sonia F. Pishevvar, CHSA Administrator
SUBJECT: Safety Reins

For the past five years California Horsemen's Safety Alliance has been actively involved in making safety a priority in the Thoroughbred Horse Racing industry in California by bringing awareness on injury prevention and establishing safe work practices through on going safety educational programs, developing videos and training materials as well as actively contributing toward improvements on personal protective equipment, safety vest and helmets.

On September 2007 we embarked on the Safety Rein Pilot Study, as we were made aware of the AB1180. As previously reported 209 safety reins from two manufactures of "safety" reinforced reins were distributed to 105 trainers in Northern and Southern California for their use during morning workouts and live racing. We had requested that the manufactures conduct independent laboratory testing on their reins in order to have information on the performance of their products. At that time it was identified that no regulating standard exist on reins. Mr. Grays' April 2008 testing report was made available for our review in June 2008.

On June 2008 CHSA conducted a survey to gather feedback from trainers on the use of the "safety" reins. Our findings were reported; indicating that of the 105 original participants 76 trainers provided feedback and comments. For details attached please find the survey summary report dated 6/25/2008.

As a result of the pilot study conducted, the need to implement proper care, cleaning and maintenance practices was identified. Information based on the manufactures recommendations will be provided to all trainers and staff in order to maintain the integrity of the reins and lessening damage to the leather and stitching impacting the soundness of the leather reins. Education on this subject will be implemented.

In follow up communications with Mr. Gray requesting a copy of the RCI regulations on safety reins, I was informed that they do not exist. Absent regulatory guidelines on reins or safety reins and facts and information on the required force loads to break a rein and without the scientific evidence that identifies that safety reins are safer than conventional reins. It is my recommendation for further studies and scientific testing be performed to identify the unknowns. Making the "safety" reinforce reins mandatory prior to identifying the unknown is not recommended at this time.

Santa Anita Racetrack • 285 W. Huntington Drive • Arcadia, CA 91007 • P.O Box 660039 • Arcadia, CA 91066-0039
Phone: (626) 447-2146 • Fax: (626) 447-2006 • E-Mail: chsasonia@hotmail.com

ATTACHMENT

M (b)

2 September 2008

Ms. Sonia Pishehvar
Workers Compensation Program Administrator
California Horseman's Safety Alliance
Santa Anita Racetrack
285 W. Huntington Drive
Arcadia, CA 91007

Re: Safety reins for equine racing

Dear Ms. Pishehvar,

Thank you for forwarding me the copy of CA Bill AB1180 as well as the reports from Mr. Gray and Mr. Dettman. Clearly the issue of safety reins in professional racing is very important and I commend your organization for taking the lead in developing a safer rider environment for all those that participate in the professional racing industry.

The engineering staff has reviewed the documents that you have provided and also inspected the different safety rein systems that were provided. Based on the information provided, it appears that there are currently several manufacturers who are selling safety rein systems. The main purpose of any safety rein system is to act as a secondary system in the event that the primary system fails. On a racehorse traveling at 40 mph such a failure can be quite catastrophic for both the horse and the jockey.

Leather reins can and will break due their natural material properties. From an engineering and biomechanical perspective, the maximum load limit of new leather reins can be determined using tensile load machines that apply a slowly increasing force to the leather reins while they are secured between two holders or grips. Based on the testing performed by Gray and Associates Consulting Inc., the end loop of new leather reins fails (i.e., breaks) at approximately 550 lbs. Since jockeys do not report regular rein failures, we can assume that jockeys exert substantially less than 550 lbs of force on the reins when they ride.

As with all natural products, the properties of leather reins tend to change over time due to various factors such as amount of use, exposure, cleaning, etc. Most often the ultimate failure load of these used and aged leather reins tends to decrease, to a point where catastrophic failure is possible while the jockey is riding a horse. It is at this point that a safety rein system becomes invaluable.

The purpose of the safety rein system is to allow the rider to maintain control of the horse and to safely bring the horse and rider to a stop. It is not meant to replace the primary rein system (i.e., the leather straps).

Ms. Sonia Pishehvar
California Horseman's Safety Alliance
2 September 2008
Page 2

Furthermore, during normal use, the secondary system should be functionally inactive (i.e., it takes no load from the jockey); otherwise the ultimate failure load of the reins could be so high that the reins would not fail in the event that a jockey or horse had an appendage caught in the reins. At that point, the reins must fail or else the jockey or the horse will experience significant injury.

In order to ensure that some of these initial design goals be met (i.e. failure of the primary system at a given load value and failure of the secondary system at a given load value) and in order to ensure that all safety reins perform in a similar manner, I would recommend that a safety rein performance specification be developed. Such a specification could be developed under the American Society of Testing and Materials (ASTM) which is an organization that specializes in the development of performance specifications for specific activities and devices. A committee of interested parties (i.e. ,manufacturers, jockeys, administrators, researchers, etc.) would develop a draft standard which would need to be balloted and approved by the ASTM membership. Compliance with such a standard would be completely voluntary; however, CHSA and other governing bodies could cite this standard as a requirement for any reins that are to be used during an event that is sanctioned or sponsored by the governing body.

Prior to development of such a performance standard, I believe that there are several key pieces of information that are currently unknown and must be determined before development of any standard. Firstly, the amount of force that is applied by a jockey during typical horse riding is not known. This value would provide baseline information that could then be related to the current information regarding the ultimate loading capability of existing leather rein systems (i.e., what is the safety factor of existing leather rein products relative to the biomechanical performance characteristics of jockeys). Additional rein systems should also be tested in order to get a much larger set of data and a better understanding of the performance characteristics of existing rein products.

This baseline data could then be used to establish the minimum and maximum threshold values at which the primary rein system should fail. Any performance specification for leather reins should establish a range of forces at which the primary rein system should fail. This would be done for safety reasons. For example, while a steel cable rein system does seem quite sensible from a durability perspective, it does pose significant injury risks to both the horse and the jockey due to its extremely high ultimate load characteristics relative to normal leather reins.

In addition to this information, a literature search should be performed to determine the isometric strength characteristics of a horse. This

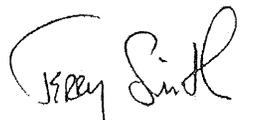
Ms. Sonia Pishehvar
California Horseman's Safety Alliance
2 September 2008
Page 3

information would be quite useful in that it would establish a threshold beyond which no rein system, primary or secondary, should remain intact.

At the present time, I believe that there are good safety rein products on the market; however, there is not enough information currently available to develop an appropriate performance specification for these safety rein products. Furthermore, there is insufficient data available to conclude whether or not safety reins are safer for the rider or perhaps more dangerous to the rider because of their potentially higher failure limit (relative to typical leather products). Additional research is necessary and to this end, I have taken the liberty of providing a proposal that describes a research program that would gather these necessary data. Once these data have been collected then it is my opinion that sufficient information would be available to develop a suitable safety rein performance specification for the racing industry.

Thank you once again for the opportunity to work with the California Horseman's Safety Alliance. Please do not hesitate to contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Terry Smith". The signature is fluid and cursive, with a large initial "T" and "S".

Terry A. Smith, Ph.D.
Principal Scientist

TAS/lcr

ATTACHMENT

M (c)



Two Rincon Center
121 Spear Street
San Francisco, CA 94105
415.836.2982

Sent via e-mail

August 29, 2008

Ms. Sonia Pishehvar
Workers Compensation Program Administrator
California Horsemen's Safety Alliance
285 W. Huntington Drive
Arcadia, CA 91007

RE: Safety Reins for equine racing

Dear Sonia:

As you are aware, I have been working with the California Horsemen's Safety Alliance (CHSA) since 2003 as a safety consultant employed by AIG Consultants, Inc. I have over 25 years of professional experience and I am a Certified Safety Professional (CSP). My services are provided in conjunction with the worker's compensation insurance program provided by American International Group (AIG). I have been actively involved in assisting the CHSA with safety related issues pertaining to safety education, evaluation and use of personal protective equipment such as protective vests and helmets.

The purpose of this letter is to provide my opinion regarding the proposed mandatory use of safety reins at California racetracks which conduct thoroughbred horse racing.

I attended the CHRB meeting in Pleasanton CA on June 27, 2008. During that meeting one of the topics of discussion was the use of safety reins at racetracks in California. There were discussions and information provided by Mr. Gray and other interested parties regarding the proposed mandatory use of safety reins. The use of safety reins can provide a method of allowing a rider to maintain control if and when the conventional rein was to break. One of the key factors is determining the break load at which the conventional reins and the safety reins break.

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In my opinion the current testing that Mr. Gray has done should be considered "incomplete". The point at which the reins are designed to break at appears to be completely arbitrary. Is this the correct breaking force that is needed or is it different? If the breaking load is too high it might endanger both the horse and the rider if they were to become caught and tangled in a rein.

Regarding testing of similar products one example that comes to mind is a safety harness which is used to protect people from falling from heights in occupations such as construction. How was it determined that the harness needed to withstand a certain force load associated with a person wearing a harness and who has fallen from a height? The resulting requirement of force load was not just picked out of the air. The determination of the required force loads was obtained through scientific testing and research. Therefore I believe that is necessary to conduct additional testing to determine the required forces to break the reins.

Mr. Gray's letter to the CHRB dated April 9th 2008 states "Determining a standard break load for reins and driving lines would be difficult, very expensive and the result would be a wide range that would take into account the variables of size, strength, demeanor, and racing style of both the horsemen and the horses". The manufacturers of safety reins should be required to complete this testing to ensure that the safety reins perform in an similar manner.

In addition, I think that additional testing is necessary as well as developing a safety performance specification developed by an organization such as the American Society of Testing and Materials (ASTM). It should be noted that the ASTM has developed many performance standards including those for the safety helmets and protective vests currently being used in the equine racing industry. I believe that additional testing is necessary before safety reins are a CHRB mandatory requirement. In the absence of a standard for safety reins, I would like to see the CHRB decide that is not mandatory but voluntary to use safety reins.

Sincerely,

Anthony M. Bahno, CSP
Technical Services Manager
National Accounts

ATTACHMENT

M (d)

Brian D. Peck Inc.
P O Box 814
Pewee Valley, KY 40056
502-376-8337

Information regarding care and maintenance of BP Safer Reins:

Leather reins should be cleaned only with a mild soap or conditioning product made for use on leather. Rubber grips can be wiped lightly with clear water on a dampened soft cloth or sponge. No harsh chemicals including but not limited to household cleaners should ever be used on the leather or grips. Reins should be returned to the original manufacturer for re-gripping which includes an inspection of the inner cord. Any changes made to the reins other than by the original manufacturer void any and all guarantees.

Anyone needing additional information about BP Safer Reins can contact Brian at the above mentioned phone number.

ATTACHMENT

N

Germek, Colleen

From: Christine Picavet
Sent: Saturday, September 06, 2008 8:47 AM
To: Germek, Colleen
Subject: safety reins

Regular nylon and plastic reins are dangerous. Leather reins break on rare occasions and those used in races should be newer. Jockeys are willing to ride time bombs but are worried about leather reins. Darrell Hair & Co have done a good job.

Christine Picavet

STAFF ANALYSIS
PROPOSED WAIVER OF
CHRB RULES FOR THE
OCTOBER 18, 2008
“LIVING LEGENDS RACE”
AT SANTA ANITA

Regular Board Meeting
September 18, 2008

BACKGROUND

As a prelude to the October 24th and 25th 2008 Breeders' Cup and in conjuncture with the Legends on Tour, the 2008 Oak Tree race meet at Santa Anita will feature a pari-mutuel race in which retired hall of fame jockeys will compete. The “Living Legends Race” will be the fourth race held on October 18, 2008, the weekend before Breeders' Cup, and will not be included in the pick six. Participating in the race are Angel Cordero Jr., Jacinto Vasquez, Sandy Hawley, Pat Day, Chris McCarron, Jerry Bailey, Gary Stevens, and Julie Krone. The race will be sprint distance; each rider's mount will be a California-bred horse selected by draw, and the assigned weight will be 126 pounds. Workers' compensation insurance covering these eight jockeys has been provided by Oak Tree Racing Association.

In preparation for this race, it is requested that the following rules be waived.

ANALYSIS

- A. **Rule 1481, Occupational Licenses and Fees**, establishes the duration and fees of occupational licenses for persons desiring to participate in California racing on an ongoing basis.

Rule 1481 is silent on special events such as this one. It is possible, in this special circumstance, to issue an occupational license to these eight individuals without charging a fee; the license would only be valid on October 18, 2008.

- B. **Rule 1498, Physical Examination**, requires that, at least once a year, all jockeys, apprentice jockeys, and drivers must pass a physical examination given by a doctor designated or approved by the Board. The Board or the stewards may refuse to allow any jockey, apprentice jockey or driver to ride or drive until he has successfully passed such examination.

The jockeys are expected to arrive one day prior to the event. In addition to obtaining an occupational license, they will be obligated to promotional events associated with the Legends of Racing Tour, making a physical examination difficult to fit into their schedules.

