



8. Discussion and action by the Board regarding the **request from the Los Angeles Turf Club at Santa Anita Park for approval to conduct (during its current thoroughbred race meeting) an Arabian race on April 2, 2016, conditioned upon the passage of AB 588 (Low), which would allow non-thoroughbred races to be conducted at thoroughbred race meetings.**
9. Discussion and action by the Board regarding the **request for approval of the continuation of the 0.50% distribution to the Southern California Stabling and Vanning Fund from advance deposit wagering (ADW) hosted by thoroughbred racing associations and racing fairs conducting racing in the Central and Southern zones for the period commencing December 16, 2015 through December 25, 2016 as permitted under Business and Professions Code section 19604(f) (5) (E).**
10. Public hearing and action by the Board regarding the **proposed amendment to CHRB Rule 1699, Riding Rules**, as it pertains to the criteria for disqualification in a horse race. (Note: This concludes the 45-day public comment period. The Board may adopt the proposal as presented.)
11. Public hearing and action by the Board regarding the **proposed addition of CHRB Rule 1866.1, Presence of Clenbuterol in Quarter Horses, and proposed amendment to CHRB Rule 1844, Authorized Medication**, to prohibit the presence of clenbuterol in a quarter horse test sample. (Note: This concludes the 45-day public comment period. The Board may adopt the proposal as presented.)
12. Discussion by the Board regarding the **timely reporting of ticket details associated with large winning tickets.**
13. Discussion by the Board regarding the **posting of final odds within a reasonable timeframe after the start of a race.**
14. Report from the **Legislative, Legal and Regulations Committee.**
15. **Closed Session:** For the purpose of receiving advice from counsel, considering pending litigation, reaching decisions on administrative licensing and disciplinary hearings, and personnel matters, as authorized by section 11126 of the Government Code.
  - A. The Board may convene a Closed Session to confer with and receive advice from its legal counsel regarding the pending litigation described in the attachment to this agenda captioned "Pending Litigation," as authorized by Government Code section 11126(e).
  - B. The Board may convene a Closed Session to confer with and receive advice from its legal counsel regarding the pending administrative licensing or disciplinary matters described in the attachment to this agenda captioned "Pending Administrative Adjudications," as authorized by Government Code section 11126(e).

- C. The Board may convene a Closed Session for the purposes of considering personnel matters as authorized by Government Code section 11126, (a).

Additional information regarding this meeting may be obtained from the CHRB Administrative Office, 1010 Hurley Way, Suite 300, Sacramento, CA 95825; telephone (916) 263-6000; fax (916) 263-6042. This notice is located on the CHRB website at [www.chrb.ca.gov](http://www.chrb.ca.gov). \*Information for requesting disability related accommodation for persons with a disability who require aid or services in order to participate in this public meeting, should contact Jacqueline Wagner.

**CALIFORNIA HORSE RACING BOARD**

Chuck Winner, Chairman  
Richard Rosenberg, Vice Chairman  
Madeline Auerbach, Member  
Steve Beneto, Member  
Jesse H. Choper, Member  
George Krikorian, Member  
Alex Solis, Member  
Rick Baedeker, Executive Director  
Jacqueline Wagner, Assistant Executive Director

CALIFORNIA HORSE RACING BOARD  
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## PENDING LITIGATION FEBRUARY 2016

### COURT LITIGATION

- A. **Jose DeLaTorre vs. CHRB**  
District Court of Appeal
- B. **San Luis Rey Racing, Inc. (SLRR) vs. CHRB, et al**  
District Court of Appeal
- C. **Jeff Mullins vs. CHRB, et al**  
Superior Court of California, County of San Diego
- D. **Gustavo DeLaTorre vs. CHRB**  
Superior Court of California, County of Los Angeles



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**PENDING ADMINISTRATIVE ADJUDICATIONS  
FEBRUARY 2016**

**CASE**

**A. Revised Proposed Decision**

**Licensee Raul Sosa**

Case Number: 15LA0150

**B. Proposed Decision**

**Trainer Miguel Gonzalez**

Case Number: 15SW0048

**C. Proposed Decision**

**Trainer Miguel Gonzalez**

Case Number: 15GG0117

and

**Owner Samuel Galeote**

Case Number: 15GG0125

**D. Proposed Decision**

**Trainer Miguel Gonzalez**

Case Number: 15GG0118

and

**Owner Candido Galeote**

Case Number: 15GG0126

**E. Proposed Decision**

**Trainer Adolfo Ortiz**

Case Number: 15GG0116

and

**Owner Luis Mariscal**

Case Number: 15GG0131

**PROCEEDINGS** of the Regular Meeting of the **California Horse Racing Board** held at the **Los Alamitos Race Course**, 4961 Katella Avenue, Los Alamitos, California, on **December 17, 2015**.

Present:       Chuck Winner, Chairman  
                  Richard Rosenberg, Vice-Chairman  
                  Madeline Auerbach, Member  
                  Steve Beneto, Member  
                  George Krikorian, Member  
                  Jesse H. Choper, Member  
                  Alex Solis, Member  
                  Rick Baedeker, Executive Director  
                  Jacqueline Wagner, Assistant Executive Director  
                  Robert Miller, General Counsel

#### **APPROVAL OF THE MINUTES OF NOVEMBER 19, 2015**

Chairman Winner asked for approval of the minutes of the Regular Meeting of November 19, 2015. Commissioner Auerbach **motioned** to approve the minutes. Commissioner Choper **seconded** the motion, which was **unanimously carried**.

#### **EXECUTIVE DIRECTOR'S REPORT.**

Executive Director Rick Baedeker reported that the Association of Racing Commissioners International held meetings in December 2015, and determined to reevaluate its role in American horseracing, it would begin holding town meetings across the United States to find workable solutions to problems found throughout the racing industry. He stated Travis Tygart, President of United States Anti-Doping Agency explained its testing and enforcement methods, and how the methods could be applied to horse racing. Executive Director Baedeker said New Jersey authorized exchange wagering limited to New Jersey residents wagering on horse races conducted within and outside the state. He stated the Board would be informed as more information became available regarding wagering on California races. He said year-to-date

daytime handle decreased by 3.6 percent and nighttime handle increased 6.3 percent, with an overall decrease of 2.7 percent over the same time in 2014. He said the handle amounts were skewed for November 2015 due to the lack of the Breeders' Cup at a California track. Thus, the change in handle demonstrated the benefit of the Breeders' Cup to California.

### **PUBLIC COMMENT**

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John Valenzuela, Pari-Mutuel Employees Guild - Local 280 (Local 280), stated Local 280 labor contract negotiations were at an impasse. He said Local 280 missed the opportunity to have its position heard regarding the application for license to conduct Advance Deposit Wagering (ADW) of Game Play Network, Inc. (GPN) at the November 19, 2015 Board meeting. He stated Local 280 discussed reservations for signing a labor contract with GPN if it did not provide jobs in California for union members. Mr. Valenzuela stated GPN responded via email on August 14, 2015. The GPN email contained confirmation of the Local 280 position on labor, and expressed ideas of how GPN and Local 280 could work together to resolve the issue. He said the intent of Business and Professions Code Section 19604(d)(1)(B) was to provide jobs in the state of California to union members, but GPN provides the jobs in Oregon. Chairman Winner stated it was difficult at the November 19, 2015 Board meeting to convey Local 280's opinion as it did not have a representative in attendance. Mr. Valenzuela said the Business and Professions Code Section 19604(d)(1)(B) requirement for a written request 90 days prior was met by Local 280; the union had informed GPN it was not going to sign a contract unless GPN provided jobs in California. He said GPN made comments of intent to provide jobs, however as GPN was still in the beta phase, jobs had not become available.

**PRESENTATION OF CALIFORNIA HORSE RACING BOARD RESOLUTION TO GEORGE SLENDER.**

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Chairman Winner stated the Board wished to honor George Slender for his contributions to the horse racing industry in California. Mr. Slender worked in the California horse racing industry 57 years; 43 years as a Steward. He interacted well with licensees, colleagues and others by using reason and common sense. He made difficult decisions with confidence and applied rules with fairness. Commissioner Beneto **motioned** to approve the resolution to George Slender. Commissioner Solis **seconded** the motion, which was **unanimously carried**. Roll Call Vote: Aye: Krikorian, Solis, Auerbach, Winner, Rosenberg, Choper, Beneto. Nay: None. Motion carried.

**DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING OF THE PACIFIC RACING ASSOCIATION (T) AT GOLDEN GATE FIELDS, COMMENCING DECEMBER 26, 2015 THROUGH JUNE 12, 2016, INCLUSIVE.**

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Chairman Winner stated at the November 2015 Board meeting the Pacific Racing Association (PRA) at Golden Gate Fields (GGF) was granted a conditional license to conduct a horse racing meeting commencing December 26, 2015 through June 12, 2016. The Board was now looking to approve the license. Executive Director Rick Baedeker said item number one on the staff analysis had been received. He stated the parties involved in reaching an agreement on stabling and vanning met almost every day, with two of the three agreeing on a stabling and vanning agreement which was all that was required in the North; however, the goal was to have a unanimous vote. He said he believed the agreements with the remaining parties were in the process of being signed. Scott Daruty, PRA, stated an agreement was close to being reached. Chairman Winner said being close to an agreement did not mean an agreement was signed;

however, only two signatures were required in the North and those agreements were submitted to the Board. Mr. Daruty stated PRA understood the importance of submitting race meet applications and supporting documents in a timely manner for the Board to review. He said the main issue impacting PRA's ability to submit timely applications and agreements were the global issues related to stabling in the North and South. He stated the issue was not just a question of establishing stabling for PRA's meet that began on December 26, 2015, but also establishing a plan for how the California Authority of Racing Fairs (CARF) was going to stable horses in the Summer and Fall of 2016. He said the stabling for PRA's meet would include 1,360 stalls at GGF and 400 to 500 stalls at Pleasanton. He stated during the course of developing the stabling needs for PRA's December 2015 through June 2016 meet, concerns were raised about where horses would be stabled during CARF's summer race meets. He said that resulted in PRA holding discussions regarding GGF's availability for stabling during CARF's meets. He stated it also resulted in the Thoroughbred Owners of California (TOC) asking about stabling for the Fall and Winter of 2016. He said PRA reached an agreement with CARF and Pleasanton to allow stabling at Pleasanton for PRA's upcoming meet, and part of the agreement included GGF's commitment to be open during the summer meets so that the summer fairs could stable at GGF and Pleasanton, and the agreement was signed by CARF and GGF. He stated GGF continued to work with TOC to reach a three-party agreement. He said PRA, CARF, and TOC were in discussions the day before the Board meeting, during which TOC asked for certain changes to the agreement to be made in order for them to sign it, which PRA and CARF agreed to make. He stated the three parties were currently reviewing the agreement. Commissioner Choper asked why the months of October, November, and December were a concern in regards to stabling; would there be more horses during those months? Mr. Daruty stated the struggle with establishing the stabling plan for the latter part of 2016 was due to a number of variables

that PRA did not yet have answers to, such as, how many horses would PRA have to stable and the possible legislative change in Northern California relating to the stabling and vanning process. He said PRA was in the process of analyzing how many stalls PRA would need; PRA believed it could add additional stalls, but could not say how many and when the stalls would be ready. Chairman Winner asked if PRA was talking about temporary stalls or permanent stalls. Mr. Daruty stated the stalls would be permanent, but not necessarily of the same construction used in California, but more similar to those used in other parts of the country, including at Gulfstream Park. He said he believed the legislative change would pass, but he did not know for sure. He stated the variables would impact stabling at the end of 2016. He said he believed TOC wanted a year-long plan, and that was why TOC was pushing for answers for the latter part of the year. He stated it was difficult for PRA to develop a plan for the end of 2016 because it did not know how the issues would be resolved. Vice-Chairman Rosenberg asked what system would be in place to monitor the horse count because determining horse count was difficult; it was a floating count and not easy to quantify. Joe Morris, PRA, stated TOC conducted a monthly horse count in the North for the past two years. He said one option was if all of the horses could fit at GGF, and if Pleasanton could be closed for parts of the year, the financial impact to purses and PRA would be great. He stated any month Pleasanton was closed would result in \$100,000 to purses and \$100,000 to PRA. He said there were currently 1,460 horses in the North, with 300 at Pleasanton and the rest at GGF. He stated out of the 1,460 horses, 660 were ponies that could be moved from the permanent stalls and placed in temporary stalls. He said of the 300 horses at Pleasanton, 53 percent had not raced in the last 90 days. He said this 53 percent represented horses that were yearlings, quarter horses, alternate breeds, or pets that should not be on industry-paid stabling. He stated it was something that was allowed to happen over time and needed to be managed by getting GGF, California Thoroughbred Trainers (CTT),



and TOC together as a group to reach an agreement on how to handle it. He said there were 250 horses at GGF, or 22 percent, that had not raced in the last 90 days. Chairman Winner asked how much it was costing to stable the horses that had not raced in the last 90 days, and how much it cost on a per horse basis. Mr. Morris stated it cost just under \$200,000 a month to have Pleasanton open, and \$1,400 per horse. He said he believed GGF could reduce to one facility eight months out of the year. He stated the other challenge facing the North was that Pleasanton and GGF had been subsidizing the industry over the last few years by staying open and not getting their incremental costs covered, and both parties no longer wanted that to happen. Pleasanton and GGF wanted their incremental costs covered, with the day rates for both increasing for 2016. Chairman Winner asked if the increase in the day rates was based on the assumption that the legislation would pass. Mr. Morris stated no, beginning in January 2016 Pleasanton's new daily rate would be effective and GGF's would be effective when it opened in the summer. Vice-Chairman Rosenberg asked Mr. Morris to clarify the point he made regarding the deal for the North; the deal was not contingent upon the legislation passing. Mr. Morris stated that was correct. Beginning January 1, 2016, Pleasanton would be reimbursed for its incremental costs. Vice-Chairman Rosenberg asked if an agreement had not been reached because there would be a deficit; however, if legislation was passed would there still be a deficit, and if so why couldn't a contingent deal be made if the legislation was passed? Mr. Daruty said the challenge with a contingent deal was PRA was asking to use Pleasanton's facility; however, Pleasanton did not make any money from PRA using its facility, but Pleasanton was willing to make its facility available to PRA if all of the costs to make it available were covered. He stated he believed it was a reasonable position for Pleasanton to take - unless Pleasanton's incremental costs were covered, it would not open. Pleasanton was not willing to take the risk if something was to happen and the legislation did not pass. Therefore, Pleasanton's incremental costs would

be covered, whether or not legislation was passed. He said it was debatable whether GGF could be contingent on the legislation passing, because GGF would not receive payment for stabling until late June, and at that point it would be known whether or not the legislation had passed. Commissioner Auerbach stated the issue of having more horses that did not belong at tracks and paying for them had been around for a long time; however, beginning in 2016, horses would be microchipped, and stabling and vanning would be able to determine which horses belonged and which horses did not. Chairman Winner stated he agreed the microchip program would eventually solve the problem. Greg Avioli, TOC, stated TOC had two concerns in the North; would there be a sufficient number of stalls available throughout the year, and how to avoid creating a stabling and vanning deficit. He said TOC could not sign the stabling and vanning agreement in good faith – the agreement was more like a deficit spending bill. If the legislation did not pass, the agreement would result in deficits between \$250,000 to \$700,000. Included in the deficit amount were costs that would be incurred in the event GGF did not build more stables. TOC asked GGF to commit to building more stables. He stated PRA said it would have enough stables by October 2016 and would not need Pleasanton to open. He said while it was great that PRA believed it would not need Pleasanton, there were no assurances that PRA would not need Pleasanton. He stated PRA's deal included nine-months with no money budgeted for the last three months. He said when TOC ran the numbers, if the legislation did not pass the North could have a half-million dollar deficit, which could be easily resolved if the legislation passed. He stated there were two major points of the legislation that had to be worked out. The first one was where the TOC would have to put 50 percent of the money into Stabling and Vanning but would have only 33 percent of the votes; that would lead to situations like the one that occurred at a Stabling and Vanning meeting where the TOC disagreed with how the money was spent, got outvoted 2-to-1, but was still required to put in 50 percent. He said in the future

the legislation would have to be changed to reflect the South where the votes were commensurate with the money. The second point in the legislation was a provision that would allow GGF the ability to opt out completely from the program which GGF currently was not able to do. He said if TOC agreed to the deal, and dependent on Pleasanton's costs in the fourth quarter, it would result in an additional \$500,000 to \$600,000 deficit to the Stabling and Vanning costs for 2016 compared to 2015. He stated he wanted everyone to understand that GGF and Pleasanton had been subsidizing Stabling and Vanning; unlike in the South where the Stabling and Vanning fund had been incurring a loss. Commissioner Auerbach stated the TOC felt it did not have commensurate power in the North; how was the voting done in the South? Mr. Avioli said TOC had 50 percent of the votes in the South's Stabling and Vanning. TOC should have 50 percent of the votes in the North because it was putting in 50 percent of the money. Vice-Chairman Rosenberg asked if TOC audited the Stabling and Vanning costs. Mr. Avioli stated as part of the agreement going forward with the North and South, TOC would be conducting audits for all of the Stabling and Vanning facilities. Chairman Winner reminded all of the parties involved that the issue at hand was the license and if the outstanding documents were submitted. Mr. Avioli stated the TOC agreement was signed. Alan Balch, CTT, stated the CTT agreement was signed for the race meet. Commissioner Beneto asked Mr. Daruty if Pleasanton would be closed from November to January, or would it remain open all year? Scott Daruty, PRA, said under the agreement currently reached, Pleasanton would remain open through September 30, 2016, and would be closed beginning October 1, 2016; however, what would happen after October 1<sup>st</sup> still needed to be worked out. He stated PRA would recommend Pleasanton closing from October 1, 2016 through April or early May 2017, and reopening in advance of the 2017 summer racing season. Executive Director Baedeker asked about the status of the remaining outstanding documents – Advance Deposit Wagering (ADW) agreements and the horsemen's

approval of the ADW agreements. Mr. Daruty said the ADW agreements were done on a yearlong basis, with the current agreements expiring on Christmas Day; however, a provision was in place that would allow those agreements that expired at the end of the year, to remain in force until the new agreements were finalized and signed. This would allow ADW wagering to continue at Santa Anita and PRA. He stated PRA received TOC's approval of the ADW agreements. Commissioner Choper **motioned** to approve the license to conduct a horse racing meeting of the PRA at Golden Gate Fields, commencing December 26, 2015 through June 12, 2016. Commissioner Beneto **seconded** the motion, which was **unanimously carried**. Roll Call Vote: Aye: Krikorian, Solis, Auerbach, Winner, Rosenberg, Choper, Beneto. Nay: None. Motion carried.

**DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING OF THE LOS ANGELES TURF CLUB, (T) AT SANTA ANITA, COMMENCING DECEMBER 26, 2015 THROUGH JULY 10, 2016, INCLUSIVE.**

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Scott Daruty, representing the Los Angeles Turf Club (LATC) at Santa Anita, stated everything that was said on the previous agenda item could be applied to LATC's application to conduct a horse racing meeting. Commissioner Solis asked LATC about its marketing plan. Joe Morris, LATC, stated some new promotions were added for the meet. LATC had an agreement with Uber, with drop-off and pick-up sites, and anyone coming to or from Santa Anita would pay half price. In March 2016 the Gold Line light rail service would extend past Arcadia, with the City of Arcadia running a shuttle from the Gold Line stop to Santa Anita and the mall, and Santa Anita would also add its own trolley to the system. He said for LATC's opening weekend, there would be a large marketing push, with a 24-page glossy newspaper insert that would be included in 300,000 newspapers, as well as radio, social media, and direct mails. He stated on opening day



Santa Anita would be giving away a plush stuffed horse to the first 5,000 children; 20,000 \$100 gift cards to Mathis Brothers to the first 20,000 people; and 40,000 calendars. He said LATC would offer free coffee to trainers and owners that frequent Clocker's Corner, and developed a newsletter for trainers to help communicate what LATC was doing. He stated a guest chef series would be held in the Chandelier Room and he expected a big crowd. He said LATC had the biggest pools in the country and it was willing to stand behind them, with a \$1 million guaranteed pool in its Late Pick 4 on Opening Day; \$300,000 guaranteed Late Pick 4 during the weekdays, and \$500,000 on the weekends; and \$150,000 guaranteed pool for Pick 6 on the weekends. Commissioner Solis stated the Asian population included the most loyal gamblers in the world, and asked if LATC's marketing plan included that population. Mr. Morris said he agreed with Commissioner Solis; LATC had a Significant Player Program in which individuals that wagered at different levels would receive rebates. He stated LATC worked with a company called Trailer Park that was helping LATC to reach different groups of people and how to communicate with them. Commissioner Beneto **motioned** to approve the license to conduct a horse racing meeting of LATC at Santa Anita, commencing December 26, 2015 through July 10, 2016. Commissioner Solis **seconded** the motion, which was **unanimously carried**. Roll Call Vote: Aye: Krikorian, Solis, Auerbach, Winner, Rosenberg, Choper, Beneto. Nay: None. Motion carried.

**DISCUSSION AND ACTION BY THE BOARD REGARDING THE REQUEST FROM SANTA ANITA FOR A WAIVER TO CHRB RULE 1472,(B)(C)(E) RAIL CONSTRUCTION AND TRACK SPECIFICATIONS, TO FACILITATE THE INSTALLATION OF A NEW INSIDE TURF RAIL.**

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Dennis Moore, Santa Anita Race Track (Santa Anita), stated Santa Anita requested a waiver to CHRB Rule 1472(b)(c)(e), Rail Construction and Track Specifications, to replace the portable

rail with a Duralock System Rail. The Duralock System Rail was similar to the MawSafe Rail, but could be moved faster. Executive Director Rick Baedeker said the Board previously heard a similar waiver request for the MawSafe Rail used at Del Mar. He stated the Duralock System Rail was used widely throughout the United States. The Duralock System Rail would replace the portable rail; Santa Anita would continue using the existing inner rail. Commissioner Beneto **motioned** to approve the request from Santa Anita for a waiver to CHRB Rule 1472(b)(c)(e), Rail Construction and Track Specifications, to facilitate the installation of a new inside turf rail. Vice-Chairman Rosenberg **seconded** the motion, which was **unanimously carried**. Roll Call Vote: Aye: Krikorian, Solis, Auerbach, Winner, Rosenberg, Choper, Beneto. Nay: None. Motion carried.

**DISCUSSION AND ACTION BY THE BOARD REGARDING THE REQUEST FROM NORTHERN CALIFORNIA OFF TRACK WAGERING INC. (NCOTWINC) TO CONTINUE THE MODIFICATION OF THE DISTRIBUTION OF MARKET ACCESS FEES FROM ADVANCE DEPOSIT WAGERING (ADW) AT A RATE OF 2.9% AS PERMITTED UNDER BUSINESS AND PROFESSIONS CODE SECTION 19604(F)(5)(E) FOR WAGERING CONDUCTED BY THOROUGHBRED ASSOCIATIONS IN THE NORTHERN ZONE DURING CALENDAR YEAR 2016.**

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Bryan Wayte, Northern California Off-Track Wagering, Inc. (NCOTWINC), said NCOTWINC was requesting Board approval to continue the 2.9 percent distribution for Advance Deposit Wagering (ADW) that was used in 2015. He said the 2.9 percent distribution would prevent NCOTWINC from falling into a deficit. Commissioner Choper **motioned** to approve the request from NCOTWINC to continue the modification of the distribution of market access from ADW at a rate of 2.9%. Commissioner Beneto **seconded** the motion, which **passed** six to zero, with one Commissioner absent for the vote. Roll Call Vote: Aye: Krikorian, Solis, Winner, Rosenberg, Choper, Beneto. Nay: None. Motion carried.



