



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
MICHIGAN GAMING CONTROL BOARD
DETROIT

RICHARD S. KALM
EXECUTIVE DIRECTOR

In the matter of:

HORSEMEN'S SIMULCAST
PURSE POOL ACCOUNT

TO: Michigan Horsemen's Benevolent and Protective Association (HBPA)
Michigan Harness Horsemen's Association (MHHA)

HORSEMEN'S SIMULCAST PURSE POOL
2015 DISTRIBUTION ORDER

WHEREAS, Sections 18(4) and (5)(b) of the Horse Racing Law of 1995, as amended, Public Act No. 279 of 1995 (hereafter "the act") require each race meeting licensee that receives an interstate and/or intertrack simulcast to pay to the Horsemen's Simulcast Purse Pool, established under Section 19 of the act, a certain portion of the licensee's net commission from all money wagered on such simulcasts; and

WHEREAS, Section 19(1)(a)(b) of the act requires that all money designated by the act to be paid into the Horsemen's Simulcast Purse Pool, established thereunder, shall 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, pursuant to statutory formulas set forth in Section 19(1)(a)(b) of the act; and

WHEREAS, Sections 18 and 19 of the act are to be read *in pari materia* so that the distribution of funds is contingent on active participation in live racing and simulcasting, i.e. contribution; and

WHEREAS, Section 19(1)(a) requires that the certified horsemen's organizations, as designated depository and distributed by their designated escrow agent for the Horsemen's Simulcast Purse Pool, shall divide and distribute fifty (50) percent of the Horsemen's Simulcast Purse Pool funds generated in 2015 from wagering on thoroughbred (running horse flat racing) simulcasts and thirty-five (35) percent of the Horsemen's Simulcast Purse Pool funds generated in 2015 from wagering on standardbred simulcasts between the purse pools of 2015 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 the previous calendar year; and

WHEREAS, Section 19(1)(b) requires that the certified horsemen's organizations, as designated depository and distributed by their designated escrow agent for the Horsemen's Simulcast Purse Pool, shall divide and distribute fifty (50) percent of the Horsemen's Simulcast Purse Pool funds generated in 2015 from wagering on thoroughbred (running horse flat racing) simulcasts and sixty-five (65) percent of the Horsemen's Simulcast Purse Pool funds generated in 2015 from wagering on standardbred simulcasts between the purse pools of 2015 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; and

WHEREAS, Section 2(m) of the act provides that "purse pool" means the amount of monies allocated or apportioned to pay prizes for horse races; and that certain payments may be made from the purse pool to certified horsemen's organizations as provided for under the act; and

WHEREAS, Section 7(1) of the act provides for rule promulgation and Administrative Rule 431.2061 provides that each year the certified horsemen's organizations may receive an amount from the simulcast purse pool to use for their general expenses. This amount shall be approved by order of the Executive Director and limited to a maximum of 1.5% of the simulcast purse pool. General expenses do not include the direct or indirect payment of track operations or the debt obligations of race meeting licensees; and

WHEREAS, the Executive Director of the Michigan Gaming Control Board has calculated the percentage of total thoroughbred (running horse flat racing) handle, from all sources, in 2014 produced by each 2014 thoroughbred race meeting licensee; and

WHEREAS, the Executive Director of the Michigan Gaming Control Board has calculated the percentage of total standardbred handle, from all sources, in 2014 produced by each 2014 standardbred race meeting licensee;

NOW THEREFORE,

1. **IT IS ORDERED** that, effective January 1, 2015, the Michigan Horsemen's Benevolent and Protection Association (HBPA) shall authorize and direct its bank to distribute funds from the thoroughbred (running horse flat racing) pool of funds on deposit in the Horsemen's Simulcast Purse Pool Account to the purse pool account of the 2015 thoroughbred (running horse flat racing) race meeting licensee by wire transfer(s), pursuant to the requirements of Section 19(1)(a) of the act:

Hazel Park Harness Raceway (Hazel Park Racing Association, Inc.)	100.00%
--	---------

Subject to the amount available in the thoroughbred pool of funds, the HBPA shall direct its bank to make the foregoing required transfer(s), in such amount(s) and at such time(s), so as to ensure that there are sufficient funds on deposit in the purse pool account of each licensee, with whom the association has a current

horsemen's contract, to fully pay the licensee's purse schedule during the live portion of its 2015 race meeting.