- C. **Rule 1499, Qualifications for Jockey**, provides that no person whose riding weight at the time of application exceeds 125 pounds shall be licensed as a jockey or apprentice jockey.

The eight jockeys competing in the Living Legends race will be assigned 126 pounds and will only be competing in the one race on the one day.

- D. **Rule 1683, Maximum Overweight**, provides that no horse shall carry more than two pounds overweight without consent of its owner, his agent, or his representative, but shall not carry more than seven pounds overweight in any race.

Although the Living Legends event will be assigned 126 pounds, it's possible that one or more of the retired jockeys competing will be over the weight specified on race day. It is expected that all participants will be under the maximum overweight; however, there still exists the possibility that a jockey will weigh-in over the seven pound limit. In the event this occurs, it is requested that Rule 1683 be waived to accommodate this special promotional event. Any overweight will still be made available to the wagering public via public announcement.

RECOMENDATION

Staff recommends the Board approve a waiver of the following rules for the October 18, 2008 Living Legends Race at Santa Anita:

- Rule 1481, Occupational License and Fees
- Rule 1498, Physical Examination
- Rule 1499, Qualifications for Jockey
- Rule 1683, Maximum Overweight

STAFF ANALYSIS
DISCUSSION BY THE BOARD
REGARDING THE STATUS OF THE
SACRAMENTO HARNESS ASSOCIATION

September 18, 2008

BACKGROUND

The Sacramento Harness Association (SHA) ended its racing operations in the spring of 2008. The status of monies owed by SHA to third parties, or on whose behalf SHA is holding monies, has not been concluded.

In response to past correspondence, SHA informed Board Counsel that SHA would shortly decide the manner in which its financial affairs would be resolved. A SHA representative has been requested to present to the Board a report on the steps being taken by SHA to conclude its financial affairs.

RECOMMENDATION

This item is presented for discussion by the Board.

CALIFORNIA HORSE RACING BOARD
1010 HURLEY WAY, SUITE 300
SACRAMENTO, CA 95825
(916) 263-6000
FAX (916) 263-6022



SENT VIA FAX TRANSMISSION AND REGULAR MAIL

September 10, 2008
Thomas A. Willoughby, Esq.
Felderstein, Fitzgerald Willoughby & Pascuzzi
400 Capital Mall, Suite
Sacramento, California 95814

SUBJECT: Sacramento Harness Association and the September 18, 2008 California Horse Racing Board Meeting at the Los Angeles County Fairplex, Pomona.

Dear Mr. Willoughby:

As we discussed, the California Horse Racing Board (CHRB) has placed on the Notice of Meeting Agenda for its September 18, 2008, Board Meeting the status of the Sacramento Harness Association (SHA). The Meeting will be held at the Sheraton Fairplex Suites, 601 West McKinley Avenue, Pomona, California, beginning at 9:00 A.M.

The CHRB hereby requests a knowledgeable representative of SHA be present at the Board Meeting and informed the Board as to the steps SHA will be taking to conclude its financial affairs. The Board has received inquiries from third parties to whom SHA either owes monies or on whose behalf SHA is holding monies. In response to past correspondence, SHA counsel Steven Felderstein informed me that SHA was going to shortly decide the manner in which its financial affairs would be resolved. The CHRB needs to be assured that SHA is acting in a fiscally responsible manner.

Given that attorney Felderstein is not available in during the month of September and you must be at the Oakland bankruptcy court on September 18th, nevertheless, the CHRB respectfully requests the SHA have a representative attend the Board Meeting and speak regarding the financial affairs of the Association.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert B. Miller".

Robert B. Miller, Counsel
California Horse Racing Board

STAFF ANALYSIS
DISCUSSION AND ACTION BY THE BOARD
REGARDING REQUIRING CERTIFICATION OF
SECONDARY PARI-MUTUEL ORGANIZATIONS (SPMOS)
BY THE
ASSOCIATION OF RACING COMMISSIONERS INTERNATIONAL (RCI)
IN CONJUNCTION WITH OTHER RACING JURISDICTIONS

Regular Board Meeting
September 18, 2008

BACKGROUND

The Association of Racing Commissioners International (RCI) is a national horse racing organization formed to encourage forceful and honest nationwide control of racing for the good of the public. It is governed by a board of directors and has approximately 30 functioning committees and subcommittees. The regular membership of the RCI is comprised of 44 jurisdictions and nine neighboring territories or countries. Among the goals of the RCI is reciprocity in enforcing each jurisdiction's official rulings (penalties) and uniform rules and policies.

The RCI recently authorized the implementation of a Certification Program for Secondary Pari-Mutuel Organizations (SPMOs) that seek to transmit wagering information into pools regulated by RCI member jurisdictions. The RCI Wagering Systems Security Committee (WSSC) was given responsibility for implementing and conducting the RCI Certification Program for SPMOs. Under the program the SPMOs would be required to be certified, at the expense of the SPMO. The certification would provide racing jurisdictions with an important due diligence, without adding a cost burden to the state regulators. The RCI is seeking a uniform date – January 1, 2010 – for the collective implementation of the SPMO certification requirement.

The current method by which SPMOs are approved is: Approximately 30 days prior to the start date of a race meeting, the CHRB receives a request by email from the racing association simulcast coordinator to approve the simulcast of its racing program to out of state and out of country sites. The simulcast coordinator provides a list of sites, and confirms that the sites have been approved with due diligence by the horsemen and the racing association. The proposed sites and their corresponding rates are listed on the request by "Common Pool," "Separate Pool," and Canadian locations (use net pool pricing). The CHRB approval is based on the racing association complying with California Horse Racing Law, and the Board's rules and regulations, and the conditions noted in its application for license to conduct a horse racing meeting.

RECOMMENDATION

This item is presented for Board discussion and action.

FOR RELEASE: Saturday, August 2, 2008
CONTACT: Ed Martin (859) 224-7070 x/4017

States Move to Require Certification of SPMOs

Key regulators from several major racing states – California, New York, Kentucky, New Jersey, Illinois, Pennsylvania, Ohio, Indiana, Virginia, Delaware, Colorado, Oklahoma, and New Hampshire – announced today that they will begin the process of requiring that off shore wagering companies and secondary pari-mutuel wagering organizations (SPMOs) obtain a certification from the Association of Racing Commissioners International (RCI) as a pre-condition to issuing any approval to allow those entities to wager into pools under their jurisdiction.

Under the Interstate Horse Racing Act, host state racing commissions must approve any such SPMO wagering. The officials are seeking a uniform date – January 1, 2010 - for the collective implementation of the requirement. The implementation date gives time for state rule promulgation where necessary and for the conduct of a thorough background investigation of the entity, its owners, staff, and operations by the RCI.

“Today, nearly 90 percent of the money wagered in horse racing occurs away from the track and, in several cases, outside of the country with little or no regulatory review. For this reason, it is critical that the states regulating this sport know exactly who we are doing business with and that the integrity of the game is not jeopardized. The establishment of an independent process of certification and due diligence will ensure integrity at all levels,” said California Horse Racing Board Chair Richard Shapiro. “This initiative is long overdue and I am pleased that it has been so widely supported.”

Kentucky Horse Racing Commission Executive Director Lisa Underwood said: “I am encouraged by the efforts of RCI in implementing an SPMO certification program. Under this initiative, an SPMO desiring to participate in the pari-mutuel wagering pools will be required to be certified, at the expense of the SPMO. This will provide the states with an important due diligence tool, without adding a cost burden to the state regulators. I support the initiative to certify SPMO’s and will be recommending adoption of the proposed regulation to the Kentucky Horse Racing Commission.”

“Requiring certification of SPMO's by the ARCI is a necessary and vital component to ensuring the integrity of the pari-mutuel system and long over due. I fully support this effort and will recommend adoption of the proposed regulation to the New Jersey Racing Commission later this fall," said Frank Zanzuccki, Executive Director of the New Jersey Racing Commission.

Marc Laino, Executive Director of the Illinois Racing Commission, said: “Every racing jurisdiction hosting interstate common pool wagering should have the assurance that all offsite simulcast partners are fully vetted and subject to the proper regulatory controls and oversight.”

RCI Board of Directors Chairman Joe Gorajec of the Indiana Racing Commission said that the RCI Board has unanimously approved proceeding with a certification program. “Our members as well as the racing industry have needed this program and we are pleased that there is significant interest to move forward collectively on this.”

“We are pleased with the positive reaction we have received from some key industry players like the NTRA and others,” RCI President Ed Martin said. “RCI Board member Richard Shapiro has been in contact with both Magna and Churchill Downs and reports a positive reaction to this effort.”

The announcement by the thirteen states follows approval by the RCI Board of Directors of an SPMO certification program. Certification criteria will be governed by the association's Wagering Systems Security Committee. Martin said that he anticipates that other jurisdictions will choose to require SPMO certification as a condition to granting IHA required approvals for such wagering activity.

The RCI Board also voted to give Martin the green light to finalize arrangements with a security vendor chosen as a result of a formal RFP process held late last year.

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RESOLVED:

That the Board of Directors of the Association of Racing Commissioners International, Inc. ("RCI") hereby authorizes the President to implement a Certification Program for Secondary Pari-Mutuel Organizations ("SPMOs") that seek to transmit wagering information into track pools regulated by RCI member jurisdictions;

That the Board finds that there is sufficient interest of major handle member jurisdictions in having such certification as a condition of allowing simulcast exports to such entities; and

That the RCI Wagering Systems Security Committee ("WSSC") is hereby given responsibility for implementing and conducting the RCI Certification Program for SPMOs, as follows:

Certification Process

(1) General. The Certification Program shall be a "due diligence" program conducted by RCI that includes an investigation, determining the facts, issuing a detailed and scored Report, and deciding whether to Certify an applicant SPMO. This shall include during the initial certification period visiting the SPMO sites, an inspection and analysis of computer systems and records to verify accounting records and business practices, thorough examination of computerized records and operational systems on the SPMO's computers, facility inspection with complete access including to all equipment, activities, and structures or other property, and forensic review by accountants of the financial books and operational records. It shall include the foregoing on later occasions to the extent deemed useful by WSSC to investigate a possible material change, alter certification status, renew certification, or for other Certification Program action. It shall also include such actions and disclosure as WSSC deems useful. Certification shall be valid for two years, subject to alteration based on newly discovered information, falsity in application, suspicious activity or associations, failure to cooperate with regulatory directives, conditions, or requests, material changes in the SPMO, and any other factor relevant to the certification criteria.

(2) Posting Bond and Costs. Each SPMO shall post at the time of its application to be certified a sufficient bond (presently, \$55,000) with RCI to defray any and all costs associated with action on its application to the Certification Program, and agrees to reimburse RCI for the cost of its certification process including RCI regulatory oversight and whether incurred before or after any initial certification by WSSC. A further bond shall be posted with each renewal application or as required by RCI to maintain sufficient available funds to reimburse its costs.

(3) Licensing of Key Individuals. An applicant SPMO shall not be in compliance with the Certification Process until its key individuals have all made satisfactory application for an SPMO individual occupational license in an RCI member state or to the National Racing

Compact, and have been found qualified to receive such a license subject to SPMO certification by RCI.

(4) **Disclosure.** An applicant SPMO shall provide timely and full disclosure of all requested information during the Certification Process, and full access to all facilities and property (including but not limited to computers, equipment, structures, bank records, financial books and records, wagering records, the identity of each account holder, records identifying beneficial participants in wagers by account holders, and operating records) both initially and on later occasions. Disclosure shall include the identity of each executive, manager, officer, director, and owner of a beneficial interest or a source-of-funding of 1% or more (with controlling interests attributed the percentage of the entity). The SPMO shall, on its own initiative, disclose any of its actions or expected events relevant to whether WSSC might find a material change might or has occurred, as well as the identity of each account holder, and beneficial interest in any account holder wagers, that participates, directly or indirectly, in 5% or more (by amount or number) of the pari-mutuel wagers accepted by the SPMO in any calendar month.

(5) **Continuing Obligations.** An applicant SPMO must be fully cooperative and act in good faith with all disclosure and other duties involved in the certification process, including its continued and renewed certification; voluntarily submit to regulatory and RCI oversight; permit inspection of all business records upon request by any pari-mutuel regulatory authority including RCI, promptly honor regulatory or RCI requests for wagering patterns or other information, and on reasonable notice permit full access to all facilities and property.

(6) **Preliminary Reports.** To the extent possible and consistent with good judgment under the facts and circumstances involved, provided that the applicant SPMO shall be fully cooperative and acting in good faith in every respect including its voluntary willingness to submit to RCI and regulatory oversight, and subject to ratification or annulment by the Board at its next meeting, the WSSC may issue a preliminary Report indicating its preliminary findings and scoring.