**DISCUSSION AND ACTION BY THE BOARD REGARDING THE REQUEST FROM SOUTHERN CALIFORNIA OFF TRACK WAGERING INC. (SCOTWINC) TO CONTINUE THE MODIFICATION OF THE DISTRIBUTION OF MARKET ACCESS FEES FROM ADVANCE DEPOSIT WAGERING (ADW) AT A RATE OF 2.9% AS PERMITTED UNDER BUSINESS AND PROFESSIONS CODE SECTION 19604(F)(5)(E) FOR WAGERING CONDUCTED BY THOROUGHBRED ASSOCIATIONS IN THE SOUTHERN ZONE DURING CALENDAR YEAR 2016.**

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George Haines, Southern California Off-Track Wagering, Inc. (SCOTWINC), stated SCOTWINC was requesting Board approval to continue the 2.9 percent distribution for Advance Deposit Wagering (ADW) that was used in 2015. He said all parties involved were in agreement with the percentage, as they were in 2015. Commissioner Krikorian **motioned** to approve the request from SCOTWINC to continue the modification of the distribution of market access fees from ADW at a rate of 2.9%. Commissioner Solis **seconded** the motion, which was **passed** six to zero, with one Commissioner absent for the vote. Roll Call Vote: Aye: Krikorian, Solis, Rosenberg, Choper, Beneto, Winner. Nay: None. Motion carried.

**PUBLIC HEARING AND ACTION BY THE BOARD REGARDING THE PROPOSED ADDITION TO CHRB RULE 1658, VESTING OF TITLE TO CLAIMED HORSE, TO PROVIDE THAT A CLAIM SHALL BE VOIDED BY THE STEWARDS IF THE RACING OR OFFICIAL VETERINARIAN DETERMINES THE HORSE WILL BE PLACED ON THE VETERINARIAN'S LIST AS "BLED".**

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Dr. Rick Arthur, CHRB Equine Medical Director, stated the amendment to Rule 1658, Vesting of Title to Claimed Horse, was requested by the California Thoroughbred Trainers (CTT) to void claims on horses that were put on the veterinarian's list for bleeding. He said the criteria for placing a horse on the veterinarian's list was epistaxis - bleeding at the nostril. He stated of the 41 horses placed on the veterinarian's list for bleeding in the last twelve months, 27 were in claiming races, and four were claimed; therefore, the proposed amendment to Rule 1658 would only affect a few claimed horses a year. He said he believed bleeding was a health issue, and

trying to lose a horse in a claiming race was an incentive to not do best by the horse. Alan Balch, CTT, stated he was very pleased with the amendment to Rule 1658 and agreed with what Dr. Arthur said. He said an owner who claimed a horse should not be burdened by the horse if it had a significant unsoundness, and bleeding was an unsoundness. Commissioner Choper **motioned** to approve the amendment to Rule 1658, Vesting of Title to Claimed Horse. Vice-Chairman Rosenberg **seconded** the motion, which **carried** six to zero with one abstention. Roll Call Vote: Aye: Solis, Rosenberg, Choper, Beneto. Nay: None. Abstain: Krikorian. Motion carried.

**DISCUSSION BY THE BOARD REGARDING FANTASY SPORTS, INCLUDING PERSUADING PARTICIPANTS TO BECOME HORSE RACE PLAYERS.**

Philip Laird, CHRB Staff Counsel, said the Assembly Committee on Governmental Organization (Assembly GO Committee) held an Informational Hearing on Wednesday, December 16, 2015 to inform the Legislature and public on the inner workings of the daily fantasy sports industry. The hearing began with a background and overview of daily fantasy sports. Fifty-six million people were expected to play some sort of fantasy sports in 2015; four million will have played daily fantasy sports. The industry was expected to realize a \$240 million profit, with an estimated 9 percent takeout. He stated Draftkings and FanDuel controlled 90 percent of the market, making them the two leading companies. Mr. Laird said Chris Grove of Eilers Research outlined four points that could drastically alter fantasy sports moving forward: the cost of compliance, dueling state strategies and how fantasy sports were regulated across the country, decreased marketing power, and continued federal probing into the industry. Therefore, the industry was on shaky ground with an uncertain future. He stated Chris Krafcik from Gambling Compliance Group

**Proceedings of the Regular Meeting of December 17, 2015**

14

presented an overview of the legislative efforts at the state level including 15 states considering legislation in 2015. He said Mr. Krafcik estimated an additional 20 states would look into regulations in 2016. Mr. Laird said there were four approaches being considered by the states. Five states were considering, and Kansas adopted, a carve-out where the fantasy sports industry is not subject to regulation. Three states were considering light regulation including basic monitoring and registration by fantasy sports companies. California and New York had proposed language for heavy regulation where fantasy sports would be treated like gambling. Five other states were considering similar language. Currently, no states were considering the final option: prohibition. Chairman Winner asked if the attempt to shut down DraftKings and FanDuel in New York was successful based on the determination by its Attorney General that their operations constituted illegal gambling. Vice-Chairman Rosenberg said the temporary restraining order from DraftKings to prevent the Attorney General from enforcing the order to shut down was reversed by a higher court. Chairman Winner asked what stance the legislation in Nevada held for fantasy sports. Mr. Laird responded that Nevada had determined the fantasy sports industry was considered part of the gambling industry in Nevada. He said the industry was shut down until the companies were licensed in Nevada. Commissioner Auerbach asked what action California legislation was leaning towards. Mr. Laird said it was difficult to determine at the Assembly GO Committee hearing, but he thought consumer protection was the biggest concern. He said the Daily Fantasy Sports Players Association had a representative speak at the Assembly GO Committee hearing, which sought third-party oversight in a similar manner the Board oversees horse racing in California. Mr. Laird stated the Assembly GO Committee hearing also had representatives from professional sports teams including the Clippers, Los Angeles Kings and Golden State Warriors. The representatives had a unanimous

conclusion that allowing fantasy sports was advantageous to their respective industries. They said fantasy sports increased fan participation. Mr. Laird said the Kings' representative discussed the DraftKings Lounge at the Staples Center in Los Angeles, which was open before during and after live games. Customers stayed longer, and paid more in concessions and food and beverage. In addition, by having customers use the equipment to play fantasy sports on-site, the industry was better able to track customer use. Vice-Chairman Rosenberg asked how the fantasy sports companies disclosed takeout. Mr. Laird stated the takeout was their profit. For instance, FanDuel reported it had takeout between 9 and 12 percent overall. In some instances it was in the negative due to lack of participation in contests causing the prize to be greater than the entry fees. Chairman Winner asked if the average takeout was around 9 percent in general. Mr. Laird confirmed 9 percent was the average industry-wide. Vice-Chairman Rosenberg asked if the companies published specific amounts of takeout for each bet. Mr. Laird replied that they did not, but based on a maximum number of entrants and with the entry fee and prize information, one could determine it. Executive Director Rick Baedeker asked if it would be a violation of federal law for the companies to disclose a takeout in advance. Mr. Laird said the companies used a practical takeout. He said in California, Business and Professions Code Sections 17539-17539.55 contain rules for operation of contests, including a provision that the opportunity to win a prize cannot be conditioned on a minimum number of entries or contest participants. Chairman Winner said the companies were obviously spending a vast amount of money on advertising and promotions. Mr. Laird stated DraftKings and FanDuel spent \$107 million on advertising in September 2015. Chairman Winner stated the companies were spending money to get support from the professional sport leagues. Mr. Laird said a lot of the smaller daily fantasy sports companies were turning around profits and reinvesting so quickly

that it caused some concern of instability. Commissioner Choper said he had requested adding this discussion after reading an article in Sports Illustrated which described how the fantasy sports industry taught players how to play. He thought the process was similar to handicapping in horse racing, and actually seemed more difficult. He stated his interest was to find a way to get more people wagering on horse racing. The average fantasy sports players are 34 to 37 year old Caucasian males, which was a demographic disappearing in the racing industry. He said the fantasy sports industry was the most promising avenue to keep horse racing afloat, if not rejuvenate it altogether. Greg Avioli, Thoroughbred Owners of California (TOC), stated he agreed with Commissioner Choper's sentiments about the opportunity fantasy sports represented, however, there was more to consider as the situation was cause for concern. He said Internet exclusivity was one of the most valuable tools horse racing had in the last 15 years. If the Legislature codified legislation and regulated fantasy gaming in California, it would remove horse racing exclusivity. He stated that the difference between racing and other sports was that horse racing already had customers allowed to make legal wagers. Legalizing daily fantasy sports was essentially a stop-gap measure for people who could not make legal wagers directly on other sports. He said the TOC viewed daily fantasy sports as more of a threat than an opportunity for California horse racing. Commissioner Choper said he was simply stating that California should try to get fantasy players to convert to wagering on horse races. Mr. Avioli said he agreed with Commissioner Choper: fantasy players could be great handicappers. Chairman Winner asked Mr. Avioli if he was aware of the TOC, or anyone else in the industry, taking any legal action regarding the question of legality, and the apparent threat of fantasy sports. Mr. Avioli said there were two bills that Assemblyman Gray introduced at the Assembly GO Committee hearing to license and regulate daily fantasy sports and to regulate sports



wagering. The TOC was working with Mr. Gray through the legislative process. No legal action was currently taking place. If a bill was passed to regulate and add consumer protection, it would inherently authorize legal Internet fantasy sports in California, which members of the TOC believed should not happen lightly. Chairman Winner asked if there was a way to determine what impact fantasy sports had on horse race wagering. Mr. Avioli said he was not aware of an accurate way to determine the impact. However, if the fantasy sports industry became the second form of legal Internet wagering in California, it would definitely have a long term impact. Vice-Chairman Rosenberg asked if the TOC considered joining a lawsuit filed by the Stronach Group against Derby Wars, where it alleged that its product was used in a game. Mr. Avioli said the TOC had not been asked to join, but the argument was compelling. Commissioner Krikorian said there was a difference between horse racing and wagering on fantasy sports because all the information could be found online for other sports, but horse racing statistics were not so easily accessible. Customers had to pay for the Racing Forms and other information. He said the industry might obtain more interest if horse racing statistics were made accessible in a similar manner. Until then, it was not likely fans of fantasy sports would convert to wagering on horse races. Mr. Avioli stated more and more websites were making people pay for information from the Internet, but it was a poor business plan; consumers expected the information for free. Mike Knapp, U.S. Fantasy, said U.S. Fantasy recently filed for a gaming license in Nevada and hoped to be the first licensed regulated company to offer fantasy sports in the United States. He stated U.S. Fantasy had a game based entirely on the pari-mutuel system. It was created with the idea that it could attract a younger crowd to pari-mutuels. Commissioner Choper asked if U.S. Fantasy created the game to be played on existing horse races. Mr. Knapp said the game had win-place-show, exacta and trifecta pools, as well as other pool options.



Commissioner Auerbach said it sounded like that could cause a problem for the horse racing industry. Vice-Chairman Rosenberg asked if the game would use existing equipment or software. Mr. Knapp said U.S. Fantasy discussed the idea with several totalizator companies. Vice-Chairman Rosenberg asked why this information was relevant to the Board. Mr. Knapp stated the California market had an opportunity to put its game into brick-and-mortar facilities, provided there was a legal path to do so. Commissioner Choper asked how it could help the horse racing industry. Mr. Knapp said the player demographics could be a boost. He stated he had managed the Del Mar off-track facility for about ten years and acknowledged a challenge involved in getting 25 to 35 year-olds involved in the tracks. Commissioner Choper asked how the players would be transitioned from the game to wagering on live horse racing. Mr. Knapp said it was a natural progression. Once the players were at the sites, there would be a chance to turn some of their attention to wagering on live horse racing. John Ford, BAM Software and BetAmerica, said he attended the Assembly GO Committee hearing as well, and wanted to provide additional information. He stated fantasy sports offered different products, rather than just the traditional fantasy sports on games such as football, baseball and basketball. Fantasy sports also offered fantasy horse racing, also known as handicapping contests, similar to other sports, but on racing. He said he wanted to speak about a traditional model for racing, which used runners from different races, accumulated points and determined winners. BAM Software was committed to using a progression from this model to live pari-mutuel wagering in two ways. First, fantasy sports customers could be introduced to fantasy horse racing and then migrated to pari-mutuel wagering. Second, existing customers could be further engaged by working with more handicapping information through fantasy sports, which could give the customers more confidence to increase wagers, causing an increase in pari-mutuel handle. He stated BetAmerica

launched a fantasy horse racing handicapping contest at the end of October 2015. By October 2016, BetAmerica would be able to see the impact of handicapping contests on pari-mutuel handle from data collected throughout the year. Nationwide, BetAmerica had an increase of 21.3 percent in handle in November 2015 and December 2015; to-date handle increased 27 percent compared to the same time in 2014. BetAmerica was sure the handicapping contest had a positive impact for pari-mutuel wagering. Commissioner Choper asked how BetAmerica handled the difference in takeout between pari-mutuel wagering and the handicapping contest. Mr. Ford stated there was no noticeable resistance to pari-mutuel versus fantasy sports. BetAmerica had not received any complaints. Chairman Winner asked if the data collected would be able to determine whether the current difference between takeout for one track and another, or one game and another, would have an impact on the number of players. Mr. Ford said the company would be able to see whether the introduction of handicapping contests contributed to a decrease in handle, which as yet it had not seen, or to an increase in pari-mutuel, which it has noted since the October 2015 introduction. He stated the appeal for fantasy sports was not based on the takeout, so it was not a cause for concern. He said fantasy sports appealed to players because it was simple, the information needed was easy to obtain, and it was available on technology people used daily. He stated presenting horse racing data to new players in a simple manner was challenging. Commissioner Choper asked how BetAmerica planned to get the players to put money into pari-mutuel pools at the race tracks. He said if the players did not put money into the pari-mutuel handle and wait for payoffs from the pool, then the takeout would be altered. Mr. Ford stated BetAmerica had the benefit of having fantasy sports, handicapping contests and pari-mutuel wagering all on the same site. This made migrating players from fantasy sports to handicapping contests to pari-mutuel wagering easy. He stated

BetAmerica would collect all the data on the players and dissect the information from all three activities to see any impact of each activity onto the others. Chairman Winner asked for confirmation that BetAmerica would be able to determine if the difference in takeout between tracks or games impacted player interest. Mr. Ford said BetAmerica would be able to track players and see if the introduction of handicapping contests contributed to a decrease in handle. For instance, with the first handicapping contest in October 2015, BetAmerica collected six weeks of data and did not have a decrease in handle due to the contest. Mr. Ford said he also spoke at the Assembly GO Committee hearing and had two points he wanted to make to the Board as well. First, the fantasy sports industry should not be suppressed altogether because the players have similar mindsets to horse-racing handicappers, which could make fantasy sports a good introduction to pari-mutuel wagering. Second, barriers should not be created for entry into fantasy sports through regulation. He said smaller companies should not be subject to undue burden while attempting to compete with the larger companies. Chairman Winner asked Mr. Ford if the growth of daily fantasy sports and the decline of wagering on horse racing were connected in any way. Mr. Ford said that was anyone's conjecture. However, when BetAmerica added fantasy sports in 2013, player value increased. The players saw new games and wanted to try them as well, creating a positive result for the industries. Commissioner Krikorian said the focus had been on whether or not fantasy sports encroached on the horse racing industry. Perhaps the focus needed to shift onto what the horse racing industry could learn from fantasy sports to attract new players. For instance, charges for parking, track entrance, and the racing form made it difficult to attract people. If Las Vegas charged players every time they walked into a casino, people might be more reluctant to gamble. He said he saw no reason why horse racing could not follow the same model as fantasy sports. People did not want to pay to go to the race

tracks and bet on horses. If people had the same information in front of them and could wager elsewhere, there would be a reduction in track revenue, but the volume of wagers themselves would not only offset the track losses, but could significantly increase the overall handle. He stated changing the model was worth looking into. Chairman Winner said the industry could not compete with the expenditures fantasy sports has made on advertising, so it was at a disadvantage. He said he was concerned that fantasy sports would have an overall negative impact on horse racing for the very reasons Commissioner Krikorian brought up. Mr. Laird said one more option mentioned briefly at the Assembly GO Committee hearing was an idea of exclusivity, where the daily fantasy sports would only be allowed to operate within existing casinos or horse race facilities. John Valenzuela, Pari-Mutuel Employees Guild - Local 280 (Local 280), said the exclusivity option could be a win-win situation. Free information at the track would attract attendance, and give new players a chance to experience horse racing. Chairman Winner said anything that could be done to benefit racing was worth looking into. Josh Rubenstein, Del Mar Race Track, said the industry did not receive revenue from the daily fantasy horse racing contests, so it may have increased revenue for BetAmerica, but not the horse racing industry in California. Mr. Ford said BetAmerica had an agreement from the tracks to offer the contests. BetAmerica was helping the industry because handicapping contests would contribute to an increase in pari-mutuel handle in the future. If it was cannibalizing the handle and decreasing pari-mutuel wagering, the partner tracks would have the option to tell BetAmerica it could not hold contests at their tracks, or to make an agreement providing a share of revenue with the tracks.

**MEETING ADJOURNED AT 11:40 A.M.**

A full and complete transcript of the aforesaid proceedings are on file at the office of the California Horse Racing Board, 1010 Hurley Way, Suite 300, Sacramento, California, and therefore made a part hereof.

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Chairman

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Executive Director



**CALIFORNIA HORSE RACING BOARD**

**FEBRUARY 25, 2016**  
**REGULAR BOARD MEETING**

**There is no board package material for Item 2**



**CALIFORNIA HORSE RACING BOARD**

**FEBRUARY 25, 2016**  
**REGULAR BOARD MEETING**

**There is no board package material for Item 3**

STAFF ANALYSIS  
DISCUSSION AND ACTION BY THE BOARD REGARDING THE DISTRIBUTION OF  
RACE DAY CHARITY PROCEEDS OF THE DEL MAR THOROUGHBRED CLUB IN THE  
AMOUNT OF \$24,261 TO FOUR BENEFICIARIES

Regular Board Meeting  
February 25, 2016

ISSUE

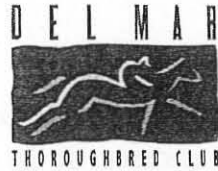
Del Mar Thoroughbred Club is requesting approval to distribute race day charity proceeds generated at its 2015 fall racing meet. Del Mar Thoroughbred Club is proposing a total distribution of \$24,261. The organizations selected and amounts to be distributed are listed on the attachment. Staff notes that 100 percent of the proposed charity distributions are made to equine related charity organizations.

BACKGROUND

Business and Professions Code section 19550 states the Board shall require each licensed racing association that conducts 14 or less weeks of racing to designate three racing days, and each licensed racing association that conducts more than 14 weeks of racing to designate five racing days during any one meeting, to be conducted as charity days by the licensee for the purpose of distribution of the net proceeds there from to beneficiaries through the distribution agent. No racing association shall be required to pay to a distributing agent for the purpose of distribution to beneficiaries more than an amount equal to two-tenths of one percent of the association's total on-track handle on live races conducted by the association at the meeting. Business and Professions Code section 19555 requires that proceeds are to be distributed to beneficiaries within 12 calendar months after the last day of the meet during which charity days were conducted. Business and Professions Code section 19556 provides that the distributing agent shall make the distribution to beneficiaries qualified under this article. At least 20 percent of the distribution shall be made to charities associated with the horse racing industry. An additional five percent shall be paid to a welfare fund and another five percent shall be paid to a non-profit corporation, the primary purpose of which is to assist horsemen and backstretch personnel who are being affected adversely as a result of alcohol or substance abuse. In addition to the above distributions, a separate 20 percent shall be made to a nonprofit corporation or trust, the directors or trustees of which shall serve without compensation except for reimbursement for reasonable expenses, and which has as its sole purpose the accumulation of endowment funds, the income on which shall be distributed to qualified disabled jockeys.

RECOMMENDATION

This item is presented for Board discussion and action. Staff recommends the Board approve the charity race day distribution as presented.



January 3, 2016

Josh Rubinstein  
Executive Vice President &  
Chief Operating Officer

Mr. Rick Baedeker  
Executive Director  
California Horse Racing Board  
1010 Hurley Way, Suite 300  
Sacramento, CA 95825

Dear Mr. Baedeker:

The Del Mar Thoroughbred Club Board of Directors has allocated charity day proceeds from the 2015 Fall Race Meet as set forth below for the California Horse Racing Board's consideration and approval:

California Retirement Management Account (CARMA)*	\$16,983
Disabled Jockeys*	4,852
Winners Foundation *	1,213
California Thoroughbred Horsemen Foundation*	<u>1,213</u>
<b>TOTAL:</b>	<b><u>\$24,261</u></b>
Equine Related Charities*	\$24,261
Non - Equine Related	0
Percentage of Equine Related Charities	100%

Attached please find a schedule describing the charitable organizations listed above. Thank you for your attention to this matter. If you need further information please feel free to contact me.

Very truly yours,

Josh Rubinstein  
Chief Operating Officer

c.c. Jacqueline Wagner

**CARMA** – CARMA is a charitable 501 (c) (3) organization that was created to raise money for retired California racehorses. It is dedicated to the goal of providing funding for their rehabilitation, retraining and/or retirement. CARMA collects funds from racehorse owners, racetracks and other racing groups and organizations, then redistributes the funds to those farms and facilities that prove themselves worthy and capable of fulfilling the group's goal. Two of Del Mar's previous charity recipients -- California Equine Retirement Foundation and Tranquility Farm – now receive aid directly through the CARMA arrangement. Madeline Auerbach is CARMA's chairman. (Contact phone: 626-574-6622; [www.carma4horses.org](http://www.carma4horses.org))

**Permanently Disabled Jockeys Fund** – Founded in 2006, it is a collaborative effort of many leaders in the horse racing industry, including racetracks, jockeys, horsemen and others. It is a public charity that currently provides financial assistance to approximately 60 former jockeys who have suffered catastrophic on-track injuries. It recently was the winner of the National Turf Writers and Broadcasters prestigious Joe Palmer Award for its exceptional work. Nancy LaSala is the group's president. (Contact phone: 630-595-7660; [www.pdjf.org/](http://www.pdjf.org/))

**Winners Foundation** – The Winners Foundation was established in 1984 as a non-profit organization to provide information, support and referral sources to employees and family members of the California horse racing community who are being adversely affected as a result of alcohol and/or substance abuse. There is no charge to anyone seeking aid through the group, which has aided and guided thousands of individuals since its inception. It is currently headed by Bob Fletcher. (Contact phone: 626-574-6498; <http://winnersfoundation.org/>)

**California Thoroughbred Horsemen's Foundation** – The California Thoroughbred Horsemen's Foundation (CTHF) is a non-profit charitable foundation dedicated to improving the quality of life in the community of stable workers at California's racetracks and training centers. It was founded in 1983 and, among its other projects, currently conducts Monday through Friday medical and dental clinics in both Northern and Southern California that are free for stable workers and their families. Cliff Goodrich is the interim executive director of CTHF. (Contact phone: 626-446-0196; [www.cthf.info/](http://www.cthf.info/))

## CHRB Analysis

## Del Mar Thoroughbred Club 2015 Fall Charity Day Proceeds

	Charity	Amount	Proposed Disbursement Percentage	By Horse Racing Law	Notes
1	Permanently Disabled Jockeys Fund	\$ 4,852.00	20.00%	20	c
2	Winners Foundation	\$ 1,213.00	5.00%	5	a
3	California Thoroughbred Horsemen's Foundation	\$ 1,213.00	5.00%	5	b
4	California Retirement Management Account (CARMA)	\$ 16,983.00	70.00%		d
	<b>Total to Equine Related Charities</b>	<b>\$ 24,261.00</b>	<b>100.00%</b>		

Notes:

- a - Fund for substance or and alcohol abuse (BP 19556 (b))
- b - Welfare fund Backside Personnel (BP 19641(b))
- c - Disable Jockeys Fund (BP 19556 (C))
- d - Horse Related Charities (BP 19556 Disable Jockeys Fund (BP 19556 ( C ) )



STAFF ANALYSIS  
DISCUSSION AND ACTION BY THE BOARD REGARDING THE  
DISTRIBUTION OF RACE DAY CHARITY PROCEEDS OF  
THE LOS ANGELES TURF CLUB II IN THE  
AMOUNT OF \$26,800 TO 10 BENEFICIARIES

Regular Board Meeting  
February 25, 2016

#### ISSUE

Los Angeles Turf Club II (LATC II) is requesting approval to distribute race day charity proceeds generated at its 2015 autumn meet from September 26, 2015 through October 25, 2015. From the net race day charity proceeds LATC II is proposing a total distribution of \$26,800.69. The charitable organizations selected and amount to be distributed are listed on the attachment. Staff notes that 100 percent of the proceeds will be given to 10 horse racing related organizations.

