RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
MICHIGAN GAMING CONTROL BOARD
DETROIT

RICHARD S. KALM
EXECUTIVE DIRECTOR

In the matter of:

HORSEMEN'S SIMULCAST
PURSE ACCOUNT

_____/

To: Michigan Horsemen's Benevolent and Protective Association

ORDER FREEZING DISTRIBUTIONS FROM THE THOROUGHBRED SIMULCAST PURSE ACCOUNT

Hazel Park Racing Association, Inc., d/b/a Hazel Park Harness Raceway, was issued a 2018 Race Meeting License and Simulcast Permit on October 27, 2017. Hazel Park Harness Raceway advised the Executive Director that, effective April 5, 2018, it ceased all business operations.

Under § 19a of the Horse Racing Law of 1995, Public Act 279 of 1995 ("the Act"), the Legislature provided the statutory authority for how money, designated by the Act to be deposited into the horsemen's simulcast purse account, are to be handled if a licensed track is closed. Given such, 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.

Section 19 requires a race meeting licensee to pay a percentage of the net simulcast commission generated at the licensee's race meeting to a site-specific horsemen's simulcast purse account. Money paid into a site-specific horsemen's simulcast purse account must be deposited in a depository designated by the participating certified horsemen's organizations.

The Horseman's Benevolent and Protective Association (HBPA) designated PNC Bank as its depository and the HBPA Executive Director as agent for the Horsemen's Simulcast Purse Account established under § 19.

To preserve and to protect the accumulated purse pool money as future prize money, the Executive Director deems it necessary to reiterate and clarify the following:

- Under § 19(a) of the Act, the subject purse pool money is to be made available as prize money to the thoroughbred horsemen that are actively racing at a licensed racetrack in the State of Michigan;

- With the close of Hazel Park Harness Raceway, thoroughbred horsemen are not actively racing at a licensed racetrack in the State of Michigan.

- If a race meeting applicant has obtained a written contract with the HBPA and is subsequently 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 the subject horsemen's purse pool money be placed into a depository upon the written direction of the HBPA. At that time, the thoroughbred horsemen's purse pool money will be made available for purses for live horse races at the licensed race meeting;

- Under § 19 purse pool money is expressly to be used only for purses for live horse races at a licensed race meeting and general expenses. General expenses do not include the direct or indirect payment of track operations or the debt obligation of race meeting licensees;

- The Act does not authorize direct distributions from the purse account 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 account(s).

NOW THEREFORE, IT IS ORDERED:

- Distributions from the HBPA thoroughbred horsemen's purse account, PNC account nos. xxxxxx4448 and xxxxxx3699, excluding bank service fees, are prohibited until further order of the Executive Director;

- HBPA's designated agent must supply bank statements from the PNC account nos. xxxxxx4448 and xxxxxx3699 to the MGCB on a weekly basis until further order of the Executive Director.

 IT IS SO ORDERED.

_____   Date: May 29, 2018
Richard S. Kalm, Executive Director
Michigan Gaming Control Board