Certification Criteria

In order to be certified by RCI as qualified to receive simulcast signals or accept wagers on horse races regulated by participating RCI member jurisdictions, the applicant SPMO entity and its key individuals must meet the following criteria:

A. **Character** must be consistent with the public interest, convenience and necessity and the best interests of racing generally, including:

(1) **Criminal Record:** Neither the SPMO entity nor its key individuals shall have as a principal, accessory, or conspirator, in any jurisdiction at any time, pleaded guilty or nolo contendere to, been found guilty or been convicted of, forfeited bail or been fined for, or have currently pending a criminal accusatory instrument that includes any charge for, any offense that-- after due consideration of the specific duties, responsibilities, and/or

influence of the applicant at the SPMO, the bearing of the offense on fitness and ability, rehabilitation or good conduct, the need to protect others, the defendant's age, offense's seriousness, and time elapsed -- bears a direct relation to the integrity and performance of the SPMO and/or poses an unreasonable risk to property, safety, or welfare of specific persons or to the general public. Examples may include:

- (a) any offense involving organized crime, extortion, racketeering, money laundering, loan sharking, promoting prostitution, transfer of illegal drugs, fraud, misrepresentation, forgery, false documents or instruments, illegal gambling, gaming misconduct, touting, pool-selling, bet solicitation, bookmaking, race-fixing or other effort to pre-determine the outcome of a race, moral turpitude, or similar misconduct;
- (b) any felony; and
- (c) two (2) or more misdemeanor-level criminal incidents within the preceding five (5) years.

(2) Fraud and Misrepresentation: Neither the SPMO entity nor its key individuals shall have, in any jurisdiction or forum at any time, been found to have engaged in fraud or misrepresentation, or have currently pending a civil action or proceeding (including administrative or arbitration), that includes a charge for or allegation of such misconduct.

(3) Associations: Neither the SPMO entity nor its key individuals shall be known associates of or be involved with (including as an unindicted co-conspirator) any activity or person that is disreputable, including involving organized crime, extortion, racketeering, money laundering, loan sharking, promoting prostitution, the transfer of illegal drugs, fraud, misrepresentation, forgery, false documents or instruments, illegal gambling, gaming misconduct, touting, pool-selling, bet solicitation, bookmaking, race-fixing or other effort to pre-determine the outcome of a race, moral turpitude, or similar misconduct. Associates may include significant SPMO account holders and beneficial participants in their wagers.

(4) Good standing. The SPMO entity and its key individuals shall currently be in good standing in all gaming, wagering, and pari-mutuel racing jurisdictions and with the agency or other entity regulating such activities in any jurisdiction, including having no current suspension or revocation of any related licenses and being currently welcome to apply in each jurisdiction.

B. Fitness and Experience must be consistent with the public interest, convenience and necessity and the best interests of racing generally, including:

(4) The SPMO entity shall meet general industry standards for business and financial practices, procedures, and controls;

(5) The SPMO entity shall have a wagering system that ensures that all wagers are placed in the appropriate host track pool;

(6) The SPMO entity shall utilize a totalisator system that meets wagering-industry standards and certification criteria;

(7) The SPMO entity shall meet general industry standards for physical security of computerized wagering systems, business records, facilities, and patrons;

(8) The SPMO entity shall have no indications of improper manipulation of its wagering system including the software;

(9) The SPMO entity shall have policies and procedures that ensure its key individuals have applied and are eligible for all required occupational licenses.

(10) The SPMO entity shall have an annual independent audit with an unqualified audit opinion;

(11) The SPMO entity shall have a system that verifies the identity of account holders and requires them to disclose all beneficial interests in wagers it accepts;

(12) The SPMO entity shall have a real-time system Independent Monitoring System to monitor wagering activity to detect suspicious patterns including any that might indicate criminal activity or regulatory violations, which system shall verify all transactions performed by the totalisator system and provide expeditious notice of any discrepancies or suspicious activity to the host track, wagering site, WSSC, and any affected regulatory agencies;

(13) The SPMO entity shall have a satisfactory record of customer relations including an absence of excessive patron complaints concerning its business practices;

(14) The SPMO entity shall hold all requisite business or other permits, licenses, certifications or the like that may be required by any jurisdiction; and

(15) The SPMO entity shall have expertise in pari-mutuel wagering and be technologically capable of participating in simulcast and wagering activities.

C. Financial Responsibility must be consistent with the public interest, convenience and necessity and the best interests of racing generally, including:

(16) The SPMO entity and its key individuals shall not be in default or have a history of defaulting in the payment of any financial obligation, including the payment of taxes, due to any jurisdiction, or on the payment of any gaming, wagering, or pari-mutuel racing related financial obligations; and shall not be four (4) or more months in arrears in any child support that is ordered or approved by a court in any jurisdiction;

(17) The SPMO entity and its owners and sources of funds shall have sufficient financial

means to participate in simulcast and wagering activities, including sufficient assets and means to pay industry-related debts and obligations and to fund the operations of the SPMO.

Definitions

(1) *Key Individual* means each executive, manager, officer, director, owner of a beneficial interest and/or source of funding with an individual or combined 5% or more interest (debt & equity) in the entity. An entity's ownership or funding shall also be fully attributed to its controlling person, family, or other entity. WSSC, after full disclosure by the SPMO, may determine that an entity not controlled by a person, family, or other entity is not a "key individual" despite its percentage of equity or funding.

(2) *Material change* means any change in business property or practices that would require an independent analysis by WSSC in the certification process (including after initial certification), and any change in key individuals or dominant account holders of the SPMO.

(3) *Secondary Pari-Mutuel Organization ("SPMO")* means any person or entity which seeks to simulcast signals of pari-mutuel horse races conducted within, or to accept or transmit wagers or wagering information into track pools regulated within, RCI member jurisdictions, including anyone that offers the simulcast signals or wagering opportunities to potential customers of such person or entity; excluding, however, simulcast and wagering conducted (i) on-site at the premises of an entity licensed to conduct horse races for the purposes of pari-mutuel wagering within its RCI member jurisdiction, (ii) on-site at a government entity that is authorized to participate in wagering on horse races conducted for the purposes of pari-mutuel wagering within its RCI member jurisdiction, or (iii) off-site by either provided that the entire simulcast and wagering service is operated within its RCI member jurisdiction by such racetrack or government entity alone.

(4) *Simulcast* means to telecast live audio and/or video signals of a horse race held in an RCI member jurisdiction for the purposes of pari-mutuel wagering.

STAFF ANALYSIS
DISCUSSION AND ACTION BY THE BOARD
REGARDING THE ALLOCATION OF RACE DATES AND
RELATED ISSUES FOR 2009 AND BEYOND

Regular Board Meeting
September 18, 2008

BACKGROUND

Business and Professions Code section 19440 (a) states the Board shall have all powers necessary and proper to enable it to carry out fully and effectually the purposes of this chapter. Responsibilities of the Board shall include allocation of racing dates to qualified associations in accordance with law.

Board Rule 1430, Allocation of Racing Weeks and Dates, states the Board shall allocate racing weeks and dates for the conduct of horse racing in this State for such time periods and at such racing facilities as the Board determines will best subserve the purposes of the Horse Racing Law and which will be in the best interests of the people of California in accord with the intent of the Horse Racing Law.

At the June 27, 2008 Regular Board Meeting a discussion was held regarding the progress and planning for thoroughbred racing alternatives in Northern and Southern California. The racing industry was asked to submit reports addressing the status of plans and progress for thoroughbred racing in Northern and Southern California for 2009 and beyond.

A Southern California Thoroughbred Industry Progress Report was submitted on behalf of the southern California stakeholders, which include The Thoroughbred Owners of California (TOC), California Thoroughbred Trainers (CTT), California Thoroughbred Breeders Association (CTBA), Del Mar Thoroughbred Club, Magna Entertainment Corporation (MEC), Hollywood Park Racing Association, Oak Tree Racing Association, and the Los Angeles County Fair. Northern California stakeholders, Golden Gate Fields and the California Authority of Racing Fairs (CARF), submitted draft calendars for 2009-2011, that reflect the current status of discussions among the principals on race dates.

ANALYSIS

Attached are the following items to assist in strategic planning and the development of proposed race dates for calendar year 2009 and beyond.

1. Business and Professions Code Sections 19530-19540
2. 2008 Racing Calendars
3. 2009 Calendar with 2008 race dates adjusted to a 2009 racing week
4. 2009 Blank Calendar

RECOMMENDATION

This item is presented for Board discussion and action.

BUSINESS AND PROFESSIONS CODE
ARTICLE 6 RACING DAYS AND WEEKS AND
ARTICLE 6.5 FAIRS AND EXPOSITIONS

19530. The board shall have the authority to allocate racing week to an applicant or applicants pursuant to the provisions of this article and Article 6.5 (commencing with Section 19540) and to specify such racing days, dates, and hours for horse racing meetings as will be in the public interest, and will subserve the purposes of this chapter. The decision of the board as to such racing days, dates, and hours shall be subject to change, limitation or restriction only by the board. No municipality or county shall adopt or enforce any ordinance or regulation which has or may have the effect of directly or indirectly regulating, limiting or restricting the racing days and dates of horse racing meetings.

19530.5. For the purposes of this article there shall be three geographical zones which shall be designated

- (a) the "southern zone," which shall consist of the Counties of Imperial, Orange, Riverside, and San Diego;
- (b) the "central zone," which shall consist of the Counties of Kern, Los Angeles, San Bernardino, San Luis Obispo, Santa Barbara, and Ventura; and
- (c) the "northern zone," which shall consist of the remaining counties in the state.

19531 The board shall make allocations of racing weeks, including simultaneous racing between zones, as it deems appropriate. The maximum number of racing weeks that may be allocated for horse racing other than at fairs, shall be as follows:

- (a) – For thoroughbred racing: 44 weeks per year in the northern zone; 42 weeks per year in the central zone; and seven weeks per year in the southern zone.
- (b) For harness racing: 25 weeks per year in the northern zone.
- (c) For quarter horse racing: 25 weeks per year in the northern zone.
- (d) For harness racing and quarter horse racing: a total of 77 weeks per year in the combined central and southern zones.
- (e) In its written application for a license, an applicant shall state the time of day, consistent with this chapter, during which it will conduct its racing meeting, and particularly the first race starting time for the various racing days. After receiving a license, a licensee shall not change the first race starting time without securing prior approval of the board.
- (f) Notwithstanding this section or any other provision in this chapter, the board shall not allocate dates to a thoroughbred association in the central zone for the purpose of conducting racing during daytime hours if a thoroughbred racing association is conducting racing in the southern zone on the same date during daytime hours.

19531.1. Notwithstanding any other provision of law, the board shall not allocate racing dates to a private thoroughbred racing association in the central or southern zone for the purpose of conducting thoroughbred racing during daytime or nighttime hours if a fair racing association is conducting racing in the central zone on the same dates and if that fair is obligated to make payments on a capital expense loan incurred for the purpose of improving its facilities for horse racing.

19532. (a) Any association licensed to conduct thoroughbred racing in the northern zone may receive no more than 22 weeks of that racing.

(b) Any association licensed to conduct thoroughbred racing in the central zone may receive no more than 17 weeks of that racing, except that any association which conducts a split meeting may receive up to 20 weeks of that racing. No more than one such split meeting may be licensed in any one year.

(c) This section and Section 19531 shall not operate to deprive any association of any weeks of racing granted during 1980.

(d) This section and Section 19531 shall not operate to deprive the California State Fair and Exposition of any weeks of racing granted during the previous calendar year, and the board may continue to allocate those weeks of racing to the California Exposition and State Fair or any lessee thereof.

(e) Nothing in subdivision(d) is a limitation on the board allocating racing weeks to any private racing association as a lessee of the California Exposition and State Fair racetrack facility pursuant to Sections 19531 and 19532.

19533. (a) Any license granted to an association other than a fair shall be only for one type of racing, thoroughbred, harness, or quarter horse racing as the case may be, except that the board may authorize the entering of thoroughbred and Appaloosa horses in quarter horse races at a distance not exceeding five furlongs at quarter horse meetings, mixed breed meetings, and fair meetings. If the board authorizes the entering of thoroughbred or Appaloosa horses in quarter horse races, the following conditions shall be met:

(1) Any race written for participation by quarter horses, Appaloosas, and thoroughbreds shall be written as quarter horse preferred.

(2) The number of races written as quarter horse preferred at a distance exceeding 870 yards shall not exceed more than three races per program without the consent of the quarter horse horsemen's organization contracting with the association.

(3) More than one-half of the races on any program shall be for quarter horses at a distance not to exceed 550 yards, unless the consent of the quarter horse horsemen's organization is received.

(4) Mixed races with Appaloosa and quarter horses may only be written with the consent of the quarter horse horsemen's organization contracting with the association.

(5) Thoroughbreds shall constitute less than half the number of horses in these races although an exception may be granted on a race-to-race basis with the consent of the quarter horse horsemen's organization contracting with the association.