#### BACKGROUND

Business and Professions Code section 19550 states the Board shall require each licensed racing association that conducts 14 or less weeks of racing to designate three racing days, and each licensed racing association that conducts more than 14 weeks of racing to designate five racing days during any one meeting, to be conducted as charity days by the licensee for the purpose of distribution of the net proceeds there from to beneficiaries through the distribution agent. No racing association shall be required to pay to a distributing agent for the purpose of distribution to beneficiaries more than an amount equal to two-tenths of one percent of the association's total on-track handle on live races conducted by the association at the meeting. Business and Professions Code section 19555 requires that proceeds are to be distributed to beneficiaries within 12 calendar months after the last day of the meet during which charity days were conducted. Business and Professions Code section 19556 provides that the distributing agent shall make the distribution to beneficiaries qualified under this article. At least 20 percent of the distribution shall be made to charities associated with the horse racing industry. An additional five percent shall be paid to a welfare fund and another five percent shall be paid to a nonprofit corporation, the primary purpose of which is to assist horsemen and backstretch personnel who are being affected adversely as a result of alcohol or substance abuse. In addition to the above distributions, a separate 20 percent shall be made to a nonprofit corporation or trust, the directors or trustees of which shall serve without compensation except for reimbursement for reasonable expenses, and which has as its sole purpose the accumulation of endowment funds, the income on which shall be distributed to qualified disabled jockeys.

#### RECOMMENDATION

This item is presented for Board discussion and action. Staff recommends the Board approve the charity race day distribution as presented.



Frank De Marco, Jr., Esq.  
Vice-President, Regulatory Affairs and Secretary

January 14, 2016

RECEIVED  
CHRB  
2016 JAN 20 AM 8:17

California Horse Racing Board  
1010 Hurley Way, Suite 300  
Sacramento, California 95825

Re: Los Angeles Turf Club II, Inc.'s Charity Days

Ladies/Gentlemen:

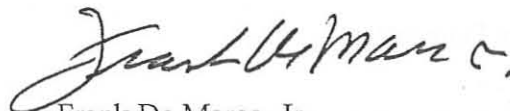
Los Angeles Turf Club II, Inc., doing business as "Santa Anita Park," has determined the beneficiaries of proceeds from "Charity Days" races conducted at Santa Anita Park during its 2015 Autumn Meet from September 26 through October 25, 2015. The net proceeds from the "Charity Days" totaled \$26,800.69.

Attached hereto is a list of the organizations selected to be the beneficiaries of the Charity Days proceeds, the amount to be distributed to each and a brief statement about each recipient. Note that 100% of the distributions are to horse related charities.

Please calendar this matter for discussion and action by the California Horse Racing Board. Distributions will be made upon approval of the proposed amounts by the Board.

Should you have any questions regarding the distributions or the matters set forth herein, do not hesitate to contact the undersigned. Kindly do not supplement this filing with any further documents without giving us prior notice.

Very truly yours,

  
Frank De Marco, Jr.

FDM:mr

Enclosures

cc: Chairman Chuck Winner

Los Angeles Turf Club, Inc.

Los Angeles Turf Club II, Inc.  
 Distribution of Charity Days Proceeds  
 2015 Autumn Meet (September 26, 2015-October 25, 2015)

I. <u>Horse Related Charities – BP 19556(b) (20% minimum)</u>	<u>Amounts</u>	<u>Subtotals</u>
California Thoroughbred Foundation	900.00	
California Thoroughbred Horsemen's Foundation	900.00	
CARMA	1,400.00	
Edwin Gregson Foundation	8,000.69	
Holy Angels Church (Backside Permanent Deacon)	900.00	
Racetrack Chaplaincy of America (Southern California Council)	900.00	
Southern California Equine Foundation, Inc.	900.00	
United Pegasus Foundation	900.00	
Winners Foundation	2,200.00	\$17,000.69
II. <u>Welfare Fund for Backside Personnel – BP 19641(b) (5% minimum)</u>		
California Thoroughbred Horsemen's Foundation	2,000.00	2,000.00
III. <u>Fund for Substance or Alcohol Abuse – BP 19556(b) (5% minimum)</u>		
Winners Foundation	2,200.00	2,200.00
IV. <u>Disabled Jockeys Fund – BP 19556(c) (20% minimum)</u>		
Permanently Disabled Jockeys' Fund	5,600.00	5,600.00
Total		<u>\$26,800.69</u>

**LOS ANGELES TURF CLUB II, INC.**  
**ADDEMDUM TO REQUEST FOR AUTHORITY TO DISTRIBUTE**  
**2015 CHARITY DAYS PROCEEDS**

**California Thoroughbred Foundation** – CTF is a 503(c)(3) nonprofit organization that provides multiple benefits to individuals involved in the Thoroughbred industry. These include scholarship programs for veterinary medicine students at UC, Davis and maintenance of the Carleton F. Burke Memorial Library.

**California Thoroughbred Horsemen's Foundation** – CTHF is a 501(c)(3) nonprofit foundation that provides assistance to the low income backstretch community occupied with the care of Thoroughbred race horses at California's major race tracks and fair circuits and CHRB recognized off-track training centers. The organization maintains three clinics throughout the state which see over 10,000 people each year, including numerous children who are prepared medically to return to school each year.

**CARMA** – The California Retirement Management Account is organized to raise money for retired California race horses. Their mission statement provides that they assist Thoroughbred retirement facilities that care for and retrain horses whose careers have ended after competing in California Thoroughbred races. Their services include tracking of retired California race horses and in working to find homes for retired equines. CARMA also manages a grant request process and distributes funds to qualified retirement facilities caring for such horses. CARMA is dedicated to the goal of providing funding for the rehabilitation, retraining and/or retirement of Thoroughbred horses that have raced in California.

**Edwin Gregson Foundation** – A nonprofit charitable foundation organized for the purpose of improving the lives of backstretch workers and their immediate family members at California race tracks. The organization provides backstretch workers with many educational programs, including "English as a second language," bible studies and provides numerous programs, including computer training programs at its recreation facility, computer games and various magazines in English and Spanish. It organizes family outings for the workers and their children, including trips to Magic Mountain in Valencia, California, Raging Waters, Galaxy soccer games, Dodger baseball games and excursions to the Long Beach Aquarium. The organization also maintains a recreational hall at Santa Anita Park for the benefit of the backside workers and their children.

**Holy Angels Church (Backside Permanent Deacon)** – Holy Angels Church is a Catholic Church across the street from Santa Anita Park. A deacon from the church performs a weekly Mass in the recreation room at the track on Monday nights for the workers on the backside. He walks down the shed rows daily in the morning and assists the workers in an endless variety of ways. Examples of the assistance provided include counseling, organizing religious and recreational activities, the collection and distribution of clothing, help with Medicare, Medi-Cal and immigration forms, officiating at holiday gatherings at Santa Anita, etc.

**Racetrack Chaplaincy of America (Southern California Council)** – The stated mission of the organization is "The overall mission of RTCA, through its councils and chaplains, is to make disciples for Jesus Christ through teaching, preaching, and ministering to the spiritual, emotional, physical, social, and educational needs of those persons involved in all aspects of the horse racing industry."

**Southern California Equine Foundation, Inc.** – SCEF is a nonprofit charitable organization providing hospital and equine ambulance services on the Southern California Thoroughbred racing circuit. Commonly known as the Equine Hospital, SCEF has a long history of service to the racing industry and the equine athlete. This is an organization “dedicated to the care of the injured horse.”

**United Pegasus Foundation** – This is a 501(c)(3) charitable organization that aids the rescue of superannuated Thoroughbreds and provides care for such animals at its farm in Tehachapi, California. On occasion the organization purchases older horses at auction and acquires other Thoroughbreds at the request of owners and trainers. The retired Thoroughbreds are maintained in pleasant quarters and peaceful surroundings to live out the balance of their lives. This organization depends entirely upon donations for the purchase of food and other amenities required to maintain the Thoroughbreds.

**Winners Foundation** – The Winners Foundation provides confidential assistance on a one-to-one basis to employees and family members of California race tracks who are seeking help for alcohol, gambling and drug addiction. Each situation is geared to best support an individual’s desire to change his or her life for the better. The Foundation has developed a large referral base and maintains close relationships with community based services such as anonymous 12 step groups, city and county assistance agencies, detox centers, halfway houses and out-patient and in-patient hospital treatment programs. This service is provided to any employee or family member of anyone involved in the California Thoroughbred horse racing community, free of charge. This includes backstretch workers, as well as all employees of Del Mar, Fairplex, Golden Gate Fields, Hollywood Park, Oak Tree, Santa Anita and the California Association of Racing Fairs.

**Permanently Disabled Jockeys’ Fund** – This is a statutorily mandated distribution per Business and Professions Code Section 19556 (c). It provides support to disabled jockeys, as its name implies.



## CHRB ANALYSIS

### Los Angeles Turf Club II, Inc. 2015 Autumn Charity Day Proceeds

#	Nonprofit Organization	Amount	Proposed Disbursement Percentage	Percentage Required By Horse Racing Law (from the 2/10 of 1%)	Notes
1	California Thoroughbred Foundation	900.00	3%		a
2	California Thoroughbred Horsemen's Foundation	2,900.00	11%	minimum of 5%	b
3	CARMA	1,400.00	5%		a
4	Edwin J. Gregson Foundation	8,000.69	30%		a
5	Holy Angels Church (Backside Permanent Deacon)	900.00	3%		a
6	Racetrack Chaplaincy of American (Southern Ca Council)	900.00	3%		a
7	Southern California Equine Foundation, Inc.	900.00	3%		a
8	United Pegasus Foundation	900.00	3%		a
9	Winners Foundation	4,400.00	16%	minimum of 5%	c
10	Permanently Disabled Jockeys' Fund	5,600.00	21%	minimum of 20%	d
	<b>Total Horse Related Charities</b>	<b>\$ 26,800.69</b>	<b>100%</b>	<b>minimum of 50%</b>	<b>a</b>
	Notes:				
	<b>a</b>	20% to charities associated with the horse racing industry (B&P 19556 (b))			
	<b>b</b>	5% to welfare fund for backstretch personnel (B&P 19641 (b))			
	<b>c</b>	5% to nonprofit organization to assist horsemen and backstretch personnel affected by alcohol and substance abuse(B&P 19556 (b))			
	<b>d</b>	20% to nonprofit organization that benefits qualified disabled jockeys (B&P 19556 (c)(1))			
	<b>e</b>	overall a minimum of 50% of the charity distribution should go to horse racing industry related nonprofit organizations.			

Background information for each organization is attached.

STAFF ANALYSIS  
DISCUSSION AND ACTION BY THE BOARD REGARDING A REPORT FROM THE  
CALIFORNIA MARKETING COMMITTEE (CMC) REGARDING ITS 2016 MARKETING  
AND PROMOTION PLANS PURSUANT TO BUSINESS AND PROFESSIONS CODE  
SECTION 19605.73(B)

Regular Board Meeting  
February 25, 2016

ISSUE

The California Marketing Committee (CMC) is presenting to the Board the proposed 2016 Budget Summary.

BACKGROUND

Business and Professions Code section 19605.73(a) states Thoroughbred racing associations, fairs, and the organization responsible for contracting with thoroughbred racing associations and fairs with respect to the conduct of racing meetings, may form a private, statewide marketing organization to market and promote thoroughbred and fair horse racing, including, but not limited to, the establishment and maintenance of an Internet Website featuring California thoroughbred and fair racing, the establishment and administration of players incentive programs for those who wager on thoroughbred association and fair races, and promotional activities at satellite wagering facilities to increase their attendance and handle. While the promotional activities at satellite wagering facilities shall be funded by the marketing organization, they shall be implemented and coordinated by representatives of the satellite wagering facilities and the thoroughbred racing associations or fairs then conducting a live race meet. The CMC is the private organization formed pursuant to the statute.

Business and Professions Code section 19605.73(b) requires the CMC to annually, on October 1, submit a written report to the Board on a statewide marketing and promotion plan for the upcoming calendar year. In addition, the organization shall annually present to the Board at the Board's November meeting a verbal report on the statewide marketing and promotion plan for the upcoming year. The plan shall be implemented as determined by the organization. Business and Professions Code section 19605.73(c) states that from the amount that would normally be available for commissions and purses, an amount not to exceed 0.25 percent of the total amount handled by each satellite wagering facility shall be distributed to the CMC. The amounts initially distributed to the CMC shall be 0.2 percent of the total amount handled by satellite wagering facilities for thoroughbred and fair meetings only. However, the adjusted amounts may not exceed an aggregate of 0.25 percent of the total amount handled by satellite wagering facilities for thoroughbred and fair meetings only. The promotion funds that are not expended in the year in which they are collected may be expended in the following year. If promotion funds expended in any one year exceed the amount collected for that year, the funds expended in the following year shall be reduced by the excess amount. In addition, Business and Professions Code section 19605.73(c) also requires the CMC on a quarterly basis, to submit to the Board a

written report that accounts for all receipts and expenditures of the promotion funds for the previous three months.

#### ANALYSIS

This year CMC's strategic focus continues to be on two specific areas: Product Enhancement and Handle Generation. The overall 2016 CMC proposed budget has a nine percent decrease from the 2015 budget. The 2016 budget continues to include five areas: Product Enhancement, Significant Player Program, Satellite Marketing, Cal Racing Website, and Administration. The main changes in the 2016 budget include a reduction of 14 percent on Product Enhancement and an increase of six percent on the Significant Player Program.

	2015	2016	% change
Product Enhancement	1,350,000	1,160,000	-14%
Significant Player Program	180,000	190,000	6%
Satellite Marketing	120,000	120,000	0%
Cal Racing Website	85,000	85,000	0%
Administration	<u>192,000</u>	<u>190,000</u>	-1%
<b>TOTAL</b>	<b><u>1,927,000</u></b>	<b><u>1,745,000</u></b>	<b>-9%</b>

#### RECOMMENDATION

Staff recommends the Board hear from the CMC representatives on its marketing and promotion, and its receipts and expenditures plan.



California Marketing Committee  
2016 Budget Summary  
January 7, 2016

## OVERVIEW

The California Marketing Committee (CMC) is a statewide organization formed to market and promote Thoroughbred horse racing pursuant to Business and Professions Code Section 19605.73. The CMC is funded by 0.25 percent of the total amount handled by each satellite wagering facility. Statute requires that CMC members include two representatives each from Thoroughbred racing associations, Thoroughbred horseman and from Fairs. The current board members of the CMC are as follows:

- Craig Dado, Chairman and Thoroughbred track representative
- Eric Sindler, Thoroughbred track representative
  
- Nick Coukos, Thoroughbred Owners of California representative
- Mike Wellman, Thoroughbred Owners of California representative
  
- Chris Korby, California Authority of Racing Fairs representative
- Kelly Violini, California Authority of Racing Fairs representative

The CMC meets regularly and encourages industry participation. The CMC has established marketing and racing subcommittees that include members from various racing associations and Fairs as well as horseman groups. In addition, the CMC works collaboratively with many additional industry representatives to solicit ideas and concepts that will promote California Thoroughbred racing and enhance our product. These groups and representatives include all Thoroughbred racing associations, California Authority of Racing Fairs (CARF), Thoroughbred Owners of California (TOC), California Thoroughbred Trainers (CTT), California Thoroughbred Breeders' Association (CTBA), racing executives and facility marketing personnel, CHRIMS, SCOTWinc, NCOTWinc.

Since its inception in 1999, the CMC has served as an industry forum and funding source for a wide variety of statewide marketing initiatives and programs designed to promote and enhance Thoroughbred racing in California.

**It is important to note that changes in legislation substantially reduced the funding available to CMC. For example, as recently as 2004, the CMC received funding of over \$5.7 million; the 2015 budget reflects projected funding of approximately \$1.7 million.**

The reductions in funding have made it increasingly important that CMC use available funds for targeted programs designed to have specific impacts. In past years, for example, the CMC has funded a wide array of projects from statewide branding campaigns to track media matching to television replay shows. The strategic focus of the CMC for 2016 is limited to two specific areas:

- 1) Product Enhancement (increased quality and quantity of horses in California)
- 2) Handle Generation



## 2016 BUDGET

### California Marketing Committee

	<b>Budget</b>
Product Enhancement	1,160,000
Significant Player Program	190,000
Satellite Marketing	120,000
Cal Racing Website	85,000
Administration	190,000
TOTAL	1,745,000
Projected Fund Generation	1,729,600
	(15,400)
Projected Accumulated Surplus	151,000
	135,600

Product Enhancement Line Item Detail	
So Cal Track Horse Recruitment	515,000
Two-Year-Old Stakes	175,000
Golden State Series	250,000
No Cal Track & Fair Recruitment	220,000

## 2016 PROGRAM SUMMARIES

### Product Enhancement

A clear correlation exists between field size and handle. The CMC is again investing significant resources to enhance the California racing product statewide. Three CMC supported programs work collaboratively in an effort to stabilize and increase field sizes, while striving to deliver the best possible racing product to our fans.

Product Enhancement funding for 2016 will focus on the three following programs:

- 1) Horse Recruitment
- 2) Two-Year-Old Stakes Program
- 3) Golden State Series

**Horse Recruitment** efforts continue to be a critical component in both Southern and Northern California race meets. All recruitment activities are discussed, reviewed and tracked by the CMC Racing Committee, which is made up of TOC and track racing executives.

For 2016, the board agreed that the individual associations could tailor their recruitment programs based on their unique market environment and racing product needs. Written proposals have been requested on how each association will achieve their individual recruitment goals and measure their results. It is expected that several components will be established in the forthcoming proposals and will include Ship & Win, stakes recruitment, owner, trainer and stable recruitment, starter and retention bonuses and special racing product promotions.

\$735,000 is budgeted for Horse Recruitment

**The Two-Year-Old Stakes Program** was launched in 2012 and continues for 2016. The program was designed to create and expand racing opportunities in California for two-year-olds, particularly turf opportunities. In addition horsemen have used these well-timed opportunities to prepare for the Breeders' Cup Championship Turf events. With Breeders' Cup back in California for 2016 and 2017, this is particularly beneficial.

- June Santa Anita
  - \$25,000 CMC supplement each
    - Landaluce Stakes, F, \$125,000
    - Santa Anita Juvenile, \$125,000
- September Del Mar
  - \$25,000 CMC supplement each
    - Del Mar Juvenile, F, Turf, \$100,000
    - Del Mar Juvenile, Turf, \$100,000
- October Santa Anita
  - \$25,000 CMC supplement each
    - Surfer Girl Stakes, F, Turf, \$100,000
    - Zuma Beach Stakes, Turf, \$100,000
- October Golden Gate Fields
  - \$25,000 CMC supplement
    - Pike Place Dancer Stakes, F, Turf, \$75,000

\$175,000 is budgeted for Two-Year-Old Stakes Program

**The Golden State Series** remains a critical component of the CMC Product Enhancement efforts. The Golden State Series, launched in 2012, is a long-term initiative to encourage California breeding by introducing new stakes and offering purse enhancements. Now in its fifth year, the Golden State Series has expanded to 40 stakes and \$6 million in total purses. Roughly \$700,000 of the purses are supplemented by breeder nomination fees, stallion nomination fees and a contribution by the CMC. As a result of the Golden State Series and other programs recently implemented by CTBA, TOC and the tracks, the breeding industry is trending upward. The number of mares bred has increased the last two years which will produce a foal crop next year expected to approach 2,000. This would be the largest California foal crop since 2009. With California-breds making up over 50% of the field sizes north and south, it is vital that these positive trends continue.

A total of 916 two-year-olds were nominated in 2015, up over 100 from 2014. This figure represents over 60% of the 2013 registered foal crop.

The CMC continues to work closely with the CTBA to provide input on the program year-to-year and track results.

\$250,000 is budgeted for Golden State Series

### **Significant Player Program**

**The Significant Player Program** is a statewide incentive program for players who wager a minimum of \$20,000 per calendar month. Qualifying players receive a 1% reward of their total monthly play. Santa Anita and Del Mar in partnership with the TOC expand upon the program by offering local reward incentives tiered strategically and targeted specifically to their on-track wagering patrons.

This program allows us to identify and stay connected with our most valuable players as well as attract players to our pools who may be wagering elsewhere.

From January 1 through December 31, 2015, over 852 players participated in the program with over \$37.5 million in participating wagers. This correlates to approximately \$1.9 million generated in track commissions and \$2.5 million generated in purses. In addition, approximately \$2.5 million is generated for other industry programs such as stabling and vanning, workers' compensation support, and CHRB support.

\$190,000 is budgeted for Significant Player Program

### Satellite Marketing

Handle generated at California satellite facilities is a significant portion of total handle and, as such, it is important to communicate with and reward the loyal satellite fan base. The CMC satellite marketing program supports promotions at 31 sites, which include 18 fair facilities, 3 tribal casinos, and 10 mini-satellite wagering facilities.

For 2016, a marketing plan is being created designed to keep fans connected to the host tracks and promote attendance and handle. With Breeders' Cup on the West Coast for the next two years, it is hoped that there will be an opportunity to create a specific promotion to engage satellite customers in this key racing event for California.

In 2006, the CMC implemented a statewide frequent fan tracking system, CalRacing Club, at fair satellites. Members of CalRacing Club receive every seventh admission free (Lucky 7) and participate in targeted facility specific promotions. The CalRacing Club has 13,771 active members that have made 1.75 million site visits using their card since the program's inception.

\$120,000 is budgeted for Satellite Marketing

### CalRacing.com

**CalRacing.com** is considered one of the most useful websites in racing and is funded and operated exclusively by the CMC. The free live video and race replays appeal to fans, owners, and trainers alike. Highlights of the site include a statewide carryover alert status; an interactive statewide facility map with direct links to California tracks, satellites, mini satellites and casinos; a California trainer database; and a statewide searchable stakes schedule. The site continues to receive positive feedback as the centralized source for California racing.

In the past year, the site has received nearly:

- 1.8 million visitors
- 448,000 unique visitors, up 4.25% from 2014
- 6.5 million total page views

Live video and race replays are consistently the top pages visited. The site continues to maintain a 24% new visitor attraction rate, with fans accessing the site via desktop, smart phones and tablets alike. The registered user database is used to send out key email carryover alert notifications.

For 2016, it is anticipated that Breeders' Cup will allow access to CalRacing.com to live stream the two-day event from Santa Anita Park without interruption.

\$85,000 is budgeted for CalRacing.com



## **Administration**

Administrative expenses include Directors and Officers insurance, Accounting services and Auditing, Operating expenses, Legal expenses, and Staff Salary and Benefits.

