

**STATE OF MICHIGAN
MICHIGAN GAMING CONTROL BOARD
EXECUTIVE DIRECTOR**

In the matter of:

MICHIGAN HARNESS HORSEMEN'S ASSOCIATION
Monies held pursuant to § 19c of the Horse Racing Law

**ORDER TO REMOVE SIMULCAST PURSE POOL MONIES FROM
ESCROW**

The Horse Racing Law of 1995, 1995 PA 279, MCL 431.301, was amended with an effective date of December 20, 2019. On that date, § 19c was effectuated to have the Michigan Harness Horsemen's Association (MHHA) put a hold on monies that it had received pursuant to § 19a and § 19b and a resulting order of the Executive Director of the Michigan Gaming Control Board (Board) dated April 8, 2019.

Hazel Park Raceway closed on April 5, 2018. Sections 19a and 19b provided for the escrow and distribution of revenue previously earned at Hazel Park. Pursuant to § 19a and § 19b, the remaining monies were, by order of law, transferred to the MHHA for purses, i.e. prize money, at Northville Downs, the sole remaining licensed racetrack.

After Hazel Park Raceway closed the purse money from the track was held by the Horsemen's Benevolent and Protective Association (HBPA). Section 19a, as amended, provided for the handling of purse/prize monies that remained after a track closes and allowed the Executive Director to order the escrow of the purse money. In accordance with § 19a, I issued an order freezing distributions from HBPA's thoroughbred simulcast purse accounts. Additionally, pursuant to § 19a, as written at that time, if the HBPA failed to enter into a contract with another track within 12 months, the Executive Director must transfer the money to a different horse racing association that had a contract with a track conducting live racing. When HBPA did not enter into a contract with a licensed track/race meeting licensee within 12 months, I issued the above-noted order on April 8, 2019 directing HBPA to transfer the simulcast purse accounts to the MHHA who had a contract with Northville Downs. Finally, as noted above, § 19c went into effect on December 20, 2019, instructing MHHA to not expend the monies it received from HBPA and to transfer \$900,000.00 back to HBPA on June 1, 2020.

In response to a § 19c transfer inquiry from the Racing Section of the Board, MHHA advised that the monies addressed in § 19c were spent during its 2019 live

racing reason (March 22 – December 14) and before the effective date of § 19c. In response, I issued an order to escrow the \$900,000.00 while a review was conducted. In support of its position, MHHA provided documentation to support its position that the money was spent well before December 20, 2019. Specifically, MHHA demonstrated that the total account balances available as prize money for live racing, after the above-noted transfer on April 19, 2019, was \$1,855,302.07. The total amount transferred from MHHA to NVD from February 2019 through October 2019 was \$2,600.00.00. The total prize money awarded for the 2019 live racing season was \$3,189,674.00. Therefore, it can be determined that MHHA properly spent the monies referenced in § 19c before it spent revenue earned during the 2019 season after the transfer.

Additionally, I have considered the timing of the legislation that added § 19c. House Bill 4310 was introduced on March 7, 2019 and passed the House on October 30, 2019. Section 19c was not part of that Bill. On December 11, 2019, the Senate passed HB 4310, which included § 19c. Taken together, the financial documents and the legislation demonstrate that MHHA had spent the monies in the normal course of its business operations and before § 19c was even drafted.

Effectively immediately, MHHA may remove the \$900,000 held in escrow for use in awarding prize money for live races held at Northville Downs.

IT IS SO ORDERED.

/S/

Richard S. Kalm, Executive Director
Michigan Gaming Control Board

September 15, 2020
Date