(b) The association that conducts the meeting shall pay to a thoroughbred trainers' organization an amount for a pension plan for backstretch personnel to be administered by that trainers' organization equivalent to 1 percent of the amount available to thoroughbred horses for purses. The remainder of the portion shall be distributed as purses. Any redistributable money paid to the board pursuant to Section 19641, which is paid to a welfare fund established by a horsemen's organization from races with both thoroughbred and quarter horses, shall be divided pro rata between the two welfare funds based on the number of thoroughbreds and quarter horses in the race.

(c) (1) Notwithstanding any other provision of law, any association licensed to conduct quarter horse racing may apply to the board for, and the board shall grant, authority to conduct thoroughbred racing as part of its racing program if all of the following conditions are met:

(A) The thoroughbred races are for a claiming price of not more than five thousand dollars (\$5,000), and at a distance of four and one-half furlongs or less. The races may not be stakes, allowance races, or maiden allowance races.

(B) More than one-half of the races on any program shall be for quarter horses at a distance not to exceed 550 yards, unless the consent of the quarter horse horsemen's organization is received.

(C) The consent of the quarter horse horsemen's organization contracting with the association is obtained with respect to the inclusion of thoroughbred racing.

(2) The quarter horse racing association conducting thoroughbred racing pursuant to this subdivision shall pay to a quarter horse horsemen's organization the amount specified in subdivision (e) of Section 19613, and an amount for a pension plan for backstretch personnel to be administered by a thoroughbred trainers' organization equivalent to 1 percent of the amount available to thoroughbred horses for purses. The remainder of the portion shall be distributed as purses. The quarter horse racing association shall also deduct the appropriate amount to comply with subdivision (a) of Section 19617.2 for distribution to the thoroughbred official registering agency.

19533.5. (a) Notwithstanding Section 19533, the board may authorize the following mixed breed racing:

(1) An association licensed to conduct a quarter horse meeting to include Appaloosa races and Arabian races with the consent of the quarter horse horsemen's organization contracting with the association with respect to the conduct of the racing meeting.

(2) A race between a quarter horse and a thoroughbred horse at a thoroughbred meeting with the consent of the thoroughbred horsemen's organization contracting with the association with respect to the conduct of the racing meeting.

(b) Notwithstanding Section 19533, an association licensed to conduct quarter horse racing or a fair may conduct races that include paint horses racing with quarter horses or Appaloosa horses in the same race. When paint horses race with quarter horses, the consent of the organization that represents quarter horse horsemen and horsewomen shall first be obtained. A quarter horse association may write a race for paint horses only to replace an Appaloosa or Arabian race without increasing the average number of races run per race day with the consent of the organization representing the quarter horse men and women.

(c) A quarter horse race with seven or more entries shall not be replaced by a race that includes paint horses, without the consent of the organization that represents quarter horse horsemen and horsewomen.

(d) Notwithstanding any other provision of law, any quarter horse racing association or fair conducting barrel racing, paint horse racing, show jump racing, or steeplechase racing shall pay to the quarter horsemen's organization the amount specified in Section 19613 for purposes of representing the horsemen and horsewomen conducting these races.

19533.6. Notwithstanding Section 19533, the board may authorize any racing association licensed to conduct a live quarter horse racing meeting to also conduct mule racing at that racing meeting, subject to the following conditions:

(a) Mule races may only be conducted when a fair is not licensed to conduct live races with parimutuel wagering.

(b) The consent of the quarter horse horsemen's organization contracting with the association shall be obtained with respect to the inclusion of mule racing.

(c) The majority of the races conducted on any given racing day shall be quarter horse races.

(d) A quarter horse association may conduct mule races provided that the total number of Arabian and mule races run in a year do not exceed the total number of Arabian races run in the state in 2001.

(e) An Arabian race with seven or more entries shall not be replaced by mule race, without the consent of the organization that represents Arabian horsemen and horsewomen.

19535. (a) Notwithstanding any other provision of law, at the time the board allocates racing weeks, it shall determine the number of useable stalls that each association or fair shall make available and maintain in order to conduct the racing meeting. The minimum number of stalls may be at the site of the racing meeting or at board-approved offsite locations.

(b) With respect to racing meetings conducted in the northern zone, the association or fair conducting the meeting shall provide all stabling required by the board pursuant to subdivision (a) without cost to participating horsemen. Offsite stabling shall be at a board approved facility or facilities selected by the association or fair, with the agreement of the organization representing horsemen participating at the meeting. If there is a disagreement between the association or fair and the organization representing the majority of horsemen participating at the meeting with respect to the selection of offsite stabling facilities, the board, at the request of the association or fair or the organization representing the majority of horsemen participating at the meeting, shall promptly determine the board-approved facility or facilities at which offsite stabling shall be made available. The organization representing horsemen participating at the meeting and the association or fair shall mutually agree on the criteria and selection of horses that may use stalls required pursuant to this section. With respect to northern zone thoroughbred meetings only, the association shall also provide, at the option of the horse owner, vanning of participating racehorses from any board-approved offsite stabling facility in the northern zone. Fairs may provide, subject to the availability of funds pursuant to Sections 19607, 19607.1, 19607.2, and 19607.3, at the option of the horse owner, vanning of participating racehorses from any board-approved offsite stabling facility.

(c) With respect to racing meetings conducted in the central or southern zones, all costs associated with the maintenance of the useable stalls for the racing meeting shall be borne by the association or fair conducting the meeting, and, with respect to useable stalls at an offsite location, the association or fair may be required, by order of the board, to bear the costs of vanning from the offsite location to the racing meeting. However, with respect to any racing association in the central or southern zone that conducted a racing meeting in 1986, if the number of useable stalls made available onsite by a racing association during a racing meeting is less than 95 percent of the number of useable stalls made available onsite by that racing association during its 1986 racing meeting, the racing association shall reimburse the facility providing offsite stabling for the difference in cost between the actual number of useable stalls made available and 95 percent of the useable stalls made available in 1986. The racing association shall, in addition, reimburse the owner for vanning to the onsite location with respect to those horses stabled at an offsite location necessitated by the failure of a racing association to maintain 95 percent of the useable stalls made available by that racing association during its 1986 racing meeting.

ARTICLE 6.5 FAIRS AND EXPOSITIONS

19540. In order to encourage and develop the racing of all horses in California, regardless of breed, whenever a fair conducts a program of horse races on which there is parimutuel wagering, the fair, so far as practicable, shall provide a program of racing that includes thoroughbred racing, quarter horse racing, Arabian racing, and Appaloosa racing, if a sufficient number of horses is available to provide competition in one or more races.

19549. Except as provided in Section 19549.1, the maximum number of racing days that may be allocated to a fair shall be 14 days each year. Those racing days shall be days during the period in which general fair activities are conducted. However, any fair racing association that conducted racing in the central or southern zone prior to January 1, 1980, shall be entitled to be allocated up to three weeks of racing. The board shall take public testimony and make all determinations on the allocation of racing dates during a public hearing. All discussions of allocating racing dates by the board or its subcommittees shall be conducted during a public hearing. Nothing in this section diminishes the authority of the board to establish racing dates.

19549.1. Notwithstanding Sections 19533 and 19549 or any other provision of this chapter, the board may allocate horse racing days for mixed breed meetings and combined fair horse racing meetings pursuant to Section 4058 of the Food and Agricultural Code, except as follows:

(a) Dates may only be allocated for a combined fair horse racing meeting between July 1 and October 31, and the total combined number of dates shall not exceed the total combined dates of the combined fair racing associations in 1995.

(b) Days may not be allocated for a mixed breed meeting or a combined fair horse racing meeting during the month of June at the California Exposition and State Fair if a standardbred meeting is being conducted at that facility during the month of June. The mixed breed meetings shall be conducted by a person other than the fair and shall be subject to Section 19550. The mixed breed meetings shall encourage the racing of emerging breeds of horses.

19549.2. From the weeks available for harness and quarter horse racing pursuant to subdivision (d) of Section 19531, the board may allocate a maximum of 12 weeks of harness racing to the 22nd District Agricultural Association to be conducted on the 22nd District Agricultural Association grounds. The racing shall be conducted by a person other than the 22nd District Agricultural Association.

19549.3. Notwithstanding Section 19549 or any other provision of this chapter, the board may annually allocate a maximum of 28 racing days to any county fair in the northern zone which did not conduct horseracing prior to January 1, 1985.

19549.4. Notwithstanding Section 19414.5, the board may allocate racing weeks consisting of fewer than five days to an association conducting harness or quarter horse racing meetings if the association and the organization representing the horsemen participating in the meeting agree to the allocation.

19549.6. Notwithstanding subdivision (b) of Section 19531 and Sections 19540, 19546, and 19549, the board may allocate additional weeks of harness racing to the California Exposition and State Fair in Sacramento or its lessee, to be raced at the California Exposition and State Fair in Sacramento.

19549.7. Notwithstanding subdivision (c) of Section 19531 and Section 19549, the board may allocate additional weeks of quarter horse racing to a lessee of the California Exposition and State Fair in Sacramento to be raced at the California Exposition and State Fair in Sacramento.

19549.9. Notwithstanding subdivision (d) of Section 19531 and Section 19549, the board may allocate up to 10 additional weeks of harness racing to the Los Angeles County Fair, or its lessee, to be raced at the fairgrounds in Pomona.

19549.12. Notwithstanding Sections 19482 and 19549, any weeks of harness racing or quarter horse racing allocated by the board to be raced at the facilities of a county fair which conducts its racing meeting pursuant to Section 19549.3 may be conducted by the fair. License fees for racing at the facilities of the county fair other than for the racing days allocated pursuant to Section 19549.3 are exempt from Section 19614.5.

19549.13. (a) Fairs that conduct racing meetings in the northern zone may, and horsemen's organizations that represent horsemen who participate at fair racing meetings in the northern zone shall, jointly develop a program to provide for stabling and training facilities. This program shall be based on the anticipated inventory of horses and the number of available stalls and locations.

(b) Participating fairs and horsemen's organizations shall annually ratify an agreement which includes provisions governing the operation of the stabling and training facilities. The agreement shall also specify the conditions under which a participating fair may terminate its participation in the program.

(c) Individual horsemen who elect to participate in the program shall be required to sign standard agreements with the participating fair governing the operation of the program. The agreements shall contain provisions that govern the operation of the program, including, but not be limited to, insurance coverage and payment of a security deposit.

(d) All agreements provided for in this section shall be approved by the board.

(e) Each fair that conducts racing meetings in the northern zone may elect whether to participate in the stabling and training program.

19549.14. (a) Notwithstanding, Section 19489 or any other provision of this chapter, the board may permit the San Mateo County Fair to conduct live racing meetings at another site within or outside San Mateo County if its present site, Bay Meadows, closes.

(b) Live horse racing meetings conducted by the San Mateo County Fair, whether they are conducted within or outside of San Mateo County, shall be subject to the same provisions as are presently applicable to the San Mateo County Fair's conduct of live horse racing meetings at Bay Meadows.

(c) If the racing association licensed in the year 2002 to conduct thoroughbred race meetings in San Mateo County is not licensed to conduct a horse racing meeting in that county in any subsequent year, the San Mateo County Fair may, subject to the approval of the board, conduct its racing dates at a facility operated by a thoroughbred racing association or fair licensed to conduct a meeting in the northern zone.

19549.15. (a) Notwithstanding Section 19489 or any other provision of this chapter, the board may permit the Solano County Fair to conduct live racing meetings at another site within or outside Solano County, if the site of its 2002 racing meeting is no longer available for horse racing in any subsequent year. Further, subject to the approval of the board, the Solano County Fair may conduct its racing dates at a facility operated by a thoroughbred racing association or fair licensed to conduct a racing meeting in the northern zone.

(b) Any racing meeting licensed to the fair pursuant to subdivision (a) may be operated by the fair or the fair may contract for the operation and management of the racing meeting with an individual thoroughbred racing association or fair, or a partnership, joint venture, or other affiliation of one or more thoroughbred racing associations or fairs.