Staff responsibilities include:

- Consult with and manage agencies and firms on marketing, advertising and other projects.
- Manage all billings, budgets, forecasts and reconciliation.
- Coordinate with tracks, horseman, Fairs and industry organizations on CMC budgets and programs including the launch and ongoing operation of the statewide handicapping tournaments.
- Work with CHRIMS regarding significant player program and database management.
- Work with SCOTWinc. on CMC accounts payable and accounts receivable.
- Work with accounting firm on year-end audit and tax documents.
- Organize and coordinate all items related to the board and board meetings including location and agenda details, meeting minutes and follow-through on agenda action items.
- Maintain office, phone and email correspondence and records management.
- Work with legal and insurance firms on items related to the CMC board and programs.
- Respond to technical support messages and other inquiries from CalRacing.com.
- Update and upload stakes races on CalRacing.com as they are available.
- Update CalRacing.com web displays as race meets change.
- Monitor CalRacing.com trainer signups verifying licensed trainers, activating their trainer page, uploading their photos, monitoring their bio updates.
- Respond to advertising sales inquiries. Writing contracts and insertion orders, initiating invoicing, collecting ads and inserting into the ad server software.
- Respond to CalRacing.com patron inquires and support questions.
- Maintain other sections of CalRacing that require updating.

\$190,000 is budgeted for Administration



## STAFF ANALYSIS

February 25, 2016

Issue: APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING OF THE LOS ALAMITOS RACING ASSOCIATION AT LOS ALAMITOS RACE COURSE APRIL 13, 2016 THROUGH MAY 3, 2016

The Los Alamitos Racing Association (LARA) is applying to run its first spring thoroughbred race meeting at Los Alamitos Race Course. LARA was allocated three weeks of thoroughbred race days in April and May for the 2016 race meet calendar. The application is for a total of twelve race days.

- The LARA application to conduct a horse race meeting requires the submission of additional documents for completion. LARA has not provided its: marketing plan, request for proposed takeout adjustment, race meet agreements with the Thoroughbred Owners of California and California Thoroughbred Trainers, or horsemen approvals for the advance deposit wagering (ADW) agreements. CHRB staff requested a letter of explanation to address the items needed to complete this race meet application. At the time of printing of this Board package no letter of explanation has been received from LARA.

LARA filed its application to conduct a thoroughbred horse racing meeting at Los Alamitos Race Course:

- April 14, 2016, through May 1, 2016, or 12 days. LARA proposes to race a total of 102 races, or 8.5 races per day. The (estimated) average daily purse for this meet is \$293,162.

April - 2016						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

May - 2016						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

- Racing 4 nights per week, Thursday through Sunday. Eight live races on weekdays and nine live races on weekends.
- Racing concurrently with Pacific Racing Association April 14, 2016 through May 1, 2016.
- First live post 2:00 p.m., Thursday through Sunday.
- Wagering program will use CHRB and ARCI rules.
  - Early wagering will start at 8:30 a.m. and end at 10:00 a.m.
  - \$2 Rolling Daily Double, 20% takeout. Placement of last Daily Double will depend on number of races.
  - \$1 Trifecta on eligible races.
  - \$0.10 Superfecta on all qualifying races.

- \$2 Pick n Pool 6 on last six live races. 70% carryover, 30% minor. Alternate runner provision.
- \$0.50 Pick n Pool 4 on second race and last 4 races. Alternate runner provision.
- \$0.50 Pick n Pool 5 will be offered starting on the first race. Minimum \$.50 wager, 14% takeout. One tier payoff. 100% carryover.
- \$1 Pentafecta (Super High Five) in the last race of the day. 100% payout on all tickets selective five winners. No consolation 100% carryover if no ticket has five winners.
- The ADW providers are TVG, XpressBet, TwinSpire, Lien Games and Watch and Wager.

Pursuant to Business and Profession Code section 19604, specific provisions must be met before an ADW provider can accept wagers.

*Summary of Business and Profession Code section 19604*

*To accept wagers on races conducted in California from a resident of California.*

- The ADW provider must be licensed by the Board.
- A written agreement allowing those wagers exists with the racing association or fair conducting the races on which the wagers are made.
- The agreement shall have been approved in writing by the horsemen's organization responsible for negotiating purse agreements for the breed on which the wagers are made.

*To accept wagers on races conducted outside of California from a resident of California.*

- The ADW provider must be licensed by the Board.
- There is a hub agreement between the ADW provider and one or both of (i) one or more racing associations or fairs that together conduct no fewer than five weeks of live racing on the breed on which wagering is conducted during the calendar year during which the wager is placed, and (ii) the horsemen's organization responsible for negotiating purse agreements for the breed on which wagering is conducted.

The following ADW providers have submitted all documents required in compliance with Business and Professions Code section 19604, *except* the horsemen's approval:

- ODS Technologies, L.P. d/b/a TVG Network.
- XpressBet LLC. dba XpressBet.com.
- Churchill Downs Technology Initiatives Company, dba TwinSpire.
- Lien Games Racing LLC, dba Bet America.
- Watch and Wager.

Monarch Content Management, LLC (MCM), has shared that "The contracts signed in 2014 with TwinSpire is still in effect. Section 16 of the simulcast agreement states in pertinent part: In the event Monarch permits Guest to continue wagering on Monarch Content after the expiration of the Term without entering into a new agreement, then the terms and provisions of this Agreement shall remain in effect."

- Simulcasting conducted with out-of-state racing jurisdictions pursuant to Business and Professions Code section 19602; and with authorized locations throughout California.
- Request Jennifer Paige be appointed horse identifier pursuant to CHRB Rule 1525, Racing Officials Appointed by the Board.

- Track safety inspection has been requested and will be completed before the race meeting begins.
- Inspection of backstretch worker housing has been requested and will be completed before the race meeting begins.

Specific information **still needed** to complete this application includes:

1. Thoroughbred Owners of California Race Meet Agreement.
2. California Thoroughbred Trainers Race Meet Agreement.
3. Horsemen's approval for Advance Deposit Wagering Agreements.
4. LARA letter requesting 14% takeout for the Pick 5 and 20% takeout for the Daily Double.
5. Marketing plan.

**RECOMMENDATION:**

If the outstanding items are not received by Tuesday, February 16, 2016 Staff recommends that the application not be heard at the February 25, 2016 Board meeting.

Application is hereby made to the California Horse Racing Board (CHRB) for a license to conduct a horse racing meeting in accordance with the California Business and Professions Code, Chapter 4, Division 8, Horse Racing Law, and the California Code of Regulations, Title 4, Division 4, CHRB Rules and Regulations.

**1. APPLICANT ASSOCIATION**

A. Name, mailing address, telephone, fax numbers, and the email address for associations contact person: Brad McKinzie 714 820-2800 fax 714 820 2813 bradmckinzie@aol.com  
Los Alamitos Racing Assn.  
4961 Katella Ave.  
Los Alamitos CA 90720

B. Breed of horse: TB  QH  H

C. Racetrack name: Los Alamitos Race Track

D. Attach a certified check payable to the Treasurer of the State of California in the amount of \$10,000 as deposit for license fees pursuant to Business and Professions Code section 19490. Deposit on file with CHRB.

E. Was the association licensed to operate a race meeting prior to January 1, 2001?

Yes  No

If no, attach a surety bond in the amount of one hundred thousand dollars.  
Bond on file with CHRB

NOTICE TO APPLICANT: No application for a license to conduct a race meeting shall be granted unless the applicant has deposited with the Board a surety bond in the amount of one hundred thousand dollars (\$100,000), or a greater amount, as determined by the board, which is sufficient to ensure payment of employee wages and benefits including, but not limited to, health, welfare, and pension plans. The surety bond shall be maintained during the period of the meeting and for an additional period, as determined by the board, sufficient to assure that all payments are made. This subdivision does not apply to any person or association licensed to operate a horse race meeting prior to January 1, 2001, which has conducted a race meeting in each of the immediate three previous consecutive calendar years. The \$100,000 surety bond amount maybe increased to an amount determined by the Board at the time the application is scheduled for hearing pursuant to Business and Professions Code section 19464(b).

NOTICE TO APPLICANT: Application must be filed not later than 90 days before the scheduled start date for the proposed meeting pursuant to CHRB Rule 1433.

**2. DATES OF RACE MEETING**

A. Inclusive dates allocated for the entire meeting: April 13 – May 3

B. Actual dates racing will be held: April 14,15,16,17,21,22,23,24,28,29,30, May 1

C. Total number of days or nights of racing: 12

CHRB CERTIFICATION

Application received: 1/22/16  
Deposit received: On File  
Reviewed: LR

Hearing date: 2/25/16  
Approved date:  
License number:

- D. Days or nights of the week races will be held:  
 Wed - Sun     Tues - Sat     Other (specify) Thursday - Sunday
- E. Number of days or nights of racing per week: 4 days

**3. RACING PROGRAM**

- A. Total number of races: 102
- B. Number of races for each day or night: 8 races on weekdays. 9 races on weekends
- C. Total number of stakes races: 5
- D. Attach a listing of all stakes races and indicate the date to be run and the added money or guaranteed purse for each. Note the races that are designated for California-bred horses.
1. Attach a listing of all stakes races for the past two race meetings. The information provided must be for the same timeframe in which the association is applying. Include the date the stakes races were run, and the added money or guaranteed purse for each. Note the races that were designated for California-bred horses. This is the first April thoroughbred meeting for Los Alamitos and so there are no comparisons to previous meets.
  2. Identify the stakes races listed under item D that have been altered, added, or are new for the current race meeting. Provide details regarding any alterations to the identified stakes races. (e.g., changes in the age, sex, eligibility, purse or substantial calendar changes). n/a
  3. Identify the stakes races listed under item D1 that have been dropped or deleted, and the reasons the stakes were dropped or deleted. n/a
- E. Will provisions be made for owners and trainers to use their own registered colors?  
 Yes     No    If no, what racing colors are to be used:
- F. List all post times for the daily racing program:
- | Weekdays         | Weekend |
|------------------|---------|
| Race 1 – 2:00 pm | 2:00 pm |
| Race 2 – 2:30 pm | 2:30 pm |
| Race 3 – 3:00 pm | 3:00 pm |
| Race 4 – 3:30 pm | 3:30 pm |
| Race 5 – 4:00 pm | 4:00 pm |
| Race 6 – 4:30 pm | 4:00 pm |
| Race 7 – 5:00 pm | 5:00 pm |
| Race 8 – 5:30 pm | 5:30 pm |
| Race 9 -         | 6:00 pm |

**NOTICE TO APPLICANT:** Every licensee conducting a horse racing meeting shall each racing day provide for the running of at least one race limited to California-bred horses, to be known as the "California-bred race" pursuant to CHRB Rule 1813. For thoroughbred and quarter horse meetings, the total amount distributed for California-bred stakes races from the purse account, including overnight stakes, shall not be less than 10% of the total amount distributed for all stakes races pursuant to Business and Professions Code section 19568(b).



## 2016 Los Alamitos Spring Thoroughbred Meet Stakes Schedule

Date	Race	Purse	Conditions
Sat. April 16	Bertrando Stakes	\$100,000 g	Cal-breds/3 & up/1 mile
Sat. April 16	Los Angeles Stakes GII	\$100,000 g	3 & up / 5.5 furlongs
Sat. April 23	Great Lady M Stakes GII	\$200,000 g	Fillies & mares/3 & up/ 6.5 fur.
Sun. April 24	Surfside Stakes	\$75,000 g	Fillies/3 y o / 6 furlongs
Sat. April 30	Shared Belief Stakes	\$150,000 g	3 y o / 1 1/16 <sup>th</sup> mile

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**4. RACING ASSOCIATION**

- A. Association is a:  Corporation (complete subsection C)  
 LLC (complete subsection D)  
 Other (specify, and complete subsection E)

B. Complete the applicable subsection and attached Addendum, Background Information and Ownership. See Los Alamitos Quarter Horse Racing Assn.

**C. CORPORATION**

1. Registered name of the corporation: Los Alamitos Racing Association
2. State where incorporated: California
3. Registry or file number for the corporation: C16500097
4. Names of all officers and directors, titles, and the number of shares of the corporation held by each:  
 Dr. Edward Allred – President, Director 100%  
 Brad McKinzie – 0% Vice-President, General Manager  
 Rick English – 0% CFO  
 Tom Siebly – 0% director  
 Don Valpredo 0%, director  
 Frank Sherren 0%, director  
 Cathy Monji 0% Director  
 Jack Liebau 0% Director  
 Richard Shapiro 0% Director  
 Mike Harrington 0% director
5. Names (true names) of all persons, other than the officers and directors listed above, that hold 5% or more of the outstanding shares in the corporation and the number of shares held by each: none
6. Number of outstanding shares in the corporation: none
7. Are the shares listed for public trading?  Yes  No  
 If yes, on what exchange and how is the stock listed:
8. Name of the custodian of the list of shareholders and/or the transfer agent for the share holdings of the corporation: c n/a
9. If more than 50% of the shares are held by a parent corporation or are paired with any other corporation or entity, give the name of the parent and/or paired corporation or entity:  
 Quarter Racing Inc.
- A. Is parent and/or paired corporation or entity a publically traded or privately held company that guarantees the obligation of the applicant? If no, proceed to section F.  
 If yes, answer questions 10-17. Yes  No
10. Registered name of the corporation:
11. State where incorporated:
12. Registry or file number for the corporation:
13. Names of all officers and directors, titles, and the number of shares of the corporation held by each:
14. Names (true names) of all persons, other than the officers and directors listed above, that hold 5% or more of the outstanding shares in the corporation and the number of shares held by each:

15. Number of outstanding shares in the corporation:
16. Are the shares listed for public trading? Yes  No   
If yes, on what exchange and how is the stock listed:
17. Name of the custodian of the list of shareholders and/or the transfer agent for the share holdings of the corporation:

## D. LLC

1. Registered name of the LLC:
2. State where articles of organization are filed:
3. Registry or file number for the LLC:
4. Attach a list of the names of all members (including individuals (true names), corporations, other LLCs and or foreign entities), titles, and the number of shares of the LLC held by each:
5. Are the shares listed for public trading? Yes  No   
If yes, on what exchange and how the stock is listed:
6. If more than 50% of the shares are held by a parent corporation or are paired with any other corporation or entity, give the name of the parent and/or paired corporation or entity:
- A. Is parent and/or paired entity either a publically traded or privately held company that guarantees the obligation of the applicant? If no, proceed to section F. If yes, answer questions 7-12. Yes  No
7. Registered name of the LLC/Corporation:
8. State where articles of organization are filed:
9. Registry or file number for the LLC:
10. Attach a list of the names (true names) of all members (members may include individuals, corporations other LLCs and foreign entities), titles, and the number of shares of the LLC held by each:
11. Are the shares listed for public trading? Yes  No
12. If yes, on what exchange and how the stock is listed:

## E. OTHER

1. Name(s) of partners/sole proprietor:
2. If a partnership, attach partnership agreement.

## F. FINANCIAL INFORMATION \*

1. Attach the most recent audited annual financial statement or financial report for the applicant. The financial statement or financial report shall include all relevant financial information specific to the applicant including: Current statement on file with CHRB
- Statement of Financial Position: also referred to as a balance sheet. Statement should report on applicant's assets, liabilities, contingent liabilities and ownership equity as of the date of the prepared statement.
  - Statement of Comprehensive Income: also referred to as Profit and Loss ("P&L") Statement. Statement should include report on applicant's income, expenses, and profits.
  - Profit and Loss statement for prior two years race meeting and Profit and Loss statement for projected year race meeting.

- Statement of Changes in Equity: to include the changes of the applicants' equity through the reporting period.
- Statement of Cash Flows: to include a report of the applicant's cash flow activity, particularly its operating investing and financing activities during the reporting period.
- Copy of a report made during the preceding 12 months to shareholders in the corporation and/or the Securities and Exchange Commission and/or the California Corporations Commission.

**\*NOTICE TO APPLICANT:** The financial information provided pursuant to subsection (F) above is exempt from disclosure pursuant to Government Code section 6254(k) and non-disclosable to the public.

**G. MANAGEMENT AND STAFF**

1. Name and title of the managing officer and/or general manager of the association and the name and title of all department managers and staff, other than those listed in 13B, who will be listed in the official program:  
 Edward C Allred, President, CEO  
 Brad McKinzie, Vice-President, General Manager  
 F. Jack Liebau, Vice-President  
 Rick English, CFO  
 Orlando Guterrez, Director of Publicity, Marketing  
 Frank Sherren, Plant Superintendent  
 Rick Hughes, Track Superintendent  
 Dennis Moore, Track Consultant  
 Robert Digiovanni, Director of Mutuels  
 Frank Mirahmadi, Track Announcer  
 Alex Soltera, Director of Security  
 Robert Hurd, Director of Operations  
 Ken Walker, Director of Labor Relations
  
2. Name and title of the person(s) authorized to receive notices on behalf of the association and the mailing and email address of such person(s). Brad McKinzie 4961 Katella Ave. Los Alamitos, CA 90720 bradmckinzie@aol.com

**5. TAKE OUT PERCENTAGE**

1. If this is a thoroughbred race meeting, will the percentage deducted for any type of wager be adjusted pursuant to Business and Professions Code section 19601.01? If no, proceed to subsection 6. If yes, identify the wager and the proposed takeout percentage.

Yes  No

Wager(s) to be adjusted: Pick 5, Daily Double Proposed percentage:  
 P5 - 14%, DD 20%

- A. Attach copy of written notice requesting the proposed takeout adjustment, the proposed percentage and the wager(s) affected. The notice must include the written agreement of the thoroughbred association and the horsemen's organization for the meeting of the thoroughbred association accepting the wager.

**NOTICE TO APPLICANT:** Pursuant to Business and Professions Code section 19601.01 notwithstanding any other provision of law, a thoroughbred association or fair, upon the filing of a written notice with, and approval by, the board specifying the



# TOC

Thoroughbred Owners of California  
Serving the California  
Thoroughbred Racehorse Owner

February 16, 2016

#### OFFICERS

MIKE PEGRAM  
CHAIR  
BILL STRAUSS  
VICE CHAIR, SOUTHERN CA.  
JACK OWENS  
VICE CHAIR, NORTHERN CA.  
NICK ALEXANDER  
SECRETARY/TREASURER  
MIKE HARRINGTON  
AT LARGE  
ED MOGER  
AT LARGE

Ms. Jackie Wagner  
California Horse Racing Board  
1010 Hurley Way, Suite 300  
Sacramento, CA 95825

#### DIRECTORS

ALLEN ALDRICH  
BOB BAFFERT  
MARK DEDOMENICO  
RON ELLIS  
TERRY LOVINGIER  
WILLIAM E. MOREY  
SAMANTHA SIEGEL  
KATHY WALSH  
MICHAEL WELLMAN

RE: Los Alamitos 2016 Spring Thoroughbred Race Meet

Dear Ms. Wagner,

Los Alamitos has contacted the Thoroughbred Owners of California ("TOC") regarding the conducting of "Rolling Doubles" wagers, subject to a 20% takeout, on each racing day of its upcoming meet from April 14 – May 1, 2016. The TOC agrees to such a wager based upon the same terms and conditions as it was offered at Los Alamitos' previous meet.

#### EXECUTIVE STAFF

NICK COUKOS  
PRESIDENT  
MARY FORNEY  
DIRECTOR OF OPERATIONS  
RICHARD SCHEIDT  
NO. CA. DIRECTOR OF OPERATIONS  
JENNIFER SAAVEDRA  
BOOKKEEPER

Please feel free to contact me with any questions.

Sincerely,

Nick Coukos  
President

#### CHAIRS EMERITUS

ED FRIENDLY (1996-97)  
ROBERT B. LEWIS (1997-2001)  
GARY BURKE (2001)  
JACK B. OWENS (2001-03, 04-05,  
2011)  
RON CHARLES (2003-04)  
ALAN LANDSBURG (2005-07)  
MARSHA NAIFY (2007-10)  
ARNOLD ZETCHER (2010-11)

cc: Brad McKinzie, Los Alamitos

#### CORPORATE OFFICE

285 W. HUNTINGTON DRIVE  
ARCADIA, CA 91007  
T: 626-574-6620  
F: 626-821-1515  
WWW.TOCONLINE.COM





February 16, 2016

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VICE CHAIR, NORTHERN CA.  
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MIKE HARRINGTON  
AT LARGE  
ED MOGER  
AT LARGE

Ms. Jackie Wagner  
California Horse Racing Board  
1010 Hurley Way, Suite 300  
Sacramento, CA 95825

RE: Los Alamitos 2016 Spring Thoroughbred Race Meet

Dear Ms. Wagner,

Los Alamitos has contacted the Thoroughbred Owners of California ("TOC") regarding the conducting of the "Players Pick-5" on the first five (5) races of the day subject to a 14% takeout at its upcoming race meet from April 14 – May 1, 2016. The TOC agrees to such a wager based upon the same terms and conditions as it was offered at Los Alamitos' previous meet.

Please feel free to contact me with any questions.

Sincerely,

Nick Coukos  
President

cc: Brad McKinzie, Los Alamitos

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percentage to be deducted, may deduct from the total amount handled in the pari-mutuel pool for any type of wager an amount of not less than 10 percent nor more than 25 percent. The written notice shall include the written agreement of the thoroughbred association or fair and the horsemen's organization for the meeting of the thoroughbred association or fair accepting the wager. The established percentage to be deducted shall remain in effect until the filing of a subsequent notice with, and approval by, the board, unless otherwise specified in the notice.

**6. HANDLE HISTORY**

1. Complete the table below providing the last five years of handle and attendance for your racing association. If your association has been operating for fewer than five years, provide information for the period of time it has been in operation. If the racing association has changed ownership include the handle information for the previous racing association. This April meeting is a new thoroughbred meet for Los Alamitos and so there are no comparisons.

Year	Handle	Attendance

**7. PURSE PROGRAM (Excluding supplements, nominations, sponsorships and starter fees.):**

A. Purse distribution:

1. All races other than stakes:  
 Current meet estimate: \$2,460,000  
 Prior meet actual:n/a

Average Daily Purse (7 A1 ÷ number of days):  
 Current meet estimate: \$205,000  
 Prior meet actual: n/a

2. Overnight stakes:  
 Current meet estimate: \$75,000  
 Prior meet actual:n/a

Average Daily Purse (7 A2 ÷ number of days):  
 Current meet estimate: \$6,250  
 Prior meet actual:n/a

3. Non-overnight stakes:  
 Current meet estimate: \$550,000  
 Prior meet actual:n/a

Average Daily Purse (7 A3 ÷ number of days):  
 Current meet estimate: \$45,833  
 Prior meet actual:n/a



## G. Purse funds to be generated from interstate handle:

Current meet estimate: \$991,533

Prior meet actual:n/a

Average Daily Purse (7 G ÷ number of days):

Current meet estimate: \$82,627

Prior meet actual:n/a

## H. Bank and account number for the Paymaster of Purses account.

Bank of the West 4400 MacArthur Blvd. Newport Beach, CA 92660 Acct. # On File

## I. Name, address, email and telephone number of the pari-mutuel audit firm engaged for the meeting: Bowen,McBeth Inc. 10722 Arrow Route, Suite 110

Rancho Cucamonga, CA 91730 909-944-6465 email – craigbmiller@verizon.net

**NOTICE TO APPLICANT:** All funds generated and retained from on-track pari-mutuel handle which are obligated by law for distribution in the form of purses, breeders' awards or other benefits to horsemen, **shall not** be deemed as income to the association; **shall not** be transferred to a parent corporation outside the State of California; and **shall**, within 3 calendar days following receipt, be deposited in a segregated and separate liability account in a depository approved by the CHRB and shall be at the disposition of the Paymaster of Purses, who shall pay or distribute such funds to the persons entitled thereto. All funds generated from off-track simulcast wagering, interstate wagering, and out-of-state wagering which are obligated by law for distribution in the form of purses and breeders' awards, shall also be deposited within 3 calendar days following receipt, into such liability account. In the event the association is obligated to the payment of purses prior to those obligated amounts being retained from pari-mutuel wagering for such purpose, or as a result of overpayment of earned purses at the conclusion of the meeting, the association shall transfer from its own funds such amounts as are necessary for the Paymaster of Purses to distribute to the horse owners statutorily or contractually entitled thereto. The association is entitled to recover such transferred funds from the Paymaster of Purses' account; and if insufficient funds remain in the account at the conclusion of the meeting, the association is entitled to carry forward the deficit to its next succeeding meeting as provided by Business and Professions Code section 19615(c) or (d). In the event of **underpayment** of purses which results in a balance remaining in the Paymaster of Purses' account at the conclusion of the meeting after distribution of amounts due to horsemen and breeders and horsemen's organizations, the association may carry forward the surplus amount to its next succeeding meeting; provided, however, that the amount so retained does not exceed an amount equivalent to the average daily distribution of purses and breeders' awards during the meeting. All amounts in excess shall be distributed retroactively and proportionally in the form of purses and breeders' awards to the horse owners and breeders having earned purses or awards during the conduct of the meeting.