If the purse pool account of any race meeting licensee is overpaid at any time during the licensee's 2015 race meeting, then upon notification of the overpayment, the contracting horsemen's organization at the race meeting shall authorize and direct its bank to immediately transfer sufficient available funds to the licensee's purse pool account and, if necessary, continue making such transfers every five (5) business days thereafter, until the licensee is fully reimbursed for the overpayment.

2. **IT IS FURTHER ORDERED** that, effective January 1, 2015, the Michigan Harness Horsemen's Association (MHHA) shall authorize and direct its bank to distribute funds from the standardbred pool of funds on deposit in the Horsemen's Simulcast Purse Pool to the purse pool account of the 2015 standardbred race meeting licensee by wire transfer(s), pursuant to the requirements of Section 19(1)(b) of the act:

Northville Downs

100.00%

Subject to the amount available in the standardbred pool of funds, the MHHA shall direct its bank to make the foregoing required transfer(s), in such amount(s) and at such time(s), so as to ensure that there are sufficient funds on deposit in the purse pool account of each licensee, with whom the association has a current horsemen's contract, to fully pay the licensee's purse schedule during the live portion of its 2015 race meeting.

If the purse pool account of any race meeting licensee is overpaid at any time during the licensee's 2015 race meeting, then upon notification of the overpayment, the contracting horsemen's organization at the race meeting shall authorize and direct its bank to immediately transfer sufficient available funds to the licensee's purse pool account and, if necessary, continue making such transfers every five (5) business days thereafter, until the licensee is fully reimbursed for the overpayment.

3. **IT IS FURTHER ORDERED** that if a race meeting licensee does not receive an interstate and/or intertrack simulcast signal, and does not contribute to the Horsemen's Simulcast Purse Pool, then the related certified horsemen's organization shall not withdraw or distribute funds from the simulcast purse pool accounts.

4. **IT IS FURTHER ORDERED** that the HBPA and MHHA shall, at their own expense, provide each 2015 race meeting licensee and the Michigan Gaming Control Board with either continuous computer on-line account summaries or written monthly statements from their banks listing all transfers that have been made to and from the Horsemen's Simulcast Purse Pool accounts. Such account summaries or statements shall include the following information:

- (a) the name of each depositor

- (b) the date and amount of each deposit
- (c) the date and amount of each transfer

5. **IT IS FURTHER ORDERED** that, effective January 1, 2015, pursuant to Rule 431.2061, the HBPA shall receive from the 1.5 percent of deposits to the horsemen's simulcast purse pool for thoroughbred (running horse flat racing) certified horsemen's organizations, the following amount is to be used for general expenses:

Horsemen's Benevolent and Protective Association 1.50% of total deposits

6. **IT IS FURTHER ORDERED** that, effective January 1, 2015, pursuant to Rule 431.2061, the MHHA shall receive from the 1.5 percent of deposits to the horsemen's simulcast purse pool for standardbred certified horsemen's organizations, the following amount is to be used for general expenses:

Michigan Harness Horsemen's Association 1.50 % of total deposits

7. **IT IS FURTHER ORDERED** that under the act and the administrative rules, the only authorized distributions from the horsemen's simulcast purse pools are to pay prizes for horse races conducted at racetracks licensed by the Executive Director under the act. The only exception is to pay for limited general expenses of certified horsemen organizations, as noted above in paragraphs 5 and 6. The act does not authorize distributions to pay for race meeting licensee obligations, race meeting licensee debt obligations, or racetrack operational expenses.

8. **IT IS FURTHER ORDERED** that, effective July 9, 2013, pursuant to Rule 431.2061 and the request of the certified horsemen's organizations, 0.5% of the simulcast purse pool will be deducted from each purse pool deposit and placed in a separate account to be known as the simulcast management fee account. The simulcast management fee account is to be used by the designated escrow agent (currently MHHA), to pay expenses connected to the administration of the simulcast purse pool on behalf of the Michigan horse racing industry.

Failure to abide by the requirements of the act, administrative rules, or the provisions of this order may result in sanctions including, but not limited to, revocation or suspension of a license, exclusion from racetrack grounds, or 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 SO ORDERED.

/s/

Richard Kalm, Executive Director
Michigan Gaming Control Board

Date: February 05, 2015