2008 - NORTHERN CALIFORNIA RACE DATES CALENDAR

December						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
			26	27	28	29
30	31					

5

January						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

22

May						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

14

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

10

GGF	128
BM	70
Total	198

Pleasanton	11
Vallejo	11
Santa Rosa	12
San Mateo	11
Cal Expo	12

Stockton	9
Fresno	11
Ferndale	10
Total Fairs	87

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

3

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

16

October						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

20

March						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

23

July						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

5 11 8

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

22

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

20

August						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

4 11 11

December						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

16

GGF- 12/26/07-2/3/08, 5/14/08-6/22/08, 9/17/08-12/21/08 (LATC running last meet)

BM-2/4/08-5/11/08

Pleasanton-6/25-7/6/08

Vallejo-7/9-7/20/08

Santa Rosa-7/23-8/4/08

San Mateo-8/6-8/18/08

Ferndale-8/7-8/17/08

CalExpo-8/20-9/1/08

Stockton-9/3-9/14/08

Fresno-10/1-10/13/08

2008 - SOUTHERN CALIFORNIA RACE DATES CALENDAR

December						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
			26	27	28	29
30	31					

5

January						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

15

May						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

23

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

2

16

5

Legend:

LATC 77

HPRA - Spring 60

Del Mar 43

Fairplex 16

Oak Tree 26

HP Fall 40

Days Canceled @ SA= 1/5,1/6,1/7,1/24,1/25,1/27,1/28,2/3,2/4,2/7,2/8

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

20

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

21

October						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

21

3

March						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

23

July						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

10

14

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

22

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

14

6

August						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

27

December						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

15

2008 - SACRAMENTO HARNESS ASSOCIATION RACE DATES CALENDAR

SHA= 34 race days

2008 - CALIFORNIA EXPOSITION STATE FAIR HARNESS RACING CALENDAR

CalExpo = 107

CalExpo took over Harness on 3/6/08

December						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
			26	27	28	29
30	31					

2

January						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

16

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

16

March						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

13

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

12

May						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

15

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

12

July						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

12

August						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

2

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

6

October						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

14

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

12

December						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

9

2008 - LOS ALAMITOS QUARTER HORSE RACE DATES CALENDAR

Total Race Days = 204

December						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
			26	27	28	29
30	31					

3

January						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

17

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

16

March						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

18

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

16

May						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

19

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

17

July						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

17

August						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

19

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

15

October						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

18

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

17

December						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

12

2009 - NORTHERN CALIFORNIA RACE DATES CALENDAR DRAFT

December						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
			24	25	26	27
28	29	30	31			

GGF	126
BM	70
Total	196

Pleasanton	11
Vallejo	11
Santa Rosa	12
San Mateo	11
Cal Expo	12

Stockton	9
Fresno	10
Ferndale	10
Total Fairs	86

January						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

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

March						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

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

May						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

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

July						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

August						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

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

October						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

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

December						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

REFLECTS 2008 RACE DATES TRANPOSED ON 2009 CALENDAR ADJUSTED ACCORDING TO RACE WEEK

~ December through April 13, 2008 Thursday-Monday race week.

~ April 22 through December 21, 2008 Wednesday-Sunday race week.

2009 - SOUTHERN CALIFORNIA RACE DATES CALENDAR DRAFT

December						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
			24	25	26	27
28	29	30	31			

Legend:

LATC 83

HPRA - Spring 60

Del Mar 43

HP Fall 39

Fairplex 16

Oak Tree 26

January						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

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

March						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

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

May						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2
3	4	5	6	7	8	9
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LATC 2008

Actual days raced →

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REFLECTS 2008 RACE DATES TRANSPosed ON 2009 CALENDAR ADJUSTED ACCORDING TO RACE WEEK

~ December through April 13, 2008 Thursday-Monday race week.

~ April 22 through December 21, 2008 Wednesday-Sunday race week.

~ Oak Tree and HP Fall have not been adjusted to show alternate week for 2009

2009 - CAL EXPO HARNESS RACING CALENDAR DRAFT

CalExpo = 148

December						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
			24	25	26	27
28	29	30	31			

3

January						
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November						
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December						
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9

2009 - LOS ALAMITOS QUARTER HORSE RACE DATES CALENDAR DRAFT

Total Race Days = 205

December						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
			24	25	26	27
28	29	30	31			

3

January						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
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February						
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March						
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April						
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May						
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November						
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December						
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12

2009 CALENDAR

December

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January

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STAFF ANALYSIS
DISCUSSION BY THE BOARD REGARDING THE STATUS OF
ADVANCE DEPOSIT WAGERING (ADW)
THE LICENSURE OR APPROVAL OF ADW PROVIDERS
AND THE
IMPOSITION OF CONDITIONS FOR ISSUANCE OF ADW LICENSES
INCLUDING
PROHIBITIONS AGAINST EXCLUSIVITY AGREEMENTS/CLAUSES
BETWEEN ADW PROVIDERS AND INDUSTRY PARTICIPANTS

Regular Board Meeting
September 18, 2008

BACKGROUND

Business and Professions Code section 19604 provides that the Board may authorize any racing association, racing fair, betting system, or multijurisdictional wagering hub to conduct advance deposit wagering (ADW) in accordance with this section. Racing associations, racing fairs, and their respective horsemen's organizations may form a partnership, joint venture, or any other affiliation to further the purpose of this section. Business and Professions Code section 19604(b)(1) states no ADW provider shall accept wagers or wagering instructions on races conducted in California from a resident of California unless all of the following conditions are met: (A) The ADW provider is licensed by the Board. (B) A written agreement allowing those wagers exists with the racing association or fair conducting the races on which the wagers are made. (C) The agreement referenced in subparagraph (B) shall have been approved in writing by the horsemen's organization responsible for negotiating purse agreements for the breed on which the wagers are made in accordance with the Interstate Horseracing Act...regardless of the location of the ADW provider, whether in California or otherwise, including, without limitation, any and all requirements contained therein with respect to written consents and required written agreements of the horsemen's groups to the terms and conditions of the acceptance of those wagers and any arrangements as to the exclusivity between the host racing association or fair and the ADW provider. Board rules 2071, License to Conduct Advance Deposit Wagering by a California Applicant, and 2072, Approval to Conduct Advance Deposit Wagering by an out-of-state Applicant, provide for the licensing and approval of California and out-of-state ADW providers.

On November 7, 2007, an eight-month experiment that opened wagering on all California thoroughbred racing to all licensed/approved ADW providers was initiated. The experiment was the result of negotiations that involved Thoroughbred Owners of California (TOC), Hollywood Park, Bay Meadows, Golden Gate Fields, Santa Anita Park, TVG, XpressBet, TwinSpires, and YouBet. The parties agreed to permit non-exclusive ADW wagering on the Hollywood Park and Golden Gate fall meetings. The experiment ran through the closing of the 2008 Hollywood Park spring-summer meeting. The experiment allowed fans to use the ADW provider of their choosing; however, Hollywood Park and Bay Meadows had exclusive

television arrangements with TVG, and Santa Anita and Golden Gate continued their exclusive television arrangements with HRTV. In addition, the Del Mar, Pomona and Oak Tree meetings continued conducting ADW pursuant to an exclusive agreement with TVG that limited distribution within California to TVG. Del Mar Turf Club (DMTC) and Fairplex Park Pomona indicated they intended to seek an extension of the experiment through the 2008 DMTC, Fairplex Park, Hollywood Park Fall and Oak Tree meetings, but the parties were unable to come to an agreement.

At the September 27, 2007, Regular Meeting the Board discussed its ability to require all ADW providers to take and accept wagering on all California products. The Board recognized that ADW providers were entitled to, and should receive, remuneration for broadcasting. The Board's goal was to arrive at a point where every ADW provider could accept a wager on California product. Exclusivity was not producing or maximizing revenues for the stakeholders, in commissions or purses, and it did not serve the interest of the fans. The Board determined it would form an ad hoc committee to meet with interested parties to craft a way to achieve its goal to provide non-exclusive ADW service to racing fans and the industry.

At the October 18, 2007, Regular Meeting the Board discussed the status of ADW and the feasibility of opening ADW to allow ADW providers to have access to all California signals. AB 765, which renewed the ADW provisions of the Business and Professions Code section 19604, was discussed extensively. The Board heard that under the legislation, exclusivity was a matter to be negotiated by the parties. The Board also heard that the industry had reached an agreement to conduct an eight-month ADW experiment that provided exclusivity with respect to broadcasting, and non-exclusivity with respect to wagering.

At the November 29, 2007, Regular Meeting the Board heard applications for approval to conduct ADW for TwinSpires, TVG, YouBet.com, and XpressBet. The ADW providers were approved for a one-year period due to the industry's eight-month ADW experiment. The Board determined it wished to examine the results of the ADW experiment before it moved forward to license ADW providers for longer terms. The Board stated that its desire to examine the data generated from the experiment would allow it to license the ADW providers in a manner that would be the most productive for California.

At the May 20, 2008, Regular Meeting the Board heard the DMTC application for license to conduct a horse racing meeting. DMTC representatives expressed interest in participating in the ADW experiment and the continuation of the experiment for the balance of 2008; however, DMTC's participation would be predicated upon the concurrence of TVG.

At its June 2008 Regular Meeting the Board heard from the industry regarding the ADW experiment. It also learned that Pomona, Del Mar and Oak Tree were unable to negotiate an agreement that would allow for their participation in the ADW experiment.

ANALYSIS

All California ADW provider licenses and out-of-state ADW provider approvals expire on December 31, 2008. Board Rule 2071, License to Conduct Advance Deposit Wagering by a California Applicant, and Rule 2072, Approval to Conduct Advance Deposit Wagering by an out-of-state Applicant, require that an application must be filed with the Board not later than 90 days in advance of the scheduled start date of operation. This would require that applications for renewal of ADW license/approval should be submitted to the Board not later than October 1, 2008.

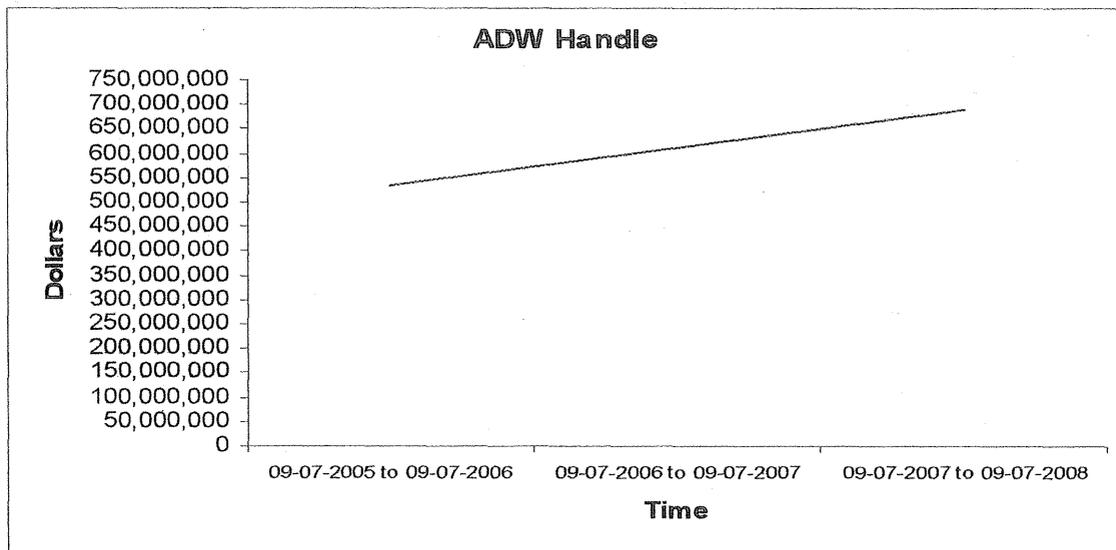
Currently there are four Advance Deposit Wagering (ADW) companies licensed to accept wagers in California. For the last three years, from September 7, 2005 through September 7, 2008 the California licensed ADW companies generated \$1,852,572,272 in handle. During the same time period the traditional handle including the off and on track generated on California racing meets was \$11,117,438,640. Handle figures show that from September 7, 2007, through September 7, 2008, the ADW handle represents 19.11 percent of the traditional handle. Refer to Table 1 ADW Aggregate Handle for more details.

Table 1 ADW Aggregate Handle

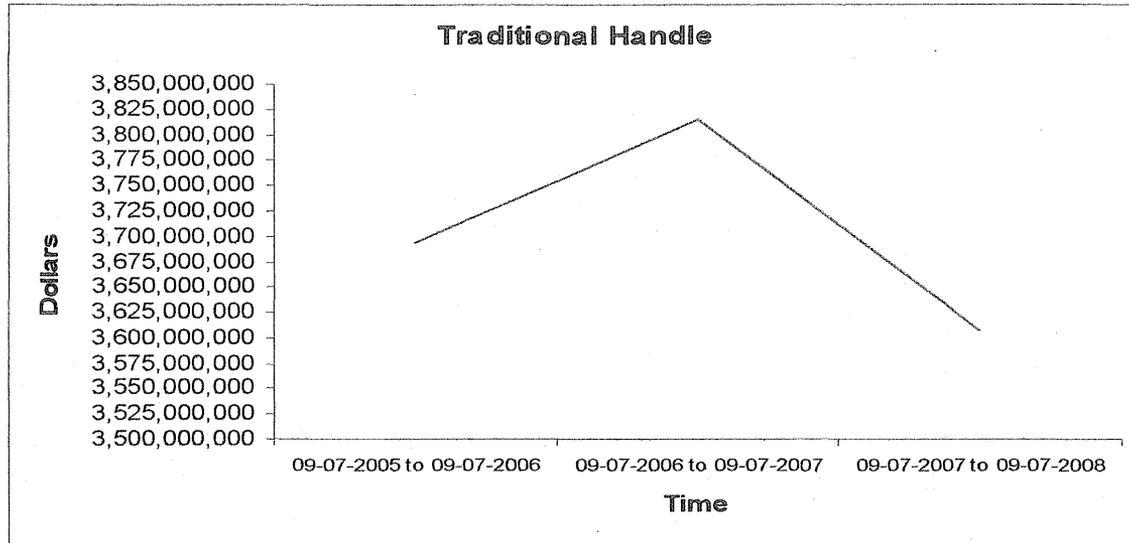
Time Periods	ADW Handle	Traditional Handle	ADW Percent of Traditional Handle
09-07-2005 to 09-07-2006	531,575,385	3,693,823,705	14.39%
09-07-2006 to 09-07-2007	611,673,661	3,815,740,820	16.03%
09-07-2007 to 09-07-2008	689,323,226	3,607,874,116	19.11%
Total	1,832,572,272	11,117,438,640	

Graph 1, ADW Handle, and Graph 2, Traditional Handle, depicts the same information from table 1 above to show the direction of each of the handle types.