**8. STABLE ACCOMMODATIONS**

A. Number of usable stalls available for racehorses at the track where the meeting is held: 820

B. Minimum number of stalls believed necessary for the meeting: 2,500

C. Total number of usable stalls to be made available off-site at approved auxiliary stabling areas or approved training centers: 2,545

D. Name and location of each off-site auxiliary stabling area and the number of stalls to be maintained at each site:

Santa Anita – 1,900

San Luis Rey Downs – 495

Galway Downs – 150

E. Attach each contract or agreement between the association and the person(s) furnishing off-site stabling accommodations for eligible racehorses that cannot be provided stabling on-site. SCOTWINC off-site stabling agreement through 12-31-2016 on file with CHRB

Complete subsections F through H if the association will request reimbursement for off-site stabling as provided by Business and Professions Code sections 19607, 19607.1, 19607.2, and 19607.3; otherwise, proceed to section 9.

- F. Total number of usable stalls made available on-site for the 1986 meeting, pursuant to Business and Professions Code section 19535(c): n/a
- G. Estimated cost to provide off-site stalls for this meeting. Show cost per day per stall: \$16.25
- H. Estimated cost to provide vanning from off-site stalls for this meeting. Show fees to be paid for vanning per-horse:  
 Santa Anita – round trip \$180 San Luis Rey Downs - \$360 round trip  
 Galway Downs - \$360 RT

**9. EQUINE EMERGENCY SERVICES**

- A. Name and emergency telephone number of the racing veterinarian onsite during training hours, workouts and during racing for the association and auxiliary sites: There is a rotation of private veterinarians on site during all training hours.
  - 1. Attach a schedule listing the dates and times that the racing veterinarian will be available onsite during training hours, workouts and during racing for the association and auxiliary sites. There is a rotation of private veterinarians on site during all training hours.

**10. PARI-MUTUEL WAGERING PROGRAM**

- A. Pursuant to Business and Professions Code section 19599, and with the approval of the CHRB, associations may elect to offer wagering programs using CHRB Pari-mutuel Rules, the Association of Racing Commissioners International (RCI) Uniform Rules of Racing, Chapter 9, Pari-mutuel Wagering, or a combination of both. Please complete the following schedule for the types of wagering other than WPS and the minimum wager amount for each:

Use DD for daily double, E for exacta (special quinella), PK3 for pick three, PK4 for select four, PNP for pick (n) pool, PPN for place pick (n), Q for quinella, SF for superfecta, TRI for trifecta, and US for unlimited sweepstakes (pick 9).

	TYPE OF WAGERS	APPLICABLE RULES
Example Race:	\$1 E; \$1 Double	CHRB #1959; RCI #VE
Race #1	\$1E \$1 Tri \$2DD \$1PK3 \$0.50PNP5 Superfecta	CHRB #1959,1979,1957,1977,1976.9,1979.1,
Race #2	\$2DD \$1E \$1Tri \$1PK3 \$0.50PNP4 Superfecta	CHRB 1957 #1959,1979,1977,1976.9,1979.1
Race #3	\$2DD\$1E \$1 Tri \$1PK3 \$0.50PNP6 Superfecta	CHRB #1957 #1959,1979,1977,1976.9,1979.1
Race #4	\$2DD \$1E \$1 Tri \$1PK3 \$0.50PNP6Superfecta	CHRB#1957 #1959, 1979,1977,1976.9,1979.1
Race #5	\$2DD \$1E \$1 Tri \$1PK3 \$.50PNP4Superfecta	CHRB #1957#1959,1979,1977,1976.9,1979.1
Race #6	\$2DD \$1E \$1 Tri \$1PK3 Superfecta	CHRB #1957 #1959,1979,1977,1979.1
Race #7	\$2DD \$1E \$1 Tri \$1PK3 \$2DD Superfecta	CHRB#1957 #1959,1979,1977,1957,1979.1
Race #8	\$2DD \$1E \$1 Tri \$1PK3 \$2DD Superfecta	CHRB #1957 #1959,1979,1977,1957,1979.1
Race #9	\$2DD \$1E \$1 Tri \$1PK3\$2DD Super H5 Superfecta	CHRB #1957 #1959,1979,1977,1957,1979.1:ARCI #004-105 Subsection X Pick (n) Position (x) Pools



- \$2 Rolling Daily Double. 20% takeout . Placement of last DD will depend on # of races.
- \*\$1 Trifecta on all eligible races . (CHRB 1979)
- \* \$0.10 Superfecta wagering on all qualifying races (CHRB 1979.1)
- \* Incoming simulcasts will follow host track format.
- \* \$2 PNP6 last six live races 70% carryover, 30% minor. Alternate runner provision (CHRB 1976.9)
- \*\$0.50 PNP4 starting second race and last four races. Alternate runner provision (CHRB 1976.9)
- \* \$0.50 PNP5 starting first race. Minimum wager fifty cents, 14% takeout. One tier payoff: 100% carryover
- \$1 Pentafecta (Super High 5) in the last race of the day only selecting the first five finishers in a same race.
- 100% payout on all tickets selecting five winners. No consolation: 100% carryover if no ticket has five winners.

- B. Identify any wagers noted in 10A (the current pari-mutuel wagering program) that were not in the prior year's pari-mutuel program, or that are not being carried forward from the previous year's pari-mutuel wagering program. none
- C. Maximum carryover pool to be allowed to accumulate before its distribution **OR** the date(s) designated for distribution of the carryover pool: Unlimited. Final distribution May 1, 2016
- D. List any options requested with regard to exotic wagering:
- E. Will "advance" or "early bird" wagering be offered? Yes  No   
 If yes, when will such wagering begin? Specify days and time for "early bird" wagering:  
 Each race day from 8:30 am to 10:00 am
- F. Type(s) of pari-mutuel or totalizator equipment to be used by the association and the simulcast organization, name of the person(s) supplying equipment, and expiration date of the service contract: AmTote. Contract expires August 2020  
 Steve Keech 11200 Pepper Rd Hunt Valley MD 800-345-1566
- G. List below the takeout percentage for each type of wager identified in 10A:

**TAKEOUT PERCENTAGE**

(Example) PNP5-14%

W/P/S – 15.43%

DD – 20.00%

E – 22.68%

PNPP – 14%

Tri/SF/PK3/PK4/PNP6/SuperH5 – 23.68%

**11. ADVANCE DEPOSIT WAGERING (ADW)**

- A. Identify the ADW provider(s) to be used by the association for this race meeting:  
 XpressBet  
 TVG  
 Twin Spires  
 Watch and Wager  
 Lien Games – Bet America
- B. Attach a copy of the agreement/contracts with each ADW provider to be used for this race meeting. On file with CHRB

C. Have the contract/agreements been approved by the respective horsemen's groups?

Yes  No

If yes, attach a copy of the approval on file with CHRB

If no, explain the status of the approval.

**NOTICE TO APPLICANT:** Pursuant to Business and Professions Code section 19604, ADW providers may accept wagers on races conducted in California from a resident of California if: 1) the ADW provider is licensed by the Board; 2) a written agreement allowing those wagers exists with the racing association or fair conducting the races on which the wagers are made; 3) the agreement shall have been approved in writing by the horsemen's organization responsible for negotiating purse agreements for the breed on which the wagers are made. ADW providers may accept wagers on races conducted outside of California from a resident of California if: 1) the ADW provider is licensed by the Board; 2) there is a hub agreement between the ADW provider and one or both of (i) one or more racing associations or fairs that together conduct no fewer than five weeks of live racing on the breed on which wagering is conducted during the calendar year during which the wagers are placed and (ii) the horsemen's organization responsible for negotiating purse agreements for the breed on which wagering is conducted.

## 12. SIMULCAST WAGERING PROGRAM

- A. Simulcast organization engaged by the association to conduct simulcast wagering:  
Southern California Off Track Wagering Inc. (SCOTWINC)
- B. Attach the agreement between the association and simulcast organization permitting the organization to use the association's live audiovisual signal for wagering purposes and providing access to its totalizator for the purpose of combining on-track and off-track pari-mutuel pools.  
SCOTWINC agreement is on file with CHRB
- C. California simulcast facilities the association proposes to offer its live audiovisual signal:  
See attachment
- D. Out-of-state wagering systems the association proposes to offer its live audiovisual signal:  
See attachment
- E. Out-of-state wagering systems that will combine their pari-mutuel pools with those of the association: see attachment
- F. California mini-simulcast facilities the association proposes to offer its live audiovisual signal:  
See attachment
- G. For **THOROUGHBRED** racing associations, list the host track from which the association proposes to import out-of-state and/or out-of-country thoroughbred races. Include the dates imported races will be held, and whether or not a full card will be accepted. If the full card will not be imported, state "selected feature and/or stakes races":

**NOTICE TO APPLICANT:** Business and Professions Code section 19596.2(a) stipulates that on days when live thoroughbred or fair racing is being conducted in the state, the number of thoroughbred races which may be imported by an association or fair during the calendar period the association or fair is conducting its racing meeting cannot exceed a combined daily total of 50 imported thoroughbred races statewide. The limitation of 50 imported thoroughbred races per day statewide does not apply to those races specified in Business and Professions Code section 19596.2(a)(1), (2), (3) and (4).

NORTHERN CALIFORNIA

Shasta District Fair  
1890 Briggs St.  
Anderson, CA 96007

Stanislaus County Fair  
900 N. Broadway  
Turlock, CA 95380

Big Fresno Fair  
1121 Chance Ave.  
Fresno, CA 93702

Solano County Fair  
900 Fairgrounds Dr.  
Vallejo, CA 94589

Monterey County Fair  
2004 Fairgrounds Rd.  
Monterey, CA 93940

Bankers Casino (mini-satellite)  
111 Monterey St.  
Salinas, CA 93901

Fresno Club One  
1033 Van Ness Ave.  
Fresno, CA 93721

Alameda County Fair  
4501 Pleasanton Ave.  
Pleasanton, CA 94566

California State Fair & Exposition  
1600 Exposition Blvd.  
Sacramento, CA 95815

The Jockey Club at San Mateo  
2495 S. Delaware St.  
San Mateo, CA 94403

Santa Clara County Fair  
344 Tully Rd.  
San Jose, CA 95111

Sonoma County Fair  
1350 Bennett Valley Rd.  
Santa Rosa, CA 95402

San Joaquin County Fair  
1658 South Airport Way  
Stockton, CA 95206

## SOUTHERN CALIFORNIA

Barona Valley Ranch Resort & Casino  
1932 Wildcat Canyon Rd.  
Lakeside, CA 92040

Sports Pavilion San Bernardino Co. Fair  
14800 7th St.  
Victorville, CA 92392

Cabazon Fantasy Springs Casino  
84-245 Indio Springs Dr.  
Indio, CA 92201

Viejas Casino & Turf Club  
5000 Willows Rd.  
Alpine, CA 91901

Surfside Race Place at Del Mar  
2260 Jimmy Durante Blvd.  
Del Mar, CA 92014

Commerce Casino (mini-satellite)  
6131 E. Telegraph Rd.  
Commerce, CA 90040

Hollywood Park  
3883 W. Century  
Inglewood, CA 90303

OC Tavern Grill & Sports Bar (mini-satellite)  
2369 S. El Camino Real  
San Clemente, CA 92672

Shalimar Sports Center, Riverside Fair  
46-350 Arabia St.  
Indio, CA 92201

Ocean's Eleven Casino (mini-satellite)  
121 Brooks Street  
Oceanside, CA 92054

Sports Pavilion at The Farmer's Fair  
18700 Lake Perris Dr.  
Perris, CA 92571

Original Roadhouse Grill (mini-satellite)  
1423 S. Bradley Rd.  
Santa Maria, CA 93454

Watch & Wager, Antelope Valley Fairgrounds  
2551 West Ave. H  
Lancaster, CA 93536

Sammy's (mini-satellite)  
23221 Lake Center Drive  
Lake Forest, CA 92630

Santa Anita Park  
285 W. Huntington Dr.  
Arcadia, CA 91007

Santa Clarita Lanes (mini-satellite)  
21615 Soledad Canyon Road  
Saugus, CA 91350

Sports Center at National Orange Show  
930 S. Arrowhead Ave.  
San Bernardino, CA 92408

Tilted Kilt (mini-satellite)  
1345 Thousand Oaks Blvd.  
Thousand Oaks, CA 91362

Fairplex Park (Finish Line Grill)  
2201 W. White Ave.  
Pomona, CA 91768

Striders San Diego (mini-satellite)  
100 Harbor Drive  
San Diego, CA 92101

Sycuan Gaming Center  
5469 Casino Way  
El Cajon, CA 92019

Striders Norco (mini-satellite)  
2895 Hammer Ave.  
Norco, CA 92860

The Derby Club, Seaside Park (Ventura Fair)  
10 West Harbor Blvd.  
Ventura, CA 93001

Firehouse (mini-satellite)  
7701 White Ave.  
Bakersfield, CA 93313

## 2015 Los Alamitos (Thoroughbred) Import Tracks

Track
Arlington
Assiniboia
Australia Racing
Canterbury
Churchill Downs
Delaware Park
Delta Downs
Ellis Park
Emerald
Evangeline
Fort Erie
Gulfstream
Hastings Park
Indiana Downs
Keeneland
Laurel
Lone Star
Louisiana Downs
Mahoning Valley
Monmouth
Mountaineer Park
Northlands
NYRA - Aqueduct, Belmont, Saratoga
Penn National
Philadelphia Park (Park)
Pimlico
Prairie Meadows
Presque Isle
River Downs
South America Racing
Suffolk Downs
Sunray Park
Tampa Bay
Thistledown
Turf Paradise
Turfway Park
United Kingdom
Woodbine



**2016 Los Alamitos  
Commingled Locations**

AmWest Entertainment	Dover Downs	Mahoning Valley	Scarborough Downs
Arwest Accounts	Dubuque (Iowa Greyhound)	Maronias (South America)	Solo Downs
Greenbrier (WV)	Elite Turf Club (1 to 17)	Maryland Jockey Club	Seabrook Greyhound
Riders Up (SD)	Ellis Park	Maywood	Social Gaming
Time Out Lounge (SD)	Emerald Downs	Meadowlands	Sol Mutual
Triple Crown (SD)	Evangeline Downs	Meadows The	Sol Mutual - Odds Broker
Arapahoe Mile High	Fair Grounds	Meadows The (ADW) - PA regional	Sol Mutual - Dribanda Casino
Arima Race Club	Fair Grounds ADW	Miami Valley Gaming & Racing	Southland Greyhound
Arlington I	Fair Meadows	Mobile Greyhound	Sports Creek Raceway
Balmoral	Favorites at Gloucestor	Monmouth Park	State Fair (Lincoln, NE)
Balmoral ADW (XB Illinois)	Favorites at Vineland	Montana OTB	Suffolk District OTB
Bangor Raceway	Finger Lakes	Monticello	Suffolk Downs
Batavia	Finger Lakes ADW	Mountaineer Park	Sunland Park
Bellerra Park	Fonrier Park	Mt. Pleasant Meadows	SunRay Park & Casino
Bettor Racing	Freehold	Nassau Regional OTB	Tampa Bay Downs
Birmingham Greyhound	Gillespie County Fair	Nevada Pari-Mutuel Assoc.	Taunton ADW
Bluffs Run Greyhound	Global Wagering Solutions	Newport Jai Alai	Taunton Dog Track Inc.
Borgata Casino	Betsson, Planetwin, Big Bet World	New Jersey ADW (4NJBets)	The Downs at Albuquerque
Buffalo Raceway	Racebets, Intl Betting Assoc	Northfield Park	Thistledown
Canterbury Park	Magna Bet, Pfordewetten, Danoto	Cedar Downs OTB	Tioga Downs
Capital District OTB	Stan James, Boylesports	Northville Downs	Tri-State GH (Mardi Gras)
Catskills OTB	Intelligent Gaming	NYRA	Turf Paradise
Charles Town Race Course	Greenleafack	NYRA ADW	Turf Paradise Bets (ADW)
Chester Downs (Harrah's Philly)	Greyhound @ Post Falls	Oaklawn Park	Turfway Park
Churchill Downs	Gulf Greyhound	Oaklawn Park ADW	TVG
Coeur d'Alene Casino	Gulfstream Park	Ocean Downs	TVG Chester
Colonial Downs	Harrington Raceway	Panama	TVG High Volume
Colonial Downs ADW	HarringtonBets ADW (DE regional)	PARX	TVG Prairie
Columbus Raceway	Hawthorne Race Course	PARX ADW	Twin River Greyhound
Connecticut OTB	Hawthorne ADW	Pen National	Twin Spires
Bradley Teletheater, Bristol	Hazel Park	Pen National ADW	Twin Spires High Volume
New Britain, Norwalk, Milford	Hinsdale	Perij	Velocity Wagering Ltd.
East Haven, Hartford, Putnam	Hoosier Park	Plainridge Race Course	Venezuela OTB
Shoreline Star, Sports Haven	Horseman's Park	Plainridge ADW	Vermont Downs
Torrington, Waterbury	Idabet	Player Management Group	WatchandWager
Manchester, New London	Indiana Downs	Pocono Downs ADW	Western OTB
Williamatic, Sanford OTB	Clarksville/Evansville OTB	Pocono Downs/OTB	Wheeling Downs
John Martin's Manor Restaurant	Intercontinental Racing	Portland Meadows	Will Rogers Downs
Connecticut OTB ADW	Keeneland	Potawatomi Casino/ OTB	Wyoming OTB
Coushatta Casino	Keeneland Select ADW	Prairie Meadows	Wyoming Downs
Paragon Casino	Kentucky Downs	Premier Turf Club	XpressBet
Ho-Chunk Casino and Racebook	Kentucky OTB	Presque Isle Downs	Yonkers Raceway
Mohegan Sun Casino	Les Bols (Treasure Valley)	Racing2Day ADW	Yonkers ADW
Oneida Bingo and Casino	Lewiston OTB's	Racing2Day Intl. (Stan James)	Yobet Group 1
Pony Bar Simulcast Center	Lien Games	Remington Park	Zia Park
Tote Investment Racing	Chips Lounge and Casino	Remington OTB Network	123Gaming
Randal Janies RaceTrack	Howard Johnsons OTB	Retama Park	Separate Pool Locations
Millenium Racing	Rumors OTB	Racing & Gaming Services	Camarero (Puerto Rico)
Royal Beach Casino	Skydancer Casino DTB	Rillito Park	Caymanas (Jamaica)
Divi Carina Bay Casino	Lien Games ADW	Rockingham Park	Coderre (Mexico/Spain)
Winner's Circle	BetAmerica/Offtrackbetting ADW	Rockingham Park ADW	MIR Books (Caliente)
Camouflage Gaming	Lone Star	Ruidoso Downs	MIR Books (Nevada)
Corpus Christi Greyhound	Louisiana Downs	Running Aces Harness Park	NDS Books (Nevada)
Dayton Raceway	LVDC	Sam Houston	Tabcorp (Australia)
Delaware Park	Atlantis Paradise Casino	Valley Greyhound Park	Talisbet (Australia)
Delta Downs	Buffalo Thunder Resort	Saratoga Harness Raceway	New Zealand Racing Board
Derby Jackpot	Foxwoods Resort Casino	Saratoga Bets (ADW)	
	Meskwaki Bingo & Casino		

**Canadian Locations**  
 Assiniboia, Barrie, Century Downs, Charlottetown, Clinton Teletheatre, Dresden, Elmira Raceway, Evergreen Park, Exhibition Park, Flamboro Downs, Fraser Downs, Fort Erie, Fredericton Raceway, Georgian Downs, Grand River, Hanover Raceway, Hastings Park, Hiawatha, Hipodrome de Quebec, Inventess Raceway, Kawartha Downs, Marquis Downs, Mohawk, New Brunswick, Northlands, Northside Downs, Picoy Downs, Quinte Raceway, Rideau Carleton, Rocky Mountain Turf Club, Royal Britania Hub, St. Johns, Sudbury Downs, Summerside, TBC Sandown, TBC Teletheaters, Truro Raceway, Weslem Fair, Woodbine, Xpressbet Southern Alberta

## THOROUGHBRED SIMULCAST RACES TO BE IMPORTED

Name of Host Track	Race Dates	Full Card or Selected Feature and/or Stakes Races
--------------------	------------	---

- H. For **QUARTER HORSE** racing associations, list the host track from which the association proposes to import out-of-state and/or out-of-country quarter horse races. Include the dates imported races will be held, and whether or not a full card will be accepted. If the full card will not be imported, state "selected feature and/or stakes races":

## QUARTER HORSE SIMULCAST RACES TO BE IMPORTED

Name of Host Track	Race Dates	Full Card or Selected Feature and/or Stakes Races
--------------------	------------	---

- I. For **STANDARD BRED** racing associations, list the host tracks from which the association proposes to import out-of-state and/or out-of-country harness races. Include the dates imported races will be held, and whether or not a full card will be accepted. If the full card will not be imported, state "selected feature and/or stakes races":

## HARNESS SIMULCAST RACES TO BE IMPORTED

Name of Host Track	Race Dates	Full Card or Selected Feature and/or Stakes Races
--------------------	------------	---

- J. For **ALL** racing associations, list imported simulcast races the association plans to receive which use breeds other than the breed of the majority of horses racing at its live horse racing meeting. Include the name of the host track, the dates imported races will be held, and how many races will be imported:

## OTHER BREED SIMULCAST RACES TO BE IMPORTED

Name of Host Track	Breed of Horse	Race Dates	Number of Races to be Imported
--------------------	----------------	------------	--------------------------------

- K. For **ALL** racing associations, if any out-of-state or out-of-country races will commence outside of the time constraints set forth in Business and Professions Code sections 19596.2 and 19596.3, attach a copy showing the agreement by the appropriate racing association(s).

**NOTICE TO APPLICANT:** All interstate wagering to be conducted by an association is subject to the provisions of Title 15, United States Codes, which require specific written approval of the CHRB and of the racing commission having jurisdiction in the out-of-state venue. All international wagering to be conducted by an association is subject to the provision of Business and Professions Code sections 19596, 19596.1, 19596.2, 19596.3, 19601, 19602, and 19616.1, and will require specific written approval of the CHRB.

Every association shall pay over to the simulcast organization within 3 calendar days following the closing of wagering for any day or night racing program, or upon receipt of the proceeds, such amounts that are retained from off-track simulcast wagering, interstate and out-of-state wagering, and which are obligated by statute for guest commissions, simulcast operator's expenses and promotions, equine research, local government in-lieu taxes, and stabling and vanning deductions. Every association shall pay to its Paymaster of Purses' account within 3 calendar days following the closing of wagering for each day or night racing program, or upon receipt of the proceeds, such amounts that are retained or obligated from off-track simulcast wagering, interstate and out-of-state wagering for purses, breeders' awards or other benefits to horsemen. (See Notice to Applicant, Section 7.)

