



STATE OF MICHIGAN  
MICHIGAN GAMING CONTROL BOARD  
DETROIT

RICK SYNDER  
GOVERNOR

RICHARD S. KALM  
EXECUTIVE DIRECTOR

In the matter of:

HORSEMEN'S SIMULCAST  
PURSE POOL ACCOUNT

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**ORDER FREEZING DISTRIBUTIONS FROM THE THOROUGHBRED SIMULCAST  
PURSE POOL ACCOUNT**

**ORDER ESCROWING THOROUGHBRED SIMULCAST PURSE POOL FUNDS  
UNTIL A THOROUGHBRED RACE MEETING LICENSE IS ISSUED**

On May 4, 2011 the Executive Director issued an Order accepting the voluntary surrender by Post It Stables, Inc., d/b/a Pinnacle Race Course, of its 2011 Thoroughbred Race Meeting License and its 2011 Simulcast Permit for the remainder of the 2011 horse race meet season.

Under § 19a of the Horse Racing Law of 1995, Public Act 279 of 1995 ("the Act"), the Legislature provided the statutory authority for how monies, designated by the Act to be paid into the horsemen's simulcast purse pool, are to be handled in the event that a thoroughbred track license is surrendered, revoked, or escrowed. In such an event, the Executive Director shall order the deposit of horsemen's purse pool money, deposited and distributed pursuant to § 19, to a depository designated by a race meeting licensee upon written direction of the affected certified horsemen's organization regardless of whether there was racing at the race meeting licensee's location during the previous year.

Sections 18(4) and (5)(b) require each race meeting licensee, that receives an interstate and/or intertrack simulcast, to pay to the Horsemen's Simulcast Purse Pool, established under § 19, a certain portion of the licensee's net commission from all money wagered on such simulcasts

Sections 19(1)(a)(b) require that all money paid into the Horsemen's Simulcast Purse Pool be deposited in a depository designated by all participating certified horsemen's organizations and distributed by their designated escrow agent to the purse pools of the respective race meeting licensees, under the statutory formulas set forth in § 19(1)(a)(b).

The certified horsemen's organizations, [Michigan Horsemen's Benevolent and Protective Association (HBPA), Michigan Harness Horsemen's Association (MHHA), and Great Lakes Quarter Horse Association (GLQHA)] designated PNC Bank as their depository and escrow agent for the Horsemen's Simulcast Purse Pool established under § 19.

Section 19(1)(a) requires PNC Bank to divide and distribute 50% of the Horsemen's Simulcast Purse Pool funds, generated in 2011 from wagering on thoroughbred (running horse flat racing) simulcasts, to the purse pools of the 2011 thoroughbred (running horse flat racing) race meeting

licensees on a pro rata basis based upon the percentage of the state's total thoroughbred (running horse flat racing) handle, from all sources, produced by the respective thoroughbred (running horse flat racing) race meeting licensee during 2010;

Section 19(1)(a) requires PNC Bank to divide and distribute 35% of the Horsemen's Simulcast Purse Pool funds, generated in 2011 from wagering on standardbred simulcasts, to the purse pools of the 2011 thoroughbred (running horse flat racing) race meeting licensees on a pro rata basis based upon the percentage of the state's total thoroughbred (running horse flat racing) handle, from all sources, produced by each of the respective thoroughbred (running horse flat racing) race meeting licensees during 2010.

Section 19(1)(b) requires PNC Bank to divide and distribute 50% of the Horsemen's Simulcast Purse Pool funds, generated in 2011 from wagering on thoroughbred (running horse flat racing) simulcasts, between the purse pools of the 2011 standardbred race meeting licensees on a pro rata basis based upon the percentage of the state's total standardbred handle, from all sources, produced by each of the respective standardbred race meeting licensees during the previous calendar year.

Section 19(1)(b) requires PNC Bank to divide and distribute 65% of the Horsemen's Simulcast Purse Pool funds, generated in 2011 from wagering on standardbred simulcasts, between the purse pools of 2011 standardbred race meeting licensees on a pro rata basis based upon the percentage of the state's total standardbred handle, from all sources, produced by each of the respective standardbred race meeting licensees during the previous calendar year.

To preserve and to protect the accumulated purse pool monies as future prize money, the Executive Director deems it necessary to reiterate and clarify the following (all sectional citations contained in this Order refer to the Act):

- The Act does not expressly provide the Executive Director with the express authority to order a redistribution of the percentages provided for by Sections 19(1)(a)(b);
- Under § 19a of the Act, the subject purse pool monies are to be made available as prize money to the thoroughbred horsemen that are actively racing at an approved racetrack in the State of Michigan;
- Neither Post It Stables, Inc., d/b/a Pinnacle Race Course, nor the Michigan Horsemen's Benevolent and Protective Association (MHBPA) have any ownership rights to the thoroughbred horsemen's simulcast purse pool. Rather, the thoroughbred purse pool is to provide purse pool prize monies for the benefit of the certified horsemen's association that has a contract to provide horses to a thoroughbred race meeting licensee;
- At this time, excluding a mixed breed race meeting licensee, there is no race meeting licensee in the State of Michigan approved to conduct a full schedule of thoroughbred horse racing;
- At this time, no certified horsemen's association has a contract with a race meeting licensee that is approved to conduct a full schedule of thoroughbred horse racing;
- If a race meeting applicant is approved by the Executive Director to conduct a full schedule of thoroughbred horse racing in the State of Michigan, that race meeting

licensee may designate that the subject horsemen's purse pool monies be placed into a depository upon the written direction of its certified horsemen's association. At that time, the thoroughbred horsemen's purse pool money will be made available to use the purse pool to pay prize money;

- Under § 19a purse pool monies are expressly to be used only for purses and administrative costs as provided for under Rule 431.2061(3). Operating expenses and loans are not administrative costs;
- The Act does not authorize direct distributions from the purse pool to pay for race meeting licensee obligations, race meeting licensee debt obligations, or racetrack operational expenses;
- Improper distributions will result in sanctions including, but not limited to, revocation or suspension of a license, exclusion from racetrack grounds, and a fine of up to \$25,000 for each violation of the act or administrative rule promulgated under the Act. Additionally, improper withdrawals will be required to be refunded to the Purse Pool Account(s).

**IT IS ORDERED:**

- Distributions from the thoroughbred horsemen's purse pool, PNC account no. 3670000088, are prohibited until further order of the Executive Director;
- Distributions from the thoroughbred horsemen's purse pool, PNC account no. 3670000088, will be made available if a race meeting licensee is approved to conduct a full schedule of thoroughbred horse racing in the State of Michigan by an order of the Executive Director;
- If a race meeting licensee is approved to conduct a full schedule of thoroughbred horse racing in the State of Michigan by an order of the Executive Director, the applicable certified horsemen's association shall identify the person named to the thoroughbred horsemen's purse pool, PNC account no. 3670000088, and
- As previously agreed to by the horsemen's associations, a member of the Michigan Harness Horsemen's Association (MHHA) is designated by the horsemen's associations in the State of Michigan to oversee the thoroughbred horsemen's purse pool, PNC account no. 3670000088.

IT IS SO ORDERED

Dated: June 10, 2011



Richard S. Kalm, Executive Director  
Michigan Gaming Control Board