Graph 1



Graph 2

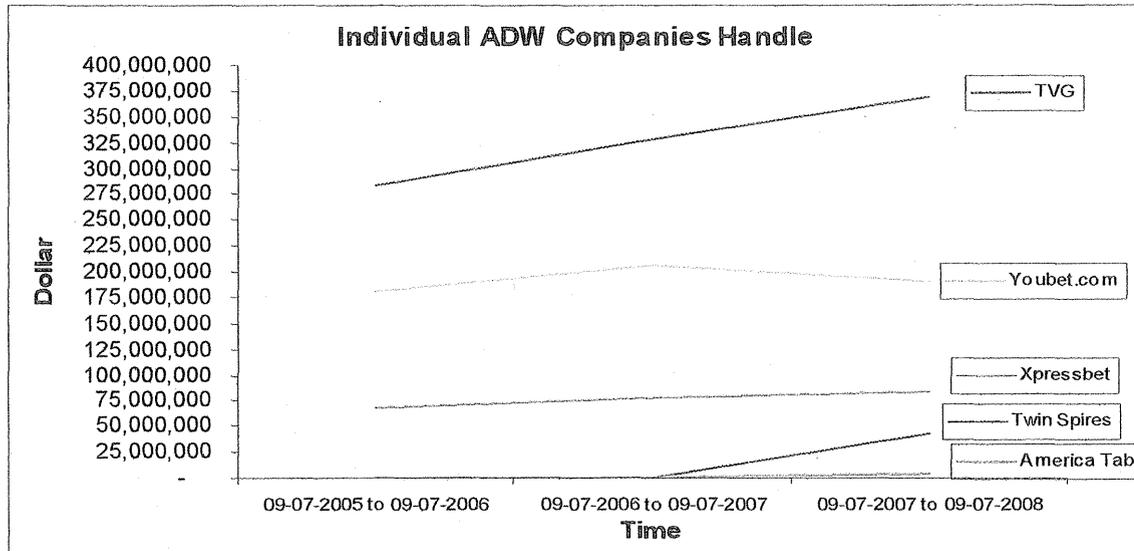


Currently there are four ADW companies licensed to accept wagers in California. The data below shows five companies, as America Tab and Twin Spires have merged as one in California. Table 2, Individual ADW Company's Handle, shows that TVG dominates the market generating \$980,874,477 in handle during the three year period, which represents 53.5 percent of the total ADW handle, followed by Youbet.com with \$576,912,282 during the same period which represents a 31 percent market share. In addition, Graph 3, Individual ADW Company Handle, depicts the handle generated during the three-year period.

Table 2, Individual ADW Company's Handle

Time Periods	TVG	Xpressbet	Youbet.com	America Tab	Twin Spires	Total
09-07-2005 to 09-07-2006	284,086,294	67,176,721	180,312,370	-	-	531,575,385
09-07-2006 to 09-07-2007	327,479,993	78,346,819	205,846,849	-	-	611,673,661
09-07-2007 to 09-07-2008	369,308,190	83,802,418	190,753,063	3,225,898	42,233,656	689,323,226
Total	980,874,477	229,325,958	576,912,282	3,225,898	42,233,656	1,832,572,272

Graph 3



RECOMMENDATION

This item is presented for discussion by the Board.

Business and Professions Code 19604
Advance Deposit Wagering Law (ADW)

19604. The board may authorize any racing association, racing fair, betting system, or multijurisdictional wagering hub to conduct advance deposit wagering in accordance with this section. Racing associations, racing fairs, and their respective horsemen's organizations may form a partnership, joint venture, or any other affiliation in order to further the purposes of this section.

(a) As used in this section, the following definitions apply:

(1) "Advance deposit wagering" means a form of parimutuel wagering in which a person residing within California or outside of this state establishes an account with an ADW provider, and subsequently issues wagering instructions concerning the funds in this account, thereby authorizing the ADW provider holding the account to place wagers on the account owner's behalf.

(2) "ADW provider" means a licensee, betting system, or multijurisdictional wagering hub, located within California or outside this state, that is authorized to conduct advance deposit wagering pursuant to this section.

(3) "Betting system" means a business conducted exclusively in this state that facilitates parimutuel wagering on races it simulcasts and other races it offers in its wagering menu.

(4) "Breed of racing" means as follows:

(A) With respect to associations and fairs licensed by the board to conduct thoroughbred, fair, or mixed breed race meetings, "breed of racing" shall mean thoroughbred.

(B) With respect to associations licensed by the board to conduct quarter horse race meetings, "breed of racing" shall mean quarter horse.

(C) With respect to associations and fairs licensed by the board to conduct standardbred race meetings, "breed of racing" shall mean standardbred.

(5) "Contractual compensation" means the amount paid to an ADW provider from advance deposit wagers originating in this state. Contractual compensation includes, but is not limited to, hub fee payments, and may include host fee payments, if any, for out-of-state and out-of-country races. Contractual compensation is subject to the following requirements:

(A) Excluding contractual compensation for host fee payments, contractual compensation shall not exceed 6.5 percent of the amount wagered.

(B) The host fee payments included within contractual compensation shall not exceed 3.5 percent of the amount wagered. Notwithstanding this provision, the host fee payment with respect to wagers on the

Kentucky Derby, Preakness Stakes, Belmont Stakes, and selected Breeders' Cup Championship races may be negotiated by the ADW provider, the racing associations accepting wagers on those races pursuant to Section 19596.2, and the horsemen's organization.

(C) In order to ensure fair and consistent market access fee distributions to associations, fairs, horsemen, and breeders, for each breed of racing, the percentage of wagers paid as contractual compensation to an ADW provider pursuant to the terms of a hub agreement with a racing association or fair when that racing association or fair is conducting live racing shall be the same as the percentage of wagers paid as contractual compensation to that ADW provider when that racing association or fair is not conducting live racing.

(6) "Horsemen's organization" means, with respect to a particular racing meeting, the organization recognized by the board as responsible for negotiating purse agreements on behalf of horsemen participating in that racing meeting.

(7) "Hub agreement" means a written agreement providing for contractual compensation paid with respect to advance deposit wagers placed by California residents on a particular breed of racing conducted outside of California. In the event a hub agreement exceeds a term of two years, then an ADW provider, one or more racing associations or fairs that together conduct no fewer than five weeks of live racing for the breed covered by the hub agreement, and the horsemen's organization responsible for negotiating purse agreements for the breed covered by the hub agreement shall be signatories to the hub agreement. A hub agreement is required for an ADW provider to receive contractual compensation for races conducted outside of California.

(8) "Hub agreement arbitration" means an arbitration proceeding pursuant to which the disputed provisions of the hub agreement pertaining to the hub or host fees from wagers on races conducted outside of California provided pursuant to paragraph (2) of subdivision (b) are determined in accordance with the provisions of this paragraph. If a hub agreement arbitration is requested, all of the following shall apply:

(A) The ADW provider shall be permitted to accept advance deposit wagers from California residents.

(B) The contractual compensation received by the ADW provider shall be the contractual compensation specified in the hub agreement that is the subject of the hub agreement arbitration.

(C) The difference between the contractual compensation specified in subparagraph (B) and the contractual compensation determined to be payable at the conclusion of the hub agreement arbitration shall be calculated and paid within 15 days following the arbitrator's decision and order. The hub agreement arbitration shall be held as

promptly as possible, but in no event more than 60 days following the demand for that arbitration. The arbitrator shall issue a decision no later than 15 days following the conclusion of the arbitration. A single arbitrator jointly selected by the ADW provider and the party requesting a hub agreement arbitration shall conduct the hub agreement arbitration. However, if the parties cannot agree on the arbitrator within seven days of issuance of the written demand for arbitration, then the arbitrator shall be selected pursuant to the Streamlined Arbitration Rules and Procedures of the Judicial Arbitration and Mediation Services, or pursuant to the applicable rules of its successor organization. In making the hub agreement arbitration determination, the arbitrator shall be required to choose between the contractual compensation of the hub agreement agreed to by the ADW provider or whatever different terms for the hub agreement were proposed by the party requesting the hub agreement arbitration. The arbitrator shall not be permitted to impose new, different, or compromised terms to the hub agreement. The arbitrator's decision shall be final and binding on the parties. If an arbitration is requested, either party may bring an action in state court to compel a party to go into arbitration or to enforce the decision of the arbitrator. The cost of the hub agreement arbitration, including the cost of the arbitrator, shall be borne in equal shares by the parties to the hub agreement and the party or parties requesting a hub agreement arbitration. The hub agreement arbitration shall be administered by the Judicial Arbitration and Mediation Services pursuant to its Streamlined Arbitration Rules and Procedures or its successor organization.

(9) "Incentive awards" means those payments provided for in Sections 19617.2, 19617.7, 19617.8, 19617.9, and 19619. The amount determined to be payable for incentive awards under this section shall be payable to the applicable official registering agency and thereafter distributed as provided in this chapter.

(10) "Licensee" means any racing association or fair licensed to conduct a live racing meet in this state, or affiliation thereof, authorized under this section.

(11) "Market access fee" means the amount of advance deposit wagering handle remaining after the payment of winning wagers, and after the payment of contractual compensation, if any, to an ADW provider. Market access fees shall be distributed in accordance with subdivision (f).

(12) "Multijurisdictional wagering hub" means a business conducted in more than one jurisdiction that facilitates parimutuel wagering on races it simulcasts and other races it offers in its wagering menu.

(13) "Racing fair" means a fair authorized by the board to conduct live racing.

(14) "Zone" means the zone of the state, as defined in Section 19530.5, except as modified by the provisions of subdivision (f) of Section 19601. For these purposes, the central and southern zones shall together be considered one zone.

(b) Wagers shall be accepted according to the procedures set forth in this subdivision.

(1) No ADW provider shall accept wagers or wagering instructions on races conducted in California from a resident of California unless all of the following conditions are met:

(A) The ADW provider is licensed by the board.

(B) A written agreement allowing those wagers exists with the racing association or fair conducting the races on which the wagers are made.

(C) The agreement referenced in subparagraph (B) shall have been approved in writing by the horsemen's organization responsible for negotiating purse agreements for the breed on which the wagers are made in accordance with the Interstate Horseracing Act (15 U.S.C. Sec. 3001, et seq.), regardless of the location of the ADW provider, whether in California or otherwise, including, without limitation, any and all requirements contained therein with respect to written consents and required written agreements of horsemen's groups to the terms and conditions of the acceptance of those wagers and any arrangements as to the exclusivity between the host racing association or fair and the ADW provider. For purposes of this subdivision, the substantive provisions of the Interstate Horseracing Act shall be taken into account without regard to whether, by its own terms, that act is applicable to advance deposit wagering on races conducted in California accepted from residents of California.

(2) No ADW provider shall accept wagers or wagering instructions on races conducted outside of California from a resident of California unless all of the following conditions are met:

(A) The ADW provider is licensed by the board.

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

(C) If the parties referenced in clauses (i) and (ii) of subparagraph (B) are both signatories to the hub agreement, then no party shall have the right to request a hub agreement arbitration.

(D) If only the party or parties referenced in clause (i) of subdivision (B) is a signatory to the hub agreement, then the signatories to the hub agreement shall, within five days of execution of the hub agreement, provide a copy of the hub agreement to the

horsemen's organization responsible for negotiating purse agreements for the breed on which wagering is conducted for each race conducted outside of California on which California residents may place advance deposit wagers. Prior to receipt of the hub agreement, the horsemen's organization shall sign a nondisclosure agreement with the ADW provider agreeing to hold confidential all terms of the hub agreement. If the horsemen's organization wants to request a hub agreement arbitration, it shall send written notice of its election to the signatories to the hub agreement within 10 days after receipt of the copy of the hub agreement, and shall provide its alternate proposal to the hub and host fees specified in the hub agreement with that written notice. If the horsemen's organization does not provide that written notice within the 10-day period, then no party shall have the right to request a hub agreement arbitration. If the horsemen's organization does provide that written notice within the 10-day period, then the ADW provider shall have 10 days to elect in writing to do one of the following:

(i) Abandon the hub agreement.