## 13. CHARITY RACING DAYS

- A. Name and address of the distributing agent (charity foundation) for the net proceeds from charity racing days held by the association:  
 Board of Directors  
 Los Alamitos Racing Assn.  
 4961 Katella Ave  
 Los Alamitos, CA 90720

- B. Names and addresses of the trustees or directors of the distributing agent:  
Rick English  
4961 katella Ave  
Los Alamitos, CA 90720
- C. Dates the association will conduct races as charity racing days OR:
- D. Will the association pay the distributing agent an amount equal to the maximum required under B&P Code Section 19550(b)? Yes

**NOTICE TO APPLICANT:** Net proceeds from charity racing days shall be paid to the designated and approved distributing agent within 180 days following the conclusion of the association's race meeting in accordance with the provisions of Business and Professions Code section 19555. Thereafter, the distributing agent shall distribute not less than 90% of the aggregate proceeds from such charity racing days within 12 calendar months after the last day of the meeting during which the charity racing days were conducted and shall distribute the remaining funds as soon thereafter as is practicable. At least 50% of the distribution shall be made to charities associated with the horse racing industry in accordance with the provisions of Business and Professions Code section 19556(b) and (c).

#### 14. RACING OFFICIALS, OFFICIALS, AND OFFICIATING EQUIPMENT

- A. Racing officials nominated:  
Association Veterinarian(s) Dr. Dana Steed DVM  
Clerk of Scales Charles McCaul  
Clerk of the Course – Lisa Jones  
Film Specialist – Board of Stewards  
Horse Identifier – Jennifer Paige  
Horseshoe Inspector – Victor Tovar  
Paddock Judge – Karen Denovel  
Patrol Judges – Randy Valdez, Karen Denovel  
Placing Judges – Kevin Colosi, Dawn Schmid  
Starter – Gary Brinson  
Timer – Russ Hudak
- B. Management officials in the racing department:  
Director of Racing – Robert Moreno  
Racing Secretary – Robert Moreno  
Assistant Racing Secretary – Chris Merz  
Paymaster of Purses – Dawn Jackson  
Others (identify by name and title)
- C. Name, address, email and telephone number of the reporter employed to record and prepare transcripts of hearings conducted by the stewards:  
Weinstein Court Reporters  
P O Box 26634 Santa Ana, CA 92799 949-637-6071  
Mderieg@weinsteincourtreporters.com
- D. Photographic device to be used for photographing the finish of all races, name of the person supplying the service, and expiration date of the service contract:  
Plusmic Corp, USA Bill O'Brien contract expires Dec. 31, 2017

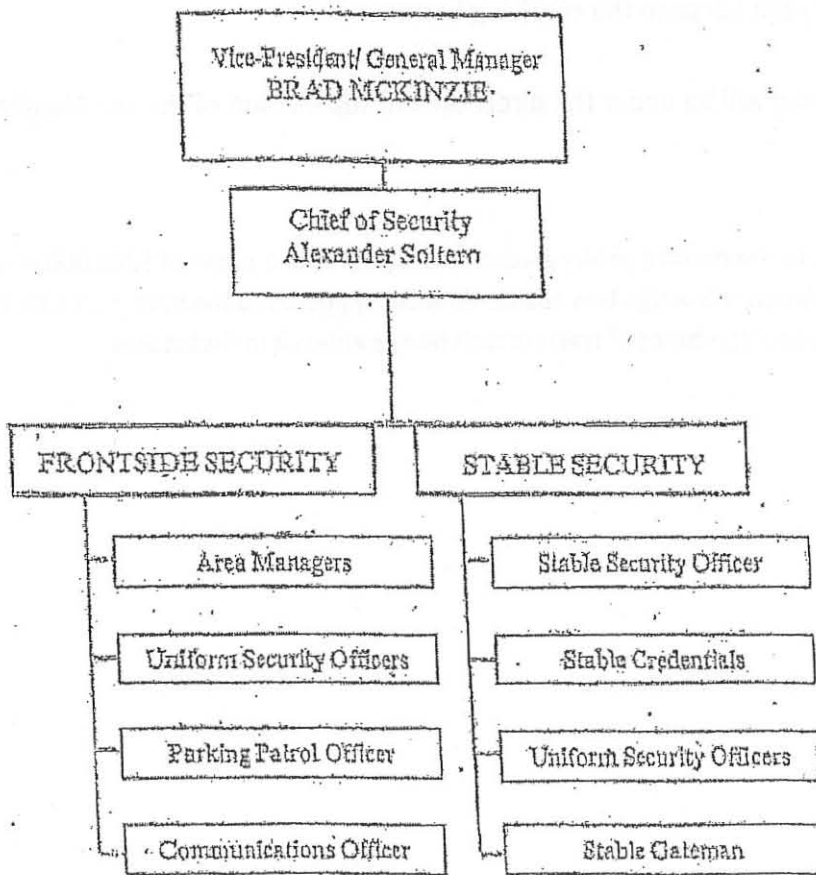
- E. Photo patrol video equipment to be used to record all races, name of the person supplying the service, and expiration date of the service contract. Specify the number and location of cameras for dirt and turf tracks.  
 Pegasus Communications  
 Jim Porep, President  
 16633 Ventura blvd Suite 1010 Encino, CA 91436 Contract thru April 21, 2017  
 1 camera end of homestretch  
 1 camera end of backstretch  
 1 camera coming out of final turn  
 4 pan cameras covering entire track
- F. Type of electronic timing device to be used for the timing of all races, name of the person supplying the service, and expiration date of the service contract:  
 Electronic timing devices owned and operated by Los Alamitos Race Course

## 15. SECURITY CONTROLS

- A. Name and title of the person responsible for security controls on the premises. Include an organizational chart of the security department and a list of the names of security personnel and contact telephone numbers.  
 Alex Soltero, Chief of Security  
 714-820-2660/frontside 714-820-2832/backside  
 Organization Plan/ attached
- B. Estimated number of security guards, gatemen, patrolmen or others to be engaged in security tasks on a regular full-time basis:  
 1 Chief of Security 1 Stable Security Manager 5 Gatemen 3 Investigators  
 20 Security Guards
1. Attach a written plan for enhanced security for graded stakes races, and races of \$100,000 or more, to include the number of security guards in the restricted areas during a 24-hour period and a plan for detention stalls.
  2. Detention Stalls: Los Alamitos does not use detention stalls for stakes.
    - A. Attach a plan for use of graded stakes or overnight races.
    - B. Number of security guards in the detention stall area during a 24-hour period.
    - C. Describe number and location of surveillance cameras in detention stall area.
  3. TCO2 Testing:
    - A. Number of races to be tested, and number of horses entered in each race to be tested.  
 CHRB directives will be followed
    - B. Plan for enhanced surveillance for trainers with high-test results.  
 CHRB directives will be followed
    - C. Plan for detention stalls for repeat offenders.  
 CHRB directives will be followed

LOS ALAMITOS RACING ASSOCIATION

Security Live Racing





# LOS ALAMITOS RACING ASSOCIATION STAKES SECURITY PROGRAM

For stakes races with purses of \$100,000 or more Los Alamitos Racing Association will follow the guidelines set forth in our Race Meet Agreement with the Thoroughbred Owners of California.

For stakes races of more than \$100,000, LARA will provide security personnel equipped with video cameras to be stationed in the barn of each trainer with a horse in that stakes. The security personnel will be stationed in the designated barn no less than 6 hours prior to post time and will accompany the horse to the receiving barn.

These additional personnel will be under the direction and supervision of the Los Alamitos Chief of Security.

In addition, 24 hours prior to the running of any graded stakes race with a purse of \$200,000 or more Los Alamitos Racing Association will assign two additional security guards to the barn area with the specific instructions to monitor the barns of trainers with horses entered in that stakes.

D. Number of security personnel assigned to the TCO2 program.  
As per need following CHRB directives

C. Describe the electronic security system:  
Los Alamitos does not have an electronic security system

1. Location and number of video surveillance cameras for the detention stall and stable gate.

Los Alamitos does not have video surveillance in these locations

D. For night racing associations. Describe emergency lighting system: n/a

## 16. EMERGENCY SERVICES

A. Name, address and emergency telephone number of the ambulance service to be used during workouts and during racing:

Huntington Ambulance Service  
P O Box 145  
Sunset Beach, CA 90742  
Track # 714-820-2845

1. Attach a certification from the ambulance service(s) listed in 16 A, certifying that the paramedic staff are licensed with the California Emergency Medical Services Authority.

B. Name, address and emergency telephone number of the ambulance service to be used during workouts at auxiliary sites:

San Luis Rey downs  
North county fire Protection District  
31403 Old River Rd  
Bonsall, CA 92003  
Phone – 911

Santa Anita  
AmbuServe  
15105 S Broadway  
Gardena, CA 90248  
Bryan Rusling  
310-644-0500

Galway Downs  
Symons Ambulance Service  
28078 Baxter Rd  
Murrieta, CA 92563

1. Attach a certification from the ambulance service (s) listed in 16 B, certifying that the paramedic staff are licensed with the California Emergency Medical Services Authority.  
See attachments

C. Describe the on-track first aid facility, including equipment and medical staffing:  
Contracted track physician; Oxygen equipment; blood pressure monitoring; backboard; cervical collar; 3 patient beds

# Huntington Ambulance, LLC

CHRB  
1010 Hurley Way #300  
Sacramento, CA 95825

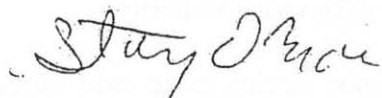
February 16, 2016

Dear CHRB Board,

I, Stacey O'Bryan, President of Huntington Ambulance, LLC certify that all E.M.T's ( Emergency Medical Technicians ) working for Huntington Ambulance, LLC are licensed with the State of California Emergency Medical Services and licensed and certified with the Orange County Emergency Medical Services.

All of our E.M.T's are licensed with the California Horse Racing Board.

Sincerely,



Stacey O'Bryan - President  
Huntington Ambulance, LLC



# COUNTY OF SAN DIEGO EMERGENCY MEDICAL SERVICES

## EMERGENCY MEDICAL TRANSPORT PERMIT

AGENCY NAME: AMERICAN MEDICAL RESPONSE

Effective Date: August 1, 2015

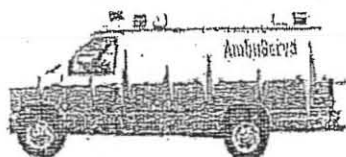
Expiration Date: July 31, 2016

Approved as:

ALS	<input checked="" type="checkbox"/>
BLS	<input checked="" type="checkbox"/>
CCT	<input checked="" type="checkbox"/>

Authorized by: *Marilyn G. King*  
Permit Officer, Emergency Medical Services

Permit Number: 15-119



**AmbuServe**  
Ambulance



October 6, 2015

To Whom It May Concern:

This letter shall serve as a statement of affirmation that all Emergency Medical Technicians and Paramedics employed by AmbuServe, Inc are trained, background checked and state certified in order to fulfill their job duties as authorized by the state of California Emergency Medical Services Authority.

AmbuServe, Inc  
15105 S. Broadway  
Gardena, Ca 90248  
(310) 644-0500

Respectfully,

William Gonzales  
Paramedic Supervisor





Symons Ambulance  
18592 Cajon Blvd.  
San Bernardino, CA 92407  
(909) 880-2979

June 16, 2015

To Whom It May Concern:

Symons Ambulance would like to confirm all of our field staff are state certified through 2015. All field staff are required to keep their state certifications current with no lapse. Symons Ambulance audits our personnel's required state certifications on a monthly basis.

If you have any additional questions please feel free to contact me.

Thank you,

Kurt Dya  
Operations Manager  
909-454-5093 Cell Phone  
909-880-2979

- D. Name and emergency telephone number of the licensed physician on duty during the race meeting: **(If quarter horse racing association sees D (1) :**  
Dr. Michael Morris 714-820-2710
1. Name address and emergency telephone number of hospital located within 1.5 miles of the racetrack, which whom an agreement is in place to provide emergency medical services, pursuant to Business and Professions Code section 19481.3(a):
- E. Name, address and emergency telephone number of the hospital to be used for admittance and treatment of emergency injuries in the event of an on-track injury to a jockey:  
Los Alamitos Medical Center  
3571 Katella Ave.  
Los Alamitos, CA 90720  
562-598-1311
- Long Beach Memorial Hospital (Certified Trauma Center)  
2801 Atlanta Ave  
Long Beach, CA 90806  
562-933-2000
- UC Irvine Medical Center (certified trauma center)  
101 The City Drive  
Orange, CA 92868  
714-456-7890
- F. Attach, in English and Spanish, the emergency medical plan procedures that will be posted in each jockey's room to be used in the event of an on-track injury to a jockey:  
See attachments
- G. Name of health and safety manager and assistant manager responsible for compliance of health and safety provisions pursuant to Business and Professions Code section 19481.3(d):  
Frank Sherren
- H. Attach a fire clearance from the fire authority having jurisdiction over the premises.  
See attachment
- I. Name of the workers' compensation insurance carrier for the association and the number of the insurance policy (if self-insured, provide details):  
Self Insured through Finish Line Self Insurance Group  
Group Certificate # 4524-001
- J. Attach a Certificate of Insurance for workers' compensation coverage. The CHRB is to be named as a certificate holder and given not less than 10 days' notice of any cancellation or termination of insurance that secures the liability of the association for payment of workers' compensation.  
See attachment

**NOTICE TO APPLICANT:** Every licensee conducting a horse racing meeting shall pursuant to Business and Professions Code section 19481.3 maintain, staff, and supply an on-track first aid facility, that may be either permanent or mobile, and which shall be staffed and equipped as directed by the board. A qualified and licensed physician shall be on duty at all times during live racing, except that this provision shall not apply to any quarter horse racing at the racetrack if there is a hospital situated no more than 1.5 miles from the racetrack and the racetrack has an agreement with the hospital to provide

## **EMERGENCY MEDICAL PROCEDURES FOR ON-TRACK INJURY TO JOCKEYS**

### **FIRST RESPONSE**

\*In the event of an accident, the LARA Trackside Human Ambulance which follows each race and is staffed by state certified Paramedics and EMT's will respond immediately to the location of the accident.

\*Paramedic and EMT's will make an evaluation of the injuries and if deemed necessary they will call for the Security Dept. to call for Fire Department Paramedics. The Security Dept. communications desk is manned at all times during racing hours.

### **ON SITE EVALUATION AND JOCKEY PROTOCOL**

- If involved in a spill during a race, regardless of how serious the jockey deems the spill to be, they are instructed that if it is safe and they are clear of any loose horses they are to remain as still as possible until instructed to move by the responders.
- If responders request that the jockey be stabilized and placed on a backboard, jockeys are instructed to comply with that request or risk disciplinary action.
- If Paramedics are called the injured jockey will be stabilized and taken to meet Paramedics at the pre-designated location just outside of the Los Alamitos back fence. The OC Fire Paramedics will then evaluate the injuries and determine whether or not the injured rider should be transported to a trauma hospital.
- It is the current policy of the Orange County Emergency Services that all injuries sustained from falling from a horse at a speed of a gallop or more be treated as a trauma event. Fire Department paramedics will be instructed to transport the rider to a trauma hospital for examination. If the rider refuses transport to the trauma hospital they must sign a Refusal of Medical Treatment form. It will then be up to the Board of Stewards to determine if that rider can continue with his riding assignments.
- In the case of multiple injuries in a single race, the two fully staffed and equipped track ambulances that are on site for every race will respond and will immediately call the Security Dept. to call for the necessary number of Paramedic backup. In this case paramedic units will be instructed to enter the track through the backstretch gate which is unlocked at all times.

**PROCEDIMIENTOS DE EMERGENCIA MÉDICA  
PARA LESIONES A JINETES EN EL HIPÓDROMO  
PRIMERA RESPUESTA**

\* En el caso de un accidente, la Ambulancia Humana del Hipódromo contratada por LARA (Los Alamitos Racing Association), que sigue a cada carrera y es atendida por EMT's (Técnicos de Emergencias Médicas) certificados por el estado, responderá inmediatamente al lugar del accidente.

\* EMT's harán una evaluación de las lesiones y si se considera necesario, pedirán al Departamento de Seguridad de llamar a los paramédicos. La recepción de comunicaciones del Departamento de Seguridad está abierta en todo momento durante las horas de carreras.

**EVALUACIÓN IN SITU Y EL PROTOCOLO DE JINETE**

- Si está involucrado en un derrame durante una carrera, independientemente de la gravedad de la consideración del jinete, se les instruye que si es seguro y que están libres de cualquier caballo suelto, que deben de permanecer lo más quieto posible hasta que se indique movimiento por el EMT.
- Si la solicitud del EMT requiere que el jinete sea estabilizado y colocado sobre una camilla, los jinetes son instruidos de cumplir con la petición o estarán en riesgo de acción disciplinaria.
- Si se llamó a los paramédicos, el jinete herido será estabilizado y llevado a reunirse con los paramédicos en el lugar pre-designado a las afueras de Los Alamitos en la valla al fondo de las pista. Los Bomberos Paramédicos del Condado de Orange evaluarán las lesiones y determinarán si el jinete lesionado debe ser transportado a un hospital de trauma.
- Si las lesiones no se consideran grave por el EMT o paramédicos, el jinete será dirigido ya sea a una sala de emergencias o al médico del hipódromo para ser evaluado. Será la póliza del doctor del hipódromo que, con excepción de los accidentes más leves, se evaluará el jinete herido de inmediato por un médico en una sala de emergencias. Si un jinete rechaza las recomendaciones de tratamiento del EMT, los paramédicos o del Doctor del Hipódromo, se les pedirá que firmen un formulario de Rechazo de Tratamiento Médico y su capacidad para continuar de montar en las carreras del programa de ese día, será determinado por los Comisarios Deportivos de CHR.B.
- En el caso de lesiones múltiples en una sola carrera, las dos ambulancias de la pista totalmente equipadas van a responder y se le llamará de inmediato al Departamento de Seguridad para que llame a los paramédicos. En este caso, las unidades de paramédicos serán instruidos que entren por la puerta a través de la pista que siempre esta abierta.



ORANGE COUNTY FIRE AUTHORITY

P.O. Box 57115, Irvine, CA 92619-7115 • 1 Fire Authority Road, Irvine, CA 92602

Lori Smith, Assistant Chief/Fire Marshal (714) 573-6000 [www.ocfa.org](http://www.ocfa.org)

November 3, 2015

Los Alamitos Race Course  
4961 Katella Ave.  
Los Alamitos, CA 90720  
Attn: Frank Sherren

Dear Mr. Sherren,

This letter is in response to your request for a fire and life safety clearance at the above address. The annual inspection has been completed and a plan of correction has been accepted. A reasonable degree of fire and life safety is present at this time.

If you need additional information regarding this letter, please contact me by phone at 714 229-8805, by fax at 714 229-8806 or send an email to [doughartman@ocfa.org](mailto:doughartman@ocfa.org).

Respectfully,

Douglas A. Hartman,  
Senior Fire Prevention Specialist



Number: 4524-001

STATE OF CALIFORNIA  
DEPARTMENT OF INDUSTRIAL RELATIONS  
OFFICE OF THE DIRECTOR

**CERTIFICATE OF CONSENT TO SELF-INSURE**

THIS IS TO CERTIFY, That

LOS ALAMITOS RACING ASSOCIATION AND QUARTER HORSE RACING, INC. A GENERAL  
PARTNERSHIP, DBA LOS ALAMITOS RACE COURSE  
(Name of Affiliate)

FINISH LINE SELF INSURANCE GROUP, INC.

(Master Certificateholder)

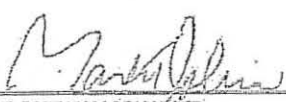
has complied with the requirements of the Director of Industrial Relations under the provision of Sections 3700 to 3705, inclusive, of the Labor Code of the State of California and is hereby granted this Certificate of Consent to Self-Insure.

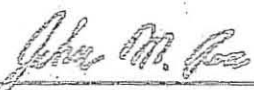
This certificate may be revoked at any time for good cause shown.\*

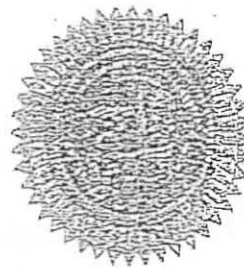
EFFECTIVE

THE 1st DAY OF JULY 2005

DEPARTMENT OF INDUSTRIAL RELATIONS  
OF THE STATE OF CALIFORNIA

  
MARK T. JOHNSON, MANAGER

  
JOHN M. REA, DIRECTOR



\*Revocation of Certificate.- "A certificate of consent to self-insure may be revoked by the Director of Industrial Relations at any time for good cause after a hearing. Good cause includes, among other things, the impairment of the solvency of such employer, the inability of the employer to fulfill his obligations, or the practice by such employer or his agent in charge of the administration of obligations under this division of any of the following: (a) Habitually and as a matter of practice and custom inducing claimants for compensation to accept less than the compensation due or making it necessary for them to resort to proceedings against the employer to secure the compensation due; (b) Discharging his compensation obligations in a dishonest manner; (c) Discharging his compensation obligations in such a manner as to cause injury to the public or those dealing with him." (Section 3702 of Labor Code.) The Certificate may be revoked for noncompliance with Title 8, California Administrative Code, Group 2 - Administration of Self-Insurance.



FINILIN-C1 SPRZEMIELEWSKI

# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
9/24/2015

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b> Bolton & Company 3475 E. Foothill Blvd., Suite 100 Pasadena, CA 91107	<b>CONTACT NAME:</b> Sara Przemielewski
	<b>PHONE (A/C, No, Ext):</b> (626) 799-7000 <b>FAX (A/C, No):</b> (626) 441-3233 <b>E-MAIL ADDRESS:</b> info@boltonco.com
<b>INSURED</b>  Finish Line Self Insurance Group, Inc. 4961 Katella Avenue Los Alamitos, CA 90720	<b>INSURER(S) AFFORDING COVERAGE</b> <b>NAIC #</b>
	INSURER A : New York Marine & General Ins. Co.      16608
	INSURER B :
	INSURER C :
	INSURER D :
	INSURER E :

**COVERAGES**      **CERTIFICATE NUMBER:**      **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSD WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:					EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$ \$
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS					COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED    RETENTION S					EACH OCCURRENCE \$ AGGREGATE \$ \$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N <input checked="" type="checkbox"/> N    N/A	WC2016EPP00329	01/01/2016	01/01/2017	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)  
 Los Alamitos Race Course Eff. 1/1/2016

**CERTIFICATE HOLDER**

**CANCELLATION**

California Horse Racing Board 1010 Hurley Way, Suite 300 Sacramento, CA 95825	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.  AUTHORIZED REPRESENTATIVE 
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E. Describe any improvements to the physical facility in advance of the meeting that directly benefit: none

1. Horsemen
2. Fans
3. Facilities in the restricted areas

**19. SCHEDULE OF CHARGES**

A. Proposed charges, note any changes from the previous year:

- Admission (general) - \$3
- Admission (clubhouse) - \$5
- Vessels Club (Turf Club) - \$10
- Reserved seating (general) - free
- Reserved seating (clubhouse) - free
- Parking (general) - free
- Parking (preferred) - \$6 / \$10 premium
- Parking (valet) - not offered
- Programs (on-track) - \$3
- (off-track) - \$3

B. Describe any "Season Boxes" and "Turf Club Membership" fees:  
 Turf Club Season Table - \$480 Grandstand Season Table - \$250

C. Describe any "package" plans such as combined parking, admission and program:  
 We do not offer combined packages

**20. JOCKEYS/DRIVERS' QUARTERS**

A. Check the applicable amenities available in the jockeys/drivers' quarters:

- |                                     |                                |                                     |                                     |
|-------------------------------------|--------------------------------|-------------------------------------|-------------------------------------|
| <input checked="" type="checkbox"/> | Corners (lockers and cubicles) | How many                            | <input type="text" value="60"/>     |
| <input checked="" type="checkbox"/> | Showers                        | <input checked="" type="checkbox"/> | Steam room, sauna or steam cabinets |
| <input checked="" type="checkbox"/> | Masseur                        | <input checked="" type="checkbox"/> | Food/beverage service               |
|                                     |                                | <input checked="" type="checkbox"/> | Lounge area                         |
|                                     |                                | <input checked="" type="checkbox"/> | Certified platform scale            |

B. Describe the quarters to be used for female jockeys/drivers:  
 Separate quarters with own showers, lockers, sauna. Shared common area

**21. BACKSTRETCH EMPLOYEE HOUSING**

- A. Inspection of backstretch housing was completed by Tom Blake on February 4, 2016.
- B. Number of rooms used for housing on the backstretch of the racetrack: 195
- C. Number of restrooms available on the backstretch of the racetrack: 11 men/ 8 ladies
- D. Estimated ratio of restroom facilities to the number of backstretch personnel: 1 - 20

**22. TRACK SAFETY**

- A. Total distance of the racecourse - measured from the finish line counterclockwise (3' from the inner railing) back to the finish line: 

5.100
-------

 feet.
- B. Describe the type of track surface at the facility, including the specific track surface composition: 81% sand, 16% silt and clay, 3% organic
- C. The percent of cross slope in the straight-aways is: - 3%  
The percent of cross slope in the center of the turns is: 6%
- D. Describe the type(s) of materials used for the inner and outer railings of the race course, the type of inner railing supports (i.e., metal gooseneck, wood 4" x 4" uprights, offset wood 4" x 4" supports, etc.), the coverings, if any, on the top of the inner railing, and the approximate height of the top of the inner railing from the level of the race course.  
Inner rail is a slant rail with an aluminum face and a 3 foot galvanized safety panel. Outside rail is a gooseneck design with a 4 x 6 steel tubing as the rail. A Height of 40 inches is maintained on both rails.
- E. Name of the person responsible for supervision of the maintenance of the racetrack safety standards pursuant to CHRB Rule 1474:  
Rick Hughes track superintendent / Dennis Moore – track consultant
- F. Attach a Track Safety Maintenance Program pursuant to CHRB Rule 1474. On file
- G. If the association is requesting approval to implement alternate methodologies to the provisions of Article 3.5, Track Safety Standards, pursuant to CHRB Rule 1471, attach a Certificate of Insurance for liability insurance which will be in force for the duration of the meeting specified in Section 2. The CHRB is to be named as a certificate holder and given not less than 10 days' notice of any cancellation or termination of liability insurance. Additionally, the CHRB must be listed as additionally insured on the liability policy at a minimum amount of \$3 million per incident. The liability insurance certificate must be on file in the CHRB headquarters office prior to the conduct of any racing.

