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)
Great Lakes Quarter Horse Association (GLQHA) /

HORSEMEN'S SIMULCAST PURSE POOL
2013 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 simulcasting, i.e. contribution; and

WHEREAS, Section 19(1)(a) requires that the Certified Horsemen's Organizations, as designated depository and 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 2013 from wagering on thoroughbred (running horse flat racing) simulcasts and thirty-five (35) percent of the Horsemen's Simulcast Purse Pool funds generated in 2013 from wagering on standardbred simulcasts between the purse pools of 2013 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 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 2013 from wagering on thoroughbred (running horse flat racing) simulcasts and sixty-five (65) percent of the Horsemen's Simulcast Purse Pool funds generated in 2013 from wagering on standardbred simulcasts between the purse pools of 2013 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

WHEREAS, Section 2(m) of the act provides 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, 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, on June 6, 2001, a Declaratory Ruling was issued with a hearing record concerning all Annual Simulcast Distribution Orders; 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 2012 produced by each 2012 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 2012 produced by each 2012 standardbred race meeting licensee;

NOW THEREFORE,

1. **IT IS ORDERED** that, effective January 1, 2013, the Michigan Horsemen's Benevolent and Protection Association (HBPA) and the Great Lakes Quarter Horse Association (GLQHA) shall authorize and direct their banks to divide and distribute funds from the thoroughbred (running horse flat racing) pool of funds on deposit in the Horsemen's Simulcast Purse Pool Account to the respective purse pool accounts of the following 2013 thoroughbred (running horse flat racing) race meeting licensees by wire transfer(s), pursuant to the requirements of Section 19(1)(a) of the act and in accordance with the following pro rata share for each licensee, based upon the percentage of total thoroughbred (running horse flat racing) handle, from all sources, produced by the licensee in calendar year 2012:

Mount Pleasant Meadows (Oil Capital Race Ventures, Inc.)	100.00%

Per Executive Director's decision, the thoroughbred purse pool will be divided and distributed as follows:

HBPA races	80.00%
GLQHA races	20.00%

Subject to the amount available in the thoroughbred pool of funds, the HBPA and GLQHA shall direct their banks 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 2013 race meeting.

If the purse pool account of any licensee, with whom the association has a current horsemen's contract, is overpaid at any time during the licensee's 2013 race meeting, then upon notification of the overpayment, the contracting horsemen's organization at the race meeting shall authorize and direct their 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, 2013, the Michigan Harness Horsemen's Association (MHHA) shall authorize and direct their bank to divide and distribute funds from the standardbred pool of funds on deposit in the Horsemen's Simulcast Purse Pool to the respective purse pool accounts of the following 2013 standardbred race meeting licensees by wire transfer(s), pursuant to the requirements of Section 19(1)(b) of the act and in accordance with the following pro rata share for each licensee, based upon the percentage of total standardbred handle, from all sources, produced by the licensee in calendar year 2012:

Northville Downs	38.340%
Sports Creek Raceway (Sports Creek Acquisitions, Inc.)	12.528%
Hazel Park Harness Raceway (Hazel Park Racing Association, Inc.)	49.132%

Subject to the amount available in the standardbred pool of funds, the MHHA shall direct their 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 2013 race meeting.

If the purse pool account of any licensee, with whom the association has a current horsemen's contract, is overpaid at any time during the licensee's 2013 race meeting, then upon notification of the overpayment, the contracting horsemen's organization at the race meeting shall authorize and direct their bank to immediately transfer sufficient available funds to the licensee's purse pool account and, if necessary, continue making such transfers ever 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, MHHA, and GLQHA shall at their own expense provide each 2013 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, 2013, pursuant to Rule 431.2061, the HBPA and GLQHA 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 to use for <u>general expenses</u>:

Horsemen's Benevolent and Protective Association	1.20% of total deposits
Great Lakes Quarter Horse Association	0.30% of total deposits

6. **IT IS FURTHER ORDERED** that, effective January 1, 2013, 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 to use for <u>general expenses</u>:

   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 and limited general expenses. 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 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.

Dated: January 30, 2013

/s/
Richard S. Kalm, Executive Director
Michigan Gaming Control Board