(ii) Accept the alternate proposal submitted by the horsemen's organization.

(iii) Proceed with a hub agreement arbitration.

(E) If only the party referenced in clause (ii) of subdivision (B) is a signatory to the hub agreement, then the signatories to the hub agreement shall, within five days of execution of the hub agreement, provide written notice of the host and hub fees applicable pursuant to the hub agreement for each race conducted outside of California on which California residents may place advance deposit wagers, which notice shall be provided to all racing associations and fairs conducting live racing of the same breed covered by the hub agreement. If any racing association or fair wants to request a hub agreement arbitration, it shall send written notice of its election to the signatories to the hub agreement within 10 days after receipt of the notice of host and hub fees. It shall also provide its alternate proposal to the hub and host fees specified in the hub agreement with the notice of its election. If more than one racing association or fair provides notice of their request for hub agreement arbitration, those racing associations or fairs, or both, shall have a period of five days to jointly agree upon which of their alternate proposals shall be the official proposal for purposes of the hub agreement arbitration. If one or more racing associations or fairs that together conduct no fewer than five weeks of live racing on the breed on which wagering is conducted during the calendar year during which the wager is placed does not provide written notice of their election to arbitrate within the 10-day period, then no party shall have the right to request a hub agreement arbitration. If a valid hub agreement arbitration request is made, then the ADW

provider shall have 10 days to elect in writing to do one of the following:

- (i) Abandon the hub agreement.
- (ii) Accept the alternate proposal submitted by the racing associations or fairs.
- (iii) Proceed with a hub agreement arbitration.

The results of any hub agreement arbitration elected pursuant to this subdivision shall be binding on all other associations and fairs conducting live racing on that breed.

(F) The acceptance thereof is in compliance with the provisions of the Interstate Horseracing Act (15 U.S.C. Sec. 3001, et seq.), regardless of the location of the ADW provider, whether in California or otherwise, including, without limitation, any and all requirements contained therein with respect to written consents and required written agreements of horsemen's groups to the terms and conditions of the acceptance of such wagers and any arrangements as to the exclusivity between the host racing association or fair and the ADW provider.

(c) An advance deposit wager may be made only by the ADW provider holding the account pursuant to wagering instructions issued by the owner of the funds communicated by telephone call or through other electronic media. The ADW provider shall ensure the identification of the account's owner by using methods and technologies approved by the board. Any ADW provider that accepts wagering instructions concerning races conducted in California, or accepts wagering instructions originating in California, shall provide a full accounting and verification of the source of the wagers thereby made, including the postal ZIP Code and breed of the source of the wagers, in the form of a daily download of parimutuel data to a database designated by the board. The daily download shall be delivered in a timely basis using file formats specified by the database designated by the board, and shall include any and all data necessary to calculate and distribute moneys according to the rules and regulations governing California parimutuel wagering. Any and all reasonable costs associated with the creation, provision, and transfer of this data shall be borne by the ADW provider.

(d) (1) (A) The board shall develop and adopt rules to license and regulate all phases of operation of advance deposit wagering for ADW providers operating in California.

(B) The board shall not approve an application for an original or renewal license as an ADW provider unless the entity, if requested in writing by a bona fide labor organization no later than ninety days prior to licensing, has entered into a contractual agreement with that labor organization that provides all of the following:

- (i) The labor organization has historically represented employees who accept or process any form of wagering at the nearest horse

racetrack meeting located in California.

(ii) The agreement establishes the method by which the ADW provider will agree to recognize and bargain in good faith with a labor organization which has demonstrated majority status by submitting authorization cards signed by those employees who accept or process any form of wagering for which a California ADW license is required.

(iii) The agreement requires the ADW provider to maintain its neutrality concerning the choice of those employees who accept or process any form of wagering for which a California ADW license is required whether or not to authorize the labor organization to represent them with regard to wages, hours, and other the terms and conditions of employment.

(iv) The agreement applies to those classifications of employees who accept or process wagers for which a California ADW license is required whether the facility is located within or outside of California.

(C) (i) The agreement required by subparagraph (B) shall not be conditioned by either party upon the other party agreeing to matters outside the requirements of subparagraph (B).

(ii) The requirement in subparagraph (B) shall not apply to an ADW provider which has entered into a collective bargaining agreement with a bona fide labor organization that is the exclusive bargaining representative of employees who accept or process parimutuel wagers on races for which an ADW license is required whether the facility is located within or outside California.

(D) Permanent state or county employees and nonprofit organizations that have historically performed certain services at county, state, or district fairs may continue to provide those services.

(E) Parimutuel clerks employed by racing associations or fairs or employees of ADW providers who accept or process any form of wagers who are laid off due to lack of work shall have preferential hiring rights for new positions with their employer in occupations whose duties include accepting or processing any form of wagers, or the operation, repair, service, or maintenance of equipment that accepts or processes any form of wagering at a racetrack, satellite wagering facility, or ADW provider licensed by the board. The preferential hiring rights established by this subdivision shall be conditioned upon the employee meeting the minimum qualification requirements of the new job.

(2) The board shall develop and adopt rules and regulations requiring ADW providers to establish security access policies and safeguards, including, but not limited to, the following:

(A) The ADW provider shall use board-approved methods to perform location and age verification confirmation with respect to persons

establishing an advance deposit wagering account.

(B) The ADW provider shall use personal identification numbers (PINs) or other technologies to assure that only the accountholder has access to the advance deposit wagering account.

(C) The ADW provider shall provide for withdrawals from the wagering account only by means of a check made payable to the accountholder and sent to the address of the accountholder or by means of an electronic transfer to an account held by the verified accountholder or the accountholder may withdraw funds from the wagering account at a facility approved by the board by presenting verifiable account identification information.

(D) The ADW provider shall allow the board access to its premises to visit, investigate, audit and place expert accountants and other persons it deems necessary for the purpose of ensuring that its rules and regulations concerning credit authorization, account access, and other security provisions are strictly complied with. To ensure that the amounts retained from the parimutuel handle are distributed under law, rules, or agreements, any ADW provider that accepts wagering instructions concerning races conducted in California or accepts wagering instructions originating in California shall provide an independent "agreed upon procedures" audit for each California racing meeting, within 60 days of the conclusion of the race meeting. The auditing firm to be used and the content and scope of the audit, including host fee obligations, shall be set forth in the applicable agreement. The ADW provider shall provide the board, horsemen's organizations, and the host racing association with an annual parimutuel audit of the financial transactions of the ADW provider with respect to wagers authorized pursuant to this section, prepared in accordance with generally accepted auditing standards and the requirements of the board. Any and all reasonable costs associated with those audits shall be borne by the ADW provider.

(3) The board shall prohibit advance deposit wagering advertising that it determines to be deceptive to the public. The board shall also require, by regulation, that every form of advertising contain a statement that minors are not allowed to open or have access to advance deposit wagering accounts.

(e) In order for a licensee, betting system, or multijurisdictional wagering hub to be approved by the board as an ADW provider, it shall meet both of the following requirements:

(1) All wagers thereby made shall be included in the appropriate parimutuel pool under a contractual agreement with the applicable host track.

(2) The amounts deducted from advance deposit wagers shall be in accordance with the provisions of this chapter.

(f) After the payment of contractual compensation, the amounts received as market access fees from advance deposit wagers, which shall not be considered for purposes of Section 19616.51, shall be distributed as follows:

(1) An amount equal to 0.0011 multiplied by the amount handled on advance deposit wagers originating in California for each racing meeting shall be distributed to the Center for Equine Health to establish the Kenneth L. Maddy Fund for the benefit of the School of Veterinary Medicine at the University of California at Davis.

(2) An amount equal to 0.0003 multiplied by the amount handled on advance deposit wagers originating in California for each racing meeting shall be distributed to the Department of Industrial Relations to cover costs associated with audits conducted pursuant to Section 19526 and for the purposes of reimbursing the State Mediation and Conciliation Service for costs incurred pursuant to this bill. However, if that amount would exceed the costs of the Department of Industrial Relations, the amount distributed to the department shall be reduced, and that reduction shall be forwarded to an organization designated by the racing association or fair described in subdivision (a) for the purpose of augmenting a compulsive gambling prevention program specifically addressing that problem.

(3) An amount equal to 0.00165 multiplied by the amount handled on advance deposit wagers that originate in California for each racing meeting shall be distributed as follows:

(A) One-half of the amount shall be distributed to supplement the trainer-administered pension plans for backstretch personnel established pursuant to Section 19613. Moneys distributed pursuant to this subparagraph shall supplement, and not supplant, moneys distributed to that fund pursuant to Section 19613 or any other provision of law.

(B) One-half of the amount shall be distributed to the welfare fund established for the benefit of horsemen and backstretch personnel pursuant to subdivision (b) of Section 19641. Moneys distributed pursuant to this subparagraph shall supplement, and not supplant, moneys distributed to that fund pursuant to Section 19641 or any other provision of law.

(4) With respect to wagers on each breed of racing that originate in California, an amount equal to two percent of the first two hundred fifty million dollars (\$250,000,000) of handle from all advance deposit wagers originating from within California annually, an amount equal to 1.5 percent of the next two hundred fifty million dollars (\$250,000,000) of handle from all advance deposit wagers originating from within California annually, an amount equal to one percent of the next two hundred fifty million dollars (\$250,000,000) of handle from all advance deposit wagers originating from within

California annually, and an amount equal to 0.50 percent of handle from all advance deposit wagers originating from within California in excess of seven hundred fifty million dollars (\$750,000,000) annually, shall be distributed as satellite wagering commissions. Satellite facilities that were not operational in 2001, other than one each in the cities of Inglewood and San Mateo, and two additional facilities each operated by the Alameda County Fair and the Los Angeles County Fair and their partners and other than existing facilities which are relocated, are not eligible for satellite wagering commission distributions under this section. The satellite wagering facility commissions calculated in accordance with this subdivision shall be distributed to each satellite wagering facility and racing association or fair in the zone in which the wager originated in the same relative proportions that the satellite wagering facility or the racing association or fair generated satellite commissions during the previous calendar year. If there is a reduction in the satellite wagering commissions pursuant to this section, the benefits therefrom shall be distributed equitably as purses and commissions to all associations and racing fairs generating advance deposit wagers in proportion to the handle generated by those associations and racing fairs. For purposes of this section, the purse funds distributed pursuant to Section 19605.72 shall be considered to be satellite wagering facility commissions attributable to thoroughbred races at the locations described in that section.

(5) After the distribution of the amounts set forth in paragraphs (1) to (4), inclusive, the remaining market access fees from advance deposit wagers originating in California shall be as follows:

(A) With respect to wagers on each breed of racing, the amount remaining shall be distributed to the racing association or fair that is conducting live racing on that breed during the calendar period in the zone in which the wager originated. That amount shall be allocated to that racing association or fair as commissions, to horsemen participating in that racing meeting in the form of purses, and as incentive awards, in the same relative proportion as they were generated or earned during the prior calendar year at that racing association or fair on races conducted or imported by that racing association or fair after making all deductions required by applicable law. Notwithstanding any other provision of law, the distributions with respect to each breed of racing set forth in this subparagraph may be altered upon the approval of the board, in accordance with an agreement signed by the respective associations, fairs, horsemen's organizations, and breeders organizations receiving those distributions.

(B) If the provisions of Section 19601.2 apply, then the amount distributed to the applicable racing associations or fairs shall

first be divided between those racing associations or fairs in direct proportion to the total amount wagered in the applicable zone on the live races conducted by the respective association or fair.

Notwithstanding this requirement, when the provisions of subdivision (b) of Section 19607.5 apply to the 2nd District Agricultural Association in Stockton or the California Exposition and State Fair in Sacramento, then the total amount distributed to the applicable racing associations or fairs shall first be divided equally, with 50 percent distributed to applicable fairs and 50 percent distributed to applicable associations.

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

(D) Notwithstanding any provisions of this section to the contrary, with respect to wagers on out-of-state and out-of-country nonthoroughbred races conducted before 6 p.m., Pacific time, 50 percent of the amount remaining shall be distributed as commissions as provided in subparagraph (C) for licensed quarter horse and harness associations, and the remaining 50 percent shall be distributed as commissions to the applicable thoroughbred associations or fairs, as thoroughbred and fair purses, and as incentive awards in accordance with subparagraph (A).

(E) Notwithstanding any provision of this section to the contrary, the distribution of market access fees pursuant to this subparagraph may be altered upon the approval of the board, in accordance with an agreement signed by all parties whose distributions would be affected.

(g) A racing association, a fair, or a satellite wagering facility may enter into an agreement with an ADW provider to accept and facilitate the placement of any wager from a patron at its facility

that a California resident could make through that ADW provider. Deductions from wagers made pursuant to such an agreement shall be distributed in accordance with the provisions of this chapter governing wagers placed at that facility, except that the board may authorize alternative distributions as agreed to by the ADW provider, the operator of the facility accepting the wager, the association or fair conducting that breed of racing in the zone where the wager is placed, and the respective horsemen's organization.