**23. DECLARATIONS**

- A. All labor and lease agreements and concession and service contracts necessary to conduct the entire meeting have been finalized except as follows (if no exceptions, so state):  
No exceptions
- B. Attach each horsemen's agreement pursuant to CHRB Rule 2044.
- C. Attach a lease agreement permitting the association to occupy the racing facility during the entire term of the meeting. (In the absence of either a lease agreement or a horsemen's agreement, a request for an extension pursuant to CHRB Rule 1407 shall be made). Not applicable
- D. All service contractors and concessionaires have valid state, county or city licenses authorizing each to engage in the type of service to be provided and have valid labor agreements, when applicable, which remain in effect for the entire term of the meeting except as follows (if no exceptions, so state): No exceptions

E. Absent natural disasters or causes beyond the control of the association, its service contractors, concessionaires or horsemen participating at the meeting, no reasons are believed to exist that may result in a stoppage to racing at the meeting or the withholding of any vital service to the association except as follows (if no exceptions, so state):

No exceptions

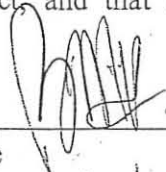
NOTICE TO APPLICANT: Pursuant to CHRB Rules 1870 and 1871, the CHRB shall be given 15 days' notice in writing of any intention to terminate a horse racing meeting or the engagements or services of any licensee, approved concessionaire, or approved service contractor.

24. CERTIFICATION BY APPLICANT

I hereby certify under penalty of perjury that I have examined this application, that all of the foregoing statements in this application are true and correct, and that I am authorized by the association to attest to this application on its behalf.

BRAD MCKENZIE

Print Name



Signature

VP GENERAL MANAGER

Print Title

2/5/16

Date



## STAFF ANALYSIS

DISCUSSION AND ACTION BY THE BOARD REGARDING THE REQUEST FROM THE LOS ANGELES TURF CLUB AT SANTA ANITA PARK FOR APPROVAL TO CONDUCT (DURING ITS CURRENT THOROUGHBRED RACE MEETING) AN ARABIAN RACE ON APRIL 2, 2016, CONDITIONED UPON THE PASSAGE OF AB 558 (LOW), WHICH WOULD ALLOW NON-THOROUGHBRED RACES TO BE CONDUCTED AT THOROUGHBRED RACE MEETINGS

Regular Board Meeting  
February 25, 2016

## ISSUE

The Los Angeles Turf Club has requested that, contingent on the passage of AB 558 (Low), it be granted permission by the Board to conduct an Arabian horse race on April 2, 2016 at Santa Anita Park.

## BACKGROUND

Business and Professions Code section 19533(a) states that "Any license granted to an association other than a fair shall be only for one type of racing, thoroughbred, harness, or quarter horse racing as the case may be, except that the board may authorize the entering of thoroughbred and Appaloosa horses in quarter horse races at a distance not exceeding five furlongs at quarter horse meetings, mixed breed meetings, and fair meetings."

AB 558 (Low) Horse racing: nonthoroughbred races, was introduced in 2015, but amended to its current form on February 10, 2016. The bill would empower the Board to authorize an association licensed to conduct a thoroughbred race meeting to include up to six nonthoroughbred races per calendar year with the consent of the organization representing thoroughbred horsemen and horsewomen, provided, however, that a nonthoroughbred race shall not be held when a fair in the northern zone is conducting a race meeting without that fair's consent. Amounts deducted and distributed pursuant to the Horse Racing Law from wagering on nonthoroughbred races authorized pursuant to these provisions would be required to be deducted and distributed as if the wagers were placed on a thoroughbred race.

## ANALYSIS

On February 11, 2016, the CHRB was informed of the proposed legislation to allow thoroughbred race meetings to include up to six nonthoroughbred races per calendar year. CHRB staff has been informed by industry stakeholders that the bill is expected to be signed into law by the middle of March 2016.

The Los Angeles Turf Club (LATC) at Santa Anita Park is requesting, contingent on timely passage of the bill, that the Board authorize them to host an Arabian horse race on April 2, 2016. The LATC asserts that under Section VIII(B) of the Race Meet Agreement with the Thoroughbred Owners of California (TOC), which was previously submitted to the Board, TOC has already consented to the running of four such races.

## RECOMMENDATION

This item is presented to the Board for discussion and action.

AMENDED IN SENATE FEBRUARY 10, 2016

AMENDED IN ASSEMBLY MARCH 26, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

**ASSEMBLY BILL**

**No. 558**

**Introduced by Assembly Member Low**

February 23, 2015

*An act to amend Sections 12102.2, 12104, and 12104.5 of the Public Contract Code, relating to public contracts. An act to amend Section 19533.5 of the Business and Professions Code, relating to horse racing, and declaring the urgency thereof, to take effect immediately.*

LEGISLATIVE COUNSEL'S DIGEST

AB 558, as amended, Low. ~~Public contracts: state contracts: information technology goods and services. Horse racing: nonthoroughbred races.~~

*(1) The Horse Racing Law generally requires that any license granted to an association other than a fair is only for one type of racing, thoroughbred, harness, or quarter horse racing, as the case may be, except that the California Horse Racing Board may authorize the entering of thoroughbred and Appaloosa horses in quarter horse races at a distance not exceeding 5 furlongs at quarter horse meetings, mixed breed meetings, and fair meetings under specified conditions. That law, notwithstanding these provisions, empowers the board to authorize mixed breed racing that sanctions, among other things, either an association to conduct a quarter horse meeting to include Appaloosa races and Arabian races with the consent of the quarter horse horsemen's organization or a race between a quarter horse and a thoroughbred horse at a thoroughbred meeting with the consent of the*

thoroughbred horsemen's organization, if each contracts with the association with respect to the conduct of the racing meeting.

This bill would empower the board to authorize an association licensed to conduct a thoroughbred race meeting to include up to 6 nonthoroughbred races per calendar year with the consent of the organization representing thoroughbred horsemen and horsewomen, provided, however, that a nonthoroughbred race shall not be held when a fair in the northern zone is conducting a race meeting without that fair's consent. Amounts deducted and distributed pursuant to the Horse Racing Law from wagering on nonthoroughbred races authorized pursuant to these provisions would be required to be deducted and distributed as if the wagers were placed on a thoroughbred race. By expanding the provisions of the Horse Racing Law, a violation of which is a crime, the bill would create new crimes and would thereby impose a state-mandated local program.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

(3) This bill would declare that it is to take effect immediately as an urgency statute.

Existing law authorizes the Department of General Services and the Department of Technology to adopt rules and regulations as are necessary to govern the acquisition and disposal of information technology goods and services. Existing law requires contract awards for all large-scale systems integration projects to be based on the proposal that provides the most value-effective solutions to the state's requirements, as specified, and requires evaluation criteria for the acquisition of information technology goods and services, including systems integration, to provide for the selection of a contractor on an objective basis not limited to cost alone. Existing law requires the Department of Technology to invite active participation, review, advice, comment, and assistance from the private sector and state agencies in developing procedures to streamline and make the acquisition process more efficient, and requires solicitations for acquisitions based on evaluation criteria other than cost alone to provide that sealed cost proposals be submitted.

This bill would require the Department of Technology, in developing procedures to streamline and make the acquisition process more efficient, to require the acquisition methodology to use electronic means, whenever possible, to reduce paper submissions and allow for electronic submission of bids and proposals. This bill would also require solicitations for acquisitions based on evaluation criteria other than cost alone to provide that electronic cost proposals be submitted whenever possible.

Existing law requires the Department of General Services and the Department of Technology to develop, implement, and maintain standardized methods for the development of all information technology requests for proposals.

This bill would require the standardized methods to include, whenever possible, electronic formats for electronic bid solicitation and electronic receipt of bid proposals.

Existing law requires all rules and requirements and any changes to the rules and requirements governing an information technology acquisition, for which the Department of General Services or the Department of Technology determines that a request for proposal is appropriate, to be communicated in writing to all vendors that have expressed an intent to bid and to be posted in a public location.

This bill would require all rules and requirements and any changes to the rules and requirements to be communicated electronically and to be posted on the Internet Web site of the Department of General Services and the Department of Technology whenever possible.

Vote: majority <sup>2</sup>/<sub>3</sub>. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: ~~no~~ yes.

*The people of the State of California do enact as follows:*

- 1     SECTION 1. Section 19533.5 of the Business and Professions
- 2     Code is amended to read:
- 3     19533.5. (a) Notwithstanding Section 19533, the board may
- 4     authorize the following mixed breed racing:
- 5     (1) An association licensed to conduct a quarter horse meeting
- 6     to include Appaloosa races and Arabian races with the consent of
- 7     the quarter horse horsemen's organization contracting with the
- 8     association with respect to the conduct of the racing meeting.
- 9     (2) A race between a quarter horse and a thoroughbred horse at
- 10    a thoroughbred meeting with the consent of the thoroughbred

1 horsemen's organization contracting with the association with  
2 respect to the conduct of the racing meeting.

3 (b) Notwithstanding Section 19533, an association licensed to  
4 conduct quarter horse racing or a fair may conduct races that  
5 include paint horses racing with quarter horses or Appaloosa horses  
6 in the same race. When paint horses race with quarter horses, the  
7 consent of the organization that represents quarter horse horsemen  
8 and horsewomen shall first be obtained. A quarter horse association  
9 may write a race for paint horses only to replace an Appaloosa or  
10 Arabian race without increasing the average number of races run  
11 per race day with the consent of the organization representing the  
12 quarter ~~horse men~~ horsemen and ~~women~~ horsewomen.

13 (c) A quarter horse race with seven or more entries shall not be  
14 replaced by a race that includes paint horses, without the consent  
15 of the organization that represents quarter horse horsemen and  
16 horsewomen.

17 (d) Notwithstanding any other ~~provision of law, any~~ a quarter  
18 horse racing association or fair conducting barrel racing, paint  
19 horse racing, show jump racing, or steeplechase racing shall pay  
20 to the quarter horsemen's organization the amount specified in  
21 Section 19613 for purposes of representing the horsemen and  
22 horsewomen conducting these races.

23 (e) *Notwithstanding Section 19533, the board may authorize*  
24 *an association licensed to conduct a thoroughbred race meeting*  
25 *to include up to six nonthoroughbred races per calendar year with*  
26 *the consent of the organization representing thoroughbred*  
27 *horsemen and horsewomen, provided, however, that a*  
28 *nonthoroughbred race shall not be held when a fair in the northern*  
29 *zone is conducting a race meeting without that fair's consent.*  
30 *Amounts deducted and distributed pursuant to this chapter from*  
31 *wagering on nonthoroughbred races authorized pursuant to this*  
32 *section shall be deducted and distributed as if the wagers were*  
33 *placed on a thoroughbred race.*

34 *SEC. 2. No reimbursement is required by this act pursuant to*  
35 *Section 6 of Article XIII B of the California Constitution because*  
36 *the only costs that may be incurred by a local agency or school*  
37 *district will be incurred because this act creates a new crime or*  
38 *infraction, eliminates a crime or infraction, or changes the penalty*  
39 *for a crime or infraction, within the meaning of Section 17556 of*  
40 *the Government Code, or changes the definition of a crime within*

1 *the meaning of Section 6 of Article XIII B of the California*  
2 *Constitution.*

3 *SEC. 3. This act is an urgency statute necessary for the*  
4 *immediate preservation of the public peace, health, or safety within*  
5 *the meaning of Article IV of the Constitution and shall go into*  
6 *immediate effect. The facts constituting the necessity are:*

7 *In order to ensure that the horse racing industry may continue*  
8 *to offer the highest level of racing possible and promote horse*  
9 *racing in California, it is necessary that this act take effect*  
10 *immediately.*

11 SECTION 1. Section 12102.2 of the Public Contract Code is  
12 amended to read:

13 12102.2. ~~(a) Contract awards for all large-scale systems~~  
14 ~~integration projects shall be based on the proposal that provides~~  
15 ~~the most value-effective solution to the state's requirements, as~~  
16 ~~determined by the evaluation criteria contained in the solicitation~~  
17 ~~document. Evaluation criteria for the acquisition of information~~  
18 ~~technology goods and services, including systems integration, shall~~  
19 ~~provide for the selection of a contractor on an objective basis not~~  
20 ~~limited to cost alone.~~

21 ~~(1) The Department of Technology shall invite active~~  
22 ~~participation, review, advice, comment, and assistance from the~~  
23 ~~private sector and state agencies in developing procedures to~~  
24 ~~streamline and to make the acquisition process more efficient,~~  
25 ~~including, but not limited to, consideration of comprehensive~~  
26 ~~statements in the request for proposals of the business needs and~~  
27 ~~governmental functions, access to studies, planning documents,~~  
28 ~~feasibility study reports and draft requests for proposals applicable~~  
29 ~~to solicitations, minimizing the time and cost of the proposal~~  
30 ~~submittal and selection process, and development of a procedure~~  
31 ~~for submission and evaluation of a single proposal rather than~~  
32 ~~multiple proposals. The acquisition methodology shall use~~  
33 ~~electronic means, whenever possible, to reduce paper submissions~~  
34 ~~and allow for electronic submission of bids and proposals.~~

35 ~~(2) Solicitations for acquisitions based on evaluation criteria~~  
36 ~~other than cost alone shall provide that sealed cost proposals or,~~  
37 ~~whenever possible, electronic cost proposals, shall be submitted~~  
38 ~~and that they shall be opened at a time and place designated in the~~  
39 ~~solicitation for bids and proposals. Evaluation of all criteria, other~~  
40 ~~than cost, shall be completed prior to the time designated for public~~



1 opening of cost proposals, and the results of the completed  
2 evaluation shall be published immediately before the opening of  
3 cost proposals. The state's contact person for administration of the  
4 solicitation shall be identified in the solicitation for bids and  
5 proposals, and that person shall execute a certificate under penalty  
6 of perjury, which shall be made a permanent part of the official  
7 contract file, that all cost proposals received by the state have been  
8 maintained sealed and under lock and key or sufficiently secured  
9 electronically until the time cost proposals are opened.

10 (b) The acquisition of hardware acquired independently of a  
11 system integration project may be made on the basis of lowest cost  
12 meeting all other specifications.

13 (c) The 5 percent small business preference provided for in  
14 Chapter 6.5 (commencing with Section 14835) of Part 5.5 of  
15 Division 3 of Title 2 of the Government Code and the regulations  
16 implementing that chapter shall be accorded to all qualifying small  
17 businesses.

18 (d) For all transactions formally advertised, evaluation of  
19 bidders' proposals for the purpose of determining contract award  
20 for information technology goods shall provide for consideration  
21 of a bidder's best financing alternatives, including lease or purchase  
22 alternatives, if any bidder so requests, not less than 30 days prior  
23 to the date of final bid submission, unless the acquiring agency  
24 can prove to the satisfaction of the Department of General Services  
25 that a particular financing alternative should not be so considered.

26 (e) Acquisition authority may be delegated by the Director of  
27 General Services to any state agency that has been determined by  
28 the Department of General Services to be capable of effective use  
29 of that authority. This authority may be limited by the Department  
30 of General Services. Acquisitions conducted under delegated  
31 authority shall be reviewed by the Department of General Services  
32 on a selective basis.

33 (f) To the extent practical, the solicitation documents shall  
34 provide for a contract to be written to enable acquisition of  
35 additional items to avoid essentially redundant acquisition  
36 processes when it can be determined that it is economical to do  
37 so.

38 (g) Protest procedures shall be developed to provide bidders an  
39 opportunity to protest any formal, competitive acquisition  
40 conducted in accordance with this chapter. The procedures shall

1 provide that protests must be filed no later than five working days  
2 after the issuance of an intent to award. Authority to protest may  
3 be limited to participating bidders. The Director of Technology,  
4 or a person designated by the director, may consider and decide  
5 on initial protests of bids for information technology projects  
6 conducted by the Department of Technology and  
7 telecommunications procurement made pursuant to Section 12120.  
8 The Director of the Department of General Services, or a person  
9 designated by the director, may consider and decide on initial  
10 protests of all other information technology acquisitions. A decision  
11 regarding an initial protest shall be final. If prior to the last day to  
12 protest, any bidder who has submitted an offer files a protest with  
13 the department against the awarding of the contract on the ground  
14 that his or her bid or proposal should have been selected in  
15 accordance with the selection criteria in the solicitation document,  
16 the contract shall not be awarded until either the protest has been  
17 withdrawn or the California Victim Compensation and Government  
18 Claims Board has made a final decision as to the action to be taken  
19 relating to the protest. Within 10 calendar days after filing a protest,  
20 the protesting bidder shall file with the Victim Compensation and  
21 Government Claims Board a full and complete written statement  
22 specifying in detail the grounds of the protest and the facts in  
23 support thereof.

24 (h) Consistent with the procedures established and administered  
25 by the Department of General Services, information technology  
26 goods that have been determined to be surplus to state needs shall  
27 be disposed of in a manner that will best serve the interests of the  
28 state. Procedures governing the disposal of surplus goods may  
29 include auction or transfer to local governmental entities.

30 (i) A supplier may be excluded from bid processes if the  
31 supplier's performance with respect to a previously awarded  
32 contract has been unsatisfactory, as determined by the state in  
33 accordance with established procedures that shall be maintained  
34 in the State Administrative Manual. This exclusion may not exceed  
35 36 months for any one determination of unsatisfactory  
36 performance. Any supplier excluded in accordance with this section  
37 shall be reinstated as a qualified supplier at any time during this  
38 36-month period, upon demonstrating to the Department of General  
39 Services' satisfaction that the problems that resulted in the  
40 supplier's exclusion have been corrected.

1 SEC. 2. Section 12104 of the Public Contract Code is amended  
2 to read:

3 12104. (a) (1) The State Contracting Manual shall set forth  
4 all procedures and methods that shall be used by the state when  
5 seeking to obtain bids for the acquisition of information technology.

6 (2) Revisions to the manual must be publicly announced,  
7 including, but not limited to, postings on the Internet Web site  
8 homepage of the Department of General Services. The Department  
9 of Technology shall provide a link to the State Contracting Manual  
10 on its Internet Web site homepage.

11 (b) The Department of General Services and the Department of  
12 Technology in accordance with this chapter shall develop,  
13 implement, and maintain standardized methods for the development  
14 of all information technology requests for proposals, including,  
15 whenever possible, electronic formats for electronic bid solicitation  
16 and electronic receipt of bid proposals.

17 (c) All information technology requests for proposals shall be  
18 reviewed by the Department of Technology prior to release to the  
19 public.

20 SEC. 3. Section 12104.5 of the Public Contract Code is  
21 amended to read:

22 12104.5. (a) All rules and requirements governing an  
23 information technology acquisition, for which the Department of  
24 General Services or the Department of Technology determines  
25 that a request for proposal (RFP) is appropriate, shall be  
26 communicated in writing or, whenever possible, electronically, to  
27 all vendors that have expressed an intent to bid and shall be posted  
28 in a public location or, whenever possible, on the Internet Web  
29 site of the Department of General Services and the Department of  
30 Technology. Any changes to the rules and requirements governing  
31 that RFP shall be communicated in writing or, whenever possible,  
32 electronically, to all vendors that have expressed an intent to bid  
33 and shall be posted in a public location or, whenever possible, on  
34 the Internet Web site of the Department of General Services and  
35 the Department of Technology. Requirements other than those  
36 provided by law or outside of the published RFP and posted  
37 addendums shall not be used to score bids.

38 (b) (1) All requests for proposals shall contain the following  
39 statement:

- 1     ~~“It is unlawful for any person engaged in business within this~~  
2     ~~state to sell or use any article or product as a “loss leader” as~~  
3     ~~defined in Section 17030 of the Business and Professions Code.”~~  
4     ~~(2) The Department of General Services shall post in the State~~  
5     ~~Contracting Manual instructions for including the statement~~  
6     ~~required by paragraph (1) in all affected contracts.~~  
7     ~~(3) The statement required by paragraph (1) shall be deemed to~~  
8     ~~be part of a request for proposal even if the statement is~~  
9     ~~inadvertently omitted from the request for proposal.~~  
10    ~~(c) The requirements of this section shall be in addition to any~~  
11    ~~other requirement provided by law.~~

STAFF ANALYSIS  
DISCUSSION AND ACTION BY THE BOARD REGARDING THE REQUEST  
FOR APPROVAL OF THE CONTINUATION OF THE 0.50% DISTRIBUTION  
TO THE SOUTHERN CALIFORNIA STABLING AND VANNING FUND  
FROM ADVANCE DEPOSIT WAGERING (ADW) HOSTED BY THOROUGHBRED  
RACING ASSOCIATIONS AND RACING FAIRS CONDUCTING RACING  
IN THE CENTRAL AND SOUTHERN ZONES FOR THE PERIOD COMMENCING  
MARCH 1, 2016 THROUGH DECEMBER 25, 2016 AS PERMITTED UNDER BUSINESS  
AND PROFESSIONS CODE SECTION 19604(F) (5) (E)

Regular Board Meeting  
February 25, 2016

#### ISSUE

The Thoroughbred Owners of California (TOC), Del Mar Thoroughbred Club, Santa Anita, California Thoroughbred Breeders Association (CTBA) and the Los County Fair are requesting the continuation of the 0.50 percent distribution to the Southern California Stabling and Vanning Fund (Fund) from the advance deposit wagering (ADW) hosted by thoroughbred racing associations and racing fairs.

#### BACKGROUND

Business and Professions Code section 19604(f)(5)(E) provides that notwithstanding any provision of this section to the contrary, the distribution of market access fees pursuant to this subparagraph may be altered upon the approval of the Board, in accordance with an agreement signed by all parties whose distribution would be affected.

In February 2015 the Board approved an agreement between the TOC, Del Mar Thoroughbred Club, Fairplex, Los Alamitos, Santa Anita and the California Thoroughbred Breeders Association, to modify the ADW market access fees distribution by 0.50 percent on races hosted by Central and Southern Zones, thoroughbred associations and fairs for the period of March 1, 2015 through February 29, 2016. The parties stated that the funds generated would be used to offset stabling and vanning expenses incurred by the Fund, which is administered by the Southern California Off-Track Stabling and Vanning Committee.

#### ANALYSIS

The TOC, the Southern California thoroughbred racing associations, and the CTBA are requesting approval from the Board to continue with the agreement under Business and Professions Code section 19604(f)(5)(E) for the period of March 1, 2016 through December 25, 2016. In conjunction with the request for the continuance of the agreement the parties have submitted an agreement signed by all parties whose distributions are affected.

RECOMMENDATION

Staff recommends the Board hear from the interested parties pursuing the continuance of the ADW distribution modification.



## Southern California Off-Track Stabling & Vanning Committee

285 W. Huntington Dr., Arcadia, CA 91007

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February 11, 2016

Ms. Jackie Wagner  
California Horse Racing Board  
1010 Hurley Way  
Sacramento, CA

Dear Jackie,

The Thoroughbred Owners of California, Del Mar, Los Alamitos Racing Association, Los Angeles County Fair, Santa Anita and the California Thoroughbred Breeders Association jointly seek approval of an Agreement that would extend the current distribution to the Southern California Off-Track Stabling and Vanning Fund of 0.50% of ADW handle generated in the central and southern zone on races hosted by Thoroughbred Associations and Racing Fairs for a ten-month period beginning March 1, 2016 and ending December 25, 2016. The funds generated by the deduction would be utilized to offset stabling and vanning expenses incurred by the Fund, which is administered by the Southern California Off-Track Stabling and Vanning Committee. A copy of the Agreement signed by the parties whose distributions would be affected is attached.

We respectfully request that the following be placed on the Board's February, 2016 agenda:

Discussion and action by the Board regarding approval of the continuation of the 0.50% distribution to the Southern California Stabling and Vanning Fund from advance deposit wagering hosted by Thoroughbred Racing Associations and Racing Fairs conducting racing in the central and southern zones for the period commencing March 1, 2016 through December 25, 2016 as permitted under Business and Professions Code section 19604(f)(5)(E).

Sincerely,

**Southern California Off-Track Stabling & Vanning Committee**



Joe Morris  
Chairman

Southern California Stabling and Vanning Funding Agreement

This Agreement is entered into as of this 11<sup>th</sup> day of February, 2016 by and between the undersigned racing associations ("the Signatory Racing Associations") the Thoroughbred Owners of California ("TOC") and the California Thoroughbred Breeders Association ("CTBA").

IT IS HEREBY AGREED AS FOLLOWS:

1. The distribution of Market Access fees from Advanced Deposit Wagering, ("ADW") placed on all live and imported races hosted by the Signatory Racing Associations shall be altered by the creation of an additional deduction for a distribution therefrom based upon 0.50% of handle in the Central and Southern Zones that would otherwise be payable as thoroughbred purses and commissions, and such deduction from ADW in the Central and Southern Zones shall be payable to the Fund administered by Southern California Stabling and Vanning Committee.
2. The parties shall immediately file this Agreement with the CHRB for the purposes of securing its approval of the deduction contemplated from market access fees placed on races hosted by the Signatory Racing Associations.
3. Subject to the requisite approval of the CHRB, the deduction from ADW set forth in #1 above shall be effective March 1, 2016 through December 25, 2016.
4. Notwithstanding the distributions from the ADW Deduction set forth hereinabove, the distribution to the Incentive fund administered by the CTBA shall be calculated at the rate of 0.463% of ADW handle in California on races hosted by the Signatory Racing Associations. In addition to the distributions set forth above, there shall be a distribution from the ADW Deduction in order to pay administrative expenses that would otherwise have been distributed to TOC, CTT, and the Backstretch Workers Pension Plan.
5. The Signatory Racing Associations and TOC agree to jointly continue to work toward improving the productivity and efficiency of auxiliary stabling in the Central and Southern zones.
6. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

Thoroughbred Owners of California

Los Alamitos Racing Association

By: [Signature]

By: \_\_\_\_\_

Del Mar Thoroughbred Club

Los Angeles Turf Club

By: [Signature]

By: [Signature]

Los Angeles County Fair Association

California Thoroughbred Breeders Association

By: [Signature]

By: \_\_\_\_\_

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By: \_\_\_\_\_

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By: [Signature]

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Thoroughbred Owners of California

By: \_\_\_\_\_

Del Mar Thoroughbred Club

By: \_\_\_\_\_

Los Angeles County Fair Association

By: \_\_\_\_\_

Los Alamitos Racing Association

By: Jack Liebman

V.P.

Los Angeles Turf Club

By: \_\_\_\_\_

California Thoroughbred Breeders Association

By: \_\_\_\_\_

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Los Alamitos Racing Association

By: \_\_\_\_\_

By: \_\_\_\_\_

Del Mar Thoroughbred Club

Los Angeles Turf Club

By: \_\_\_\_\_

By: \_\_\_\_\_

Los Angeles County Fair Association

California Thoroughbred Breeders Association

By: \_\_\_\_\_

By:  \_\_\_\_\_

STAFF ANALYSIS  
PUBLIC HEARING AND ACTION BY THE BOARD REGARDING THE PROPOSED  
AMENDMENT TO CHRB RULE 1699, RIDING RULES,  
AS IT PERTAINS TO THE CRITERIA FOR DISQUALIFICATION IN A HORSE RACE

Regular Board Meeting  
February 25, 2016

BACKGROUND

CHRB Rule 1699, Riding Rules, presently reads as follows:

During the running of the race:

- (a) A leading horse is entitled to any part of the course but when another horse is attempting to pass in a clear opening the leading horse shall not cross over so as to compel the passing horse to shorten its stride.
- (b) A horse shall not interfere with or cause any other horse to lose stride, ground or position in a part of the race where the horse loses the opportunity to place where it might be reasonably expected to finish.
- (c) A horse which interferes with another and thereby causes any other horse to lose stride, ground or position, when such other horse is not at fault and when such interference occurs in a part of the race where the horse interfered with loses the opportunity to place where it might, in the opinion of the Stewards, be reasonably expected to finish, may be disqualified and placed behind the horse so interfered with.
- (d) Jockeys shall not ride carelessly, or willfully, so as to permit their mount to interfere with or impede any other horse.
- (e) Jockeys shall not willfully strike or strike at another horse or jockey so as to impede, interfere with, intimidate, or injure.
- (f) If a jockey rides in a manner contrary to this rule, the mount may be disqualified and the jockey may be suspended or otherwise disciplined by the Stewards.

The Stewards' Committee reviewed Rule 1699, Riding Rules, at its March 2014 meeting, its November 2014 meeting, and then again at its June 2015 meeting. The rule was also discussed by the Board at its November 19, 2014 Regular Meeting as well as its February 18, 2015 Regular Meeting in an effort to determine whether the current rule could be improved upon, and perhaps provide more clearly defined guidelines for stewards conducting inquiries. At its July 17, 2015 Regular Meeting, the Board instructed staff to initiate the 45-day public comment period for the proposed amendment.



## ANALYSIS

Discussions regarding Rule 1699 have almost always focused on the wording that requires stewards to form opinions as to whether interference occurred and, if so, whether the interference cost the horse or horses interfered with a placing. Suggested alternatives to amend the rule have historically included:

- 1) amending Rule 1699 to state that any foul is cause for disqualification regardless of whether it cost a horse a placing;
- 2) eliminating the references to location (i.e. "a part of the race) and changing the "placing" reference to something broader, such as "affecting a horse's performance in a negative way"; and
- 3) adding language that gives the benefit of any doubt to the aggrieved party (i.e. the horse interfered with).

At its June 2015 meeting, the Stewards' Committee again reviewed proposed amendments to Rule 1699 suggested by commissioners as well as the Board's Executive Director. The version proposed by the Executive Director received support from the majority of stewards in California, and was submitted to the Board for consideration at its July 2015 Regular Meeting. These proposed amendments seek to better define "interference," and also limit the stewards' ability to disqualify a horse to only those situations where the horse interfered with lost the opportunity for a better placing according to the distribution of the purse or the order of finish in a trial heat. Additionally, the amendments require stewards to issue enhanced penalties against jockeys who commit multiple infractions within a 90-day period or who jeopardize the safety of another horse or jockey.

These proposed amendments to Rule 1699 were heard at the July 17, 2015 Regular Board Meeting, where the Board instructed staff to initiate the 45-day public comment period for this regulatory change.

During the public comment period staff received one comment from the Golden Gate Fields Board of Stewards, which has been included as an attachment in this packet. Specifically, that comment recommended that the phrase "according to the distribution of the purse or the order of finish in a trial heat," be deleted from proposed subsection (b). The effect of that change would be to permit stewards to disqualify a horse that causes *any* horse to lose a better placing, as opposed to just those horses that would have placed for purse money.

Additionally, CHRB Chief Steward Darrel McHargue has recommended that the Board consider reducing the multiple infraction window in proposed subsection (f)(1) from 90 days to 60 days.

## RECOMMENDATION

This item is presented for Board discussion and action.

CALIFORNIA HORSE RACING BOARD  
TITLE 4. CALIFORNIA CODE OF REGULATIONS  
ARTICLE 8. RUNNING THE RACE  
PROPOSED AMENDMENT OF  
RULE 1699. RIDING RULES.

Regular Board Meeting  
February 25, 2016

1699. Riding Rules.

During the running of the race:

~~(a) A leading horse is entitled to any part of the course but when another horse is attempting to pass in a clear opening the leading horse shall not cross over so as to compel the passing horse to shorten its stride.~~

~~(b)(a) A horse shall not interfere with or cause any other horse. Interference is defined as bumping, impeding, forcing or floating in or out or otherwise causing any other horse to lose stride, ground, momentum or position in a part of the race where the horse loses the opportunity to place where it might be reasonably expected to finish.~~

~~(e)(b) A horse which interferes with another as defined in subsection (a) and thereby causes any other horse to lose stride, ground or position, when such other horse is not at fault and when such interference occurs in a part of the race where the horse interfered with loses the opportunity to place where it might, in the opinion of the Stewards, be reasonably expected to finish, may be disqualified and placed behind the horse so interfered with if, in the opinion of the Stewards, the horse interfered with was not at fault and due to the interference lost the opportunity for a better placing according to the distribution of the purse or the order of finish in a trial heat.~~

~~(d)~~(c) Jockeys shall not ride carelessly, or willfully, so as to permit their mount to interfere with ~~or impede~~ any other horse.

~~(e)~~(d) Jockeys shall not ~~willfully~~ strike or strike at another horse or jockey so as to impede, interfere with, intimidate, or injure.

~~(f)~~(e) If a jockey rides in a manner contrary to this rule, the mount may be disqualified and the jockey may be suspended or otherwise disciplined by the Stewards.

(f) When penalizing a jockey for riding contrary to this rule, the Stewards shall issue a greater penalty for (1) more than one infraction of this rule by the jockey within any contiguous 90 day calendar period or (2) any infraction which, in the opinion of the stewards, jeopardized the safety of another horse or jockey.

Authority: Section 19562,  
Business and Professions Code.

Reference: Sections 19461 and 19562,  
Business and Professions Code.

January 17, 2016

Mr. Philip Laird, Staff Counsel  
California Horse Racing Board  
1010 Hurley Way, Suite #300  
Sacramento, California 95825

RE: Rule #1699 Revision

Dear Mr. Laird:

Although the undersigned do not believe rule #1699 (Riding Rules) needs to be changed or amended from its present form, if the Board chooses to do so we would like to offer the following recommendation.

It is our opinion that including the phrase..."according to the distribution of the purse or the order of finish in a trial heat..." in rule #1699 is confusing, may compromise the safety of the participants in the race and may negatively impact the wagering public.

Two interpretations of this clause have already been debated and each seems plausible. The first version implies that the clause comes into play if both horses involved in a disqualifying event finish sixth or worse while the other possible scenario happens when the horse that was interfered with finishes sixth or worse and no action is taken by the stewards even if the offending horse wins the race.

The stewards' position on disqualifications revolves around the premise that a horse that was interfered with is not "moved up" but rather the horse that caused the interference is "taken down" i.e. placed behind the horse he bothered.

In the first instance described above where both horses finish sixth or worse the stewards would normally investigate any incident where interference was observed or alleged and take the appropriate action. As a convenience to the public, and to save time, the stewards usually make the race official while informing the public via P.A. announcement that an inquiry is in progress involving horses that did not finish in the first four positions.

In the second example where the horse that was interfered with finished sixth or worse the stewards feel that invoking the "purse distribution" clause is even more egregious. It is highly possible that the offending horse could cause serious and/or catastrophic interference then win the race and suffer no

consequences because the horse it bothered placed worse than sixth or did not finish the race. This "win at all costs" or "let the best horse win" philosophy is a European concept that has never taken hold in North America. Such a policy would prevent and discourage the stewards from doing what is right and correct concerning the placement of a horse causing interference in a race.

There are two schools of thought regarding the promulgation of rules for stewards to use while judging a race. The first philosophy promotes that a rule be written to cover every contingency in order to prevent a judgment call, i.e. subjective decision, by the stewards. The other provides a broader framework for the stewards to use while judging a race and allows them to use their experience and expertise to arrive at a decision regarding the outcome of an inquiry or objection. It is the opinion of the authors of this letter that the second option is the more favorable.

No rule book can ever cover every contingency and the stewards, at some point, are going to have to make a judgment call. We believe we have the ability to determine the extent of interference and feel the proposed rule change would tie our hands.

Respectfully Submitted,

John Herbuveaux

Dennis Nevin

Will Meyers

Richard Lewis

CALIFORNIA HORSE RACING BOARD  
 TITLE 4. CALIFORNIA CODE OF REGULATIONS  
 ARTICLE 8. RUNNING THE RACE  
 PROPOSED AMENDMENT OF  
 RULE 1699. RIDING RULES.

1699. Riding Rules.

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~~(f)(c) Jockeys shall not ride carelessly, or willfully, so as to permit their mount to interfere with or impede any other horse.~~



STAFF ANALYSIS  
PUBLIC HEARING AND ACTION BY THE BOARD REGARDING THE PROPOSED  
ADDITION OF CHRB RULE 1866.1, PRESENCE OF CLENBUTEROL IN QUARTER  
HORSES, AND PROPOSED AMENDMENT TO  
CHRB RULE 1844, AUTHORIZED MEDICATION, TO PROHIBIT THE PRESENCE OF  
CLENBUTEROL IN A QUARTER HORSE TEST SAMPLE

Regular Board Meeting  
February 25, 2016

## ISSUE

At its June 25, 2015 regular meeting, the California Horse Racing Board (CHRB or Board) approved for submission to the Office of Administrative Law (OAL) an emergency rulemaking file which would add Rule 1866.1, Presence of Clenbuterol in Quarter Horses, and would amend Rule 1844, Authorized Medication, in order to restrict the use of Clenbuterol in racing quarter horses. On July 31, 2015, OAL approved these emergency regulations, making them effective immediately. Pursuant to the Administrative Procedure Act (APA), the Board has until April 2016 to pass these regulatory changes through the regular rulemaking process in order for them to become permanent CHRB regulations.

## BACKGROUND

Clenbuterol is a beta-2 agonist approved for use as a bronchodilator in horses. Beta-2 agonists also have an anabolic-type effect through their muscle partitioning side effects. Clenbuterol is banned in human sport by the World Anti-doping Association for this reason. The drug is also abused in horses because of its anabolic effects. Clenbuterol became a problem in horse racing—especially quarter horse racing—when the CHRB and other racing authorities in the United States restricted the use of anabolic steroids. Quarter horses often engage in sprint racing. Accordingly, the preferred body-type for racing quarter horses is a well-muscled horse, which is easily accomplished and enhanced with the use of anabolic steroids.

The FDA approved formulation for horses was specifically formulated to make Ventiplulmin, the FDA approved brand, unpalatable to humans. Unapproved clenbuterol can be readily obtained though, and in fact in some countries it is allowed in food for animals to promote muscle weight gain. The official CHRB laboratory, the Maddy Laboratory at UC Davis School of Veterinary Medicine, has analyzed a number of non-FDA clenbuterol preparations from quarter horse racing in California and other southwest racing locations where quarter horse racing is prominent. Furthermore, several studies have described numerous side-effects associated with clenbuterol administration, including a repartitioning effect and major alterations in cardiac and skeletal muscle function, as well as affects on bone, immune, endocrine, and reproductive systems.

Los Alamitos Racecourse and the Pacific Coast Quarter Horse Racing Association (PCQHRA) began expressing concern to the CHRB in 2010 about what they perceived as unfair racing at Los Alamitos. Public confidence is critical to horse racing, and the perception of unfair competition amongst owners and trainers due to the use of clenbuterol became a serious issue for the public and licensees.

The CHRB conducted testing at Los Alamitos for their 2010 signature end of season races, the \$2,000,000 Futurity and Champion of Champions. A total of 72 blood samples were obtained and tested. Of those samples, every sample (72 out of 72) contained detectable levels of clenbuterol in the horse's blood. Realistically, clenbuterol can be detected in blood for no more than four to seven days after administration, indicating that all of the tested horses had recently been administered clenbuterol. At the request of Los Alamitos Racecourse and PCQHRA, the CHRB suspended authorization of clenbuterol by breed and track for one year at a time, pursuant to Rule 1844.1. The suspension was in place for 2011, and upon conducting a similar testing program, the CHRB found that no horses tested positive for clenbuterol this time around. In 2013, however, a number of trainers began to once again push the limits on clenbuterol use. In Fiscal Year 2013-14 there were 13 clenbuterol violations at Los Alamitos. While trainers are sanctioned when caught, the public is not protected in these instances. Those who wager on races where certain horses have been administered clenbuterol have no recourse. The people who wager on a winning horse that has been administered clenbuterol—which often includes the horse's owners and trainers—are rewarded, while those who wager on a losing horse not administered clenbuterol become victims of an unfair and illegal performance enhancing scheme.

Beginning on February 28, 2014, the CHRB implemented and enforced the provisions of a memorandum authored by the Equine Medical Director entitled "Instructions Pursuant to Rule 1855, Medication Procedures and Related Instructions." The memorandum described procedures for how and when quarter horses should be placed on the Veterinarian's List when clenbuterol is prescribed to or detected in a horse, as well as the procedures for removing a horse from the list once it tests clear of clenbuterol. On May 26, 2015, however, the Office of Administrative Law released 2015 OAL Determination NO. 6 (OAL MATTER NO. CTU2014-1110-01), which declared that the abovementioned memorandum was an "underground regulation." The Board concluded that this determination created an emergency situation for quarter horse racing in California, and in response, directed staff to file an emergency regulation with OAL. On July 31, 2015, OAL approved the emergency addition of Rule 1866.1, Presence of Clenbuterol in Quarter Horses, and the emergency amendment to Rule 1844, Authorized Medication. Pursuant to the APA, these emergency regulations will remain in effect until April 2016, during which time the Board must submit these changes through the regular rulemaking process to make them permanent CHRB regulations.

## ANALYSIS

The addition of Rule 1866.1, Presence of Clenbuterol in Quarter Horses, and the amendment to Rule 1844, Authorized Medication, will remain in effect as emergency regulations until April 2016. If the Board wishes these changes to become permanent regulations, it must submit these additions and amendments to OAL through the regular rulemaking process.

Proposed Rule 1866.1, Presence of Clenbuterol in Quarter Horses, provides that a quarter horse prescribed clenbuterol will be placed on the Veterinarian's List until an official test sample shows there is no clenbuterol in the blood or urine of the quarter horse after a workout to demonstrate its physical fitness. A quarter horse placed on the Veterinarian's List for clenbuterol will not be allowed to start in a race until the horse is removed from the Veterinarian's List. Veterinarians prescribing clenbuterol must fill out and submit form CHRB-24 (Veterinarian Report) and also ensure they are in compliance with Rule 1864, Labeling of Medication.

Administration of clenbuterol must also be reported by the trainer using form CHRB-60 (Trainer Medication Report).

The proposed amendment to Rule 1844, Authorized Medication, eliminates authorization for any level of clenbuterol in quarter horses.

The proposed amendment to Rule 1844, Authorized Medication, and proposed addition of Rule 1866.1, Presence of Clenbuterol in Quarter Horses, were heard at the August 19, 2015 Medication and Track Safety Committee Meeting, where they were approved to go before the full Board. At its September 16, 2015 Regular Meeting, the Board then directed staff to initiate the 45-day public comment period for these proposed changes.

During the public comment period, staff received written comments from Carlo Fisco and Darrel Vienna, which have been included as attachments in this packet. CHRB counsel and the Equine Medical Director have reviewed the substance of these comments, and have determined that they lack merit, and therefore recommend that the Board adopt the proposed amendment to Rule 1844 and proposed addition of Rule 1866.1 as presented.

#### RECOMMENDATION

This item is presented to the Board for discussion and action.

CALIFORNIA HORSE RACING BOARD  
TITLE 4. CALIFORNIA CODE OF REGULATIONS  
ARTICLE 15. VETERINARY PRACTICES  
PROPOSED AMENDMENT OF  
RULE 1844. AUTHORIZED MEDICATION

1844. Authorized Medication.

Consistent with the intent of these rules, drug substances and medications authorized by the Board for use may be administered to safeguard the health of the horse entered to race provided that:

(a) No person shall administer a drug substance to any horse entered to race except upon authorization of the official veterinarian in conformance with these rules.

(b) No drug substance, other than authorized bleeder medication, shall be administered to a horse entered to race within 24 hours of the race in which entered.

(c) Not more than one approved non-steroidal anti-inflammatory drug substance (NSAID) may be administered to a horse that is entered to race and shall be only one of the following authorized drug substances:

(1) Phenylbutazone in a dosage amount that the test sample shall contain not more than 2 micrograms of the drug substance per milliliter of blood plasma or serum.

(2) Flunixin in a dosage amount that the test sample shall contain not more than 20 nanograms of the drug substance per milliliter of blood plasma or serum.

(3) Ketoprofen in a dosage amount that the test sample shall contain not more than 10 nanograms of the drug substance per milliliter of blood plasma or serum.

(4) Metabolites or analogues of approved NSAIDs may be present in post race test samples.

(d) If the official chemist reports that a blood test sample contains an authorized NSAID in excess of the limit for that drug substance under this rule, the official veterinarian shall, in conjunction with the veterinarian who administered or prescribed the authorized drug substance, establish a dosage amount or time of administration of the drug substance that will comply with the limits under this rule; or the official veterinarian may, if in his/her judgment no such reduced dosage amount or amendment to time of administration will result in a test sample level within the limits of this rule, withdraw authorization for the use of any one NSAID.

(e) Official urine test samples may contain one of the following drug substances, their metabolites and analogs, in an amount that does not exceed the specified levels:

- (1) Acepromazine; 10 nanograms per milliliter
- (2) Mepivacaine; 10 nanograms per milliliter
- (3) Albuterol; 1 nanograms per milliliter
- (4) Procaine; 25 nanograms per milliliter
- (5) Salicylates; 750 micrograms per milliliter
- (6) Clenbuterol; 140 picograms per milliliter, except in quarter horses for which no level of clenbuterol is authorized.
- (7) Omeprazole; 1 nanogram per milliliter
- (8) Nandrolone; 1 nanograms per milliliter for geldings, fillies and mares; 45 nanograms for males other than geldings.
- (9) Boldenone; 15 nanograms per milliliter in males other than geldings.
- (10) Testosterone; 20 nanograms per milliliter in geldings.
- (A