(h) Any issues concerning the interpretation or application of this section shall be resolved by the board.

(i) Amounts distributed under this section shall be proportionally reduced by an amount equal to 0.00295 multiplied by the amount handled on advanced deposit wagers originating in California for each racing meeting, and shall not exceed two million dollars (\$2,000,000). The method used to calculate the reduction in proportionate share shall be approved by the board. The amount deducted shall be distributed as follows:

(1) Fifty percent of the money to the California Horse Racing Board to establish and to administer jointly with the organization certified as the majority representative of California licensed jockeys pursuant to Section 19612.9, a defined contribution retirement plan for California licensed jockeys who retired from racing on or after January 1, 2009, and who, as of the date of their retirement, had ridden in a minimum of 1,250 parimutuel races conducted in California.

(2) The remaining 50 percent of the money shall be distributed as follows:

(A) Seventy percent shall be distributed to supplement the trainer-administered pension plans for backstretch personnel established pursuant to Section 19613. Moneys distributed pursuant to this subparagraph shall supplement, and not supplant, moneys distributed to that fund pursuant to Section 19613 or any other provision of law.

(B) Thirty percent shall be distributed to the welfare fund established for the benefit of horsemen and backstretch personnel pursuant to subdivision (b) of Section 19641. Moneys distributed pursuant to this subparagraph shall supplement, and not supplant, moneys distributed to that fund pursuant to Section 19641 or any other provision of law.

STAFF ANALYSIS
PROPOSED AMENDMENT OF
RULE 2073. OPERATION OF AN ADVANCE DEPOSIT WAGERING
ACCOUNT FOR ALL ENTITIES

Regular Board Meeting
September 18, 2008

BACKGROUND

Business and Professions Code section 19440 provides that the Board shall have all powers necessary and proper to enable it to carry out fully and effectually the purposes of this chapter. Responsibilities of the Board shall include adopting rules and regulations for the protection of the public and the control of horse racing and pari-mutuel wagering. Business and Professions Code section 19590 states the Board shall adopt rules governing, permitting, and regulating pari-mutuel wagering on horse races under the system known as the pari-mutuel method of wagering. Pari-mutuel wagering shall be conducted only by a person or persons licensed under this chapter to conduct a horse racing meeting or authorized by the Board to conduct advance deposit wagering (ADW). Business and Professions Code section 19604 provides the Board may authorize any racing association, racing fair, betting system, or multijurisdictional wagering hub to conduct ADW in accordance with this section.

Board Rule 2073, Operation of an Advance Deposit Wagering Account for all Entities, became effective in January 2002. The regulation describes the operation of an ADW account. Subsection 2073(m) provides that account holders can access only one deposit each racing day for wagering purposes. Additional deposits to an account shall be available for use the next racing day.

TVG and XpressBet have requested that Rule 2073 be amended to eliminate subsection 2073(m) to allow account holders same-day access to deposits made to their ADW account.

ANALYSIS

The proposed amendment to Rule 2073 would allow ADW account holders to have access to their ADW account deposits on the day they are made. TVG and XpressBet claim that one of the most prevalent customer complaints has to do with the restrictions made on access to deposits. Customers state there are no such restrictions at racetracks or satellite wagering facilities. XpressBet and TVG stated that removing the current restriction would create additional growth opportunities for the California racing industry by allowing customers to make smaller deposits with the understanding that they would have access to them on the same day.

The reason for the inclusion of subsection (m) in Rule 2073 was to protect ADW account holders by ensuring that they did not overextend themselves. Account holders could have

access to one deposit each racing day. However, the rule did not impose any restrictions on the size of that deposit. Additional deposits would be available the next racing day. This provided for a 24-hour "cooling off period." XpressBet stated the limit on accessing deposits acts as "...an unnecessary hindrance to the customer's ability to participate." XpressBet also stated that all California ADW providers have implemented anti-problem gambling measures. TVG claims the limit to accessing deposits feels paternalistic to ADW customers, and that other states do not impose the restriction. An informal survey of Idaho; Kentucky; Louisiana; Maryland; Massachusetts; New York; and Ohio found that none of the states imposed restrictions on the number of deposits an ADW account holder could access in a 24-hour period.

RECOMMENDATION

This item is presented for Board discussion and action.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 26. ADVANCE DEPOSIT WAGERING
PROPOSED AMENDMENT OF
RULE 2073. OPERATION OF AN ADVANCE DEPOSIT WAGERING
ACCOUNT FOR ALL ENTITIES

Regular Board Meeting
September 18, 2008

2073. Operation of an Advance Deposit Wagering Account for all Entities.

(a) The entity may suspend or close an Account. Any Account with no activity for at least six months may be closed. When an Account is closed the entity shall return any funds within five business days to the Account Holder at the address of record.

(b) Funds shall be in an interest bearing Account.

(c) Funds in an Account shall not bear interest to the Account Holder.

(d) Residents of California shall not be charged a surcharge on any winning wager.

(e) Wagers shall be accepted during the days and times designated as operating on the CHRB-132 for California entities and the CHRB-133 for entities outside California. The entity may close for receiving wagers on any pari-mutuel pool, race(s), or close for all wagering. Anytime the entity closes during the times designated as operating on the CHRB-132 and CHRB-133 a written report shall be filed with the Board within two business days.

(f) All wagering conversations, transactions or other wagering communications through the Advance Deposit Wagering system, verbal or electronic, shall be recorded by means of electronic media, and the tapes or other records of such communications shall be kept by the entity for 180 days. ~~These~~ The tapes and other records shall be made available to the Board upon request or order by the Executive Director.

(g) The total amount of all Account wagers shall be included in the respective pools for each race and shall be combined into the licensee's pools or directly into the corresponding pools of the host track.

(h) Accounts are for personal use only and the Account Holder is responsible to maintain the secrecy of the Account Number and Means of Personal Identification. The Account Holder must immediately notify the entity of any breach of the Account's security.

(i) Upon request of the Account Holder the entity shall provide a statement detailing Account activity for the immediate 30 days prior to the request. Unless the entity receives written notice disputing the statement within 14 days of the date a statement is forwarded, it shall be deemed to be correct.

(j) The address provided on the application to establish an Account is deemed the address of record for mailing checks, statements of Account, Account withdrawals, notices, or other correspondence. It is the responsibility of the Account Holder to notify the entity of any address change.

(k) No employee or agent of the entity shall divulge any Confidential Information related to the placing of any wager or any Confidential Information related to the operation of the Advance Deposit Wagering system without the consent of the Account Holder, except to the Account Holder as required by this article, the Board, and as otherwise required by state or federal law.

(l) Account Holders shall designate if they want to use a credit card to make deposits to their Account. Changes to the designation shall require 24 hours' notice to the entity.

~~(m) Account Holders shall only be permitted to access one deposit each racing day for wagering purposes. Additional deposits to an Account shall be available for use the next racing day.~~

Authority: Sections 19440, 19590 and 19604,
Business and Professions Code.

Reference: Section 19604,
Business and Professions Code.



July 24, 2008

Kirk Breed
Executive Director, CHRB
1010 Hurley Way, Suite 300
Sacramento, CA 95825

RE: California Horse Racing Rule #2073, Operation of an Advance Deposit Wagering Account for all Entities

Dear Mr. Reed:

Following up from our brief telephone conversation, I write to recommend the Board's consideration of removing the one deposit per day restriction imposed on California advance deposit wagering subscribers under CHRB Rule 2073 (m). Removing that provision would eliminate one of the most prevalent customer complaints that TVG and presumably the other licensed California advance deposit wagering providers receive on a regular basis and, we believe, create additional growth opportunities for the California racing industry.

When advance deposit wagering was first authorized in California, there was concern that subscribers might make multiple deposits into their ADW accounts and overextend themselves financially. CHRB Rule 2073 (m) which states: "**Account Holders shall only be permitted to access one deposit each racing day for wagering purposes. Additional deposits to an Account shall be available for use the next racing day**" was enacted to prevent this from occurring. For the reasons set forth herein, we propose that this provision be deleted by the Board.

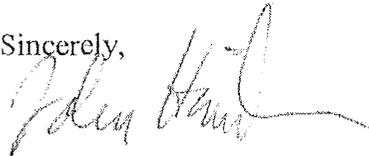
Our customers have repeatedly expressed their concern with this restriction. They question why they are restricted from making multiple deposits with advance deposit wagering companies when they have the ability to make unlimited transactions at the track and other wagering locations. Understandably, the rule feels paternalistic to the customers. Other states have also not imposed this restriction.

Removal of the restriction would allow advance deposit wagering providers to offer California subscribers the same opportunity subscribers in other states have to make additional deposits on the same day. It would allow them to make smaller deposits, if they so choose, with the understanding that, if desired, they could make an additional deposit and have those funds available during the same day. At present, subscribers must guess at how much they will wager during the day or make a larger deposit to ensure they have available funds. We believe that, rather than serving as a safeguard against

responsible wagering, this provision is harming the ability of otherwise responsible adults to engage in advance deposit wagering.

We sincerely appreciate the Board's consideration of this matter and are available to answer any questions that you may have. Thank you.

Sincerely,

A handwritten signature in cursive script, appearing to read "John Hindman", written in black ink.

John Hindman
General Counsel

September 5, 2008

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

RE: CHRB Rule 2073(m)

Dear Mr. Breed:

I am the Director of Regulatory Affairs for XpressBet Inc. ("XpressBet"); XpressBet is a wholly owned subsidiary of Magna Entertainment Corporation ("MEC"). XpressBet would like the California Horse Racing Board ("CHRB") to give its attention to the following matter:

XpressBet would like the commission to amend CHRB Rule 2073(m), which states:

(m) Account Holders shall only be permitted to access one deposit each race day for wagering purposes. Additional deposits to an Account shall be available for use the next day.

This request reflects two observations that we have made. Many XpressBet customers have expressed frustration with California being the only state in the US that limits its residents to one deposit per day. From a customer service perspective, if a California resident is enjoying the sport of horse racing and the wagering associated with it, one deposit rule acts as an unnecessary hindrance to the customer's ability to participate. This is particularly true when one considers the types of anti-problem gaming measures that all current California licensed ADW providers have implemented. These measures include standards in regards to the number of and the cumulative dollar amounts permitted for deposit into a wagering account.

Accordingly, we offer below some suggested language to address this issue.

(m) Subject to approval of the Board, ADW operators may impose limits as to the amount and or frequency of deposit by account holders.

Please contact me with any questions or concerns regarding our proposal.

Sincerely,

A handwritten signature in black ink, appearing to read "Gene Chabrier". The signature is fluid and cursive, with a long horizontal stroke at the end.

Gene Chabrier
Director of Regulatory Affairs

cc: Jacqueline Wagner
Richard Shapiro
Gregg Scoggins, Esquire
Ron Luniewski
Bill Ford, Esquire

STAFF ANALYSIS
PROPOSED AMENDMENT OF
RULE 1690.1. TOE GRABS PROHIBITED

Regular Board Meeting
September 18, 2008

BACKGROUND

Business and Professions Code section 19420 provides that jurisdiction and supervision over meetings in California where horse races with wagering on their results are held or conducted, and over all persons or things having to do with the operation of such meetings is vested in the California Horse Racing Board (Board). Business and Professions Code section 19562 states that the Board may prescribe rules, regulations and conditions under which all horse races with wagering on their results shall be conducted in California.

In February 2006 the Board added Rule 1960.1, Toe Grabs Prohibited, to prevent the use of toe grabs over four millimeters in height on thoroughbreds while racing.

In June 2008 the Jockey Club Thoroughbred Safety Committee (JCTSC) recommended an immediate ban on toe grabs other than wear plates with a height no greater than 2 millimeters while racing or training on all racing surfaces.

In July 2008 the State of Kentucky approved an amendment to its regulation governing the type of shoes horses may wear in competition. The amendment prohibited wear plates with a height greater than 2 millimeters on the front shoes of thoroughbred horses while racing or training.

ANALYSIS

Staff received a request to place an item regarding an amendment to Rule 1690.1 on the September 2008 Regular Board Meeting agenda. The proposed amendment would change the height limitation on toe grabs on the front shoes of thoroughbred horses participating in a race from the current four millimeters to a maximum of two millimeters. The proposed amendment to Rule 1690.1 would be in line with the recommendations made by the JCTSC.

RECOMMENDATION

This item is presented for discussion and action.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 8. RUNNING THE RACE
PROPOSED AMENDMENT OF
RULE 1690.1. TOE GRABS PROHIBITED

Regular Board Meeting
September 18, 2008

1690.1. Toe Grabs Prohibited.

(a) Toe grabs with a height greater than ~~four~~ two millimeters, worn on the front shoes of thoroughbred horses while racing, are prohibited.

Authority: Sections 19420 and 19562,
Business and Professions Code.

Reference: Section 19481,
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD

SEPTEMBER 18, 2008
REGULAR BOARD MEETING

There is no board package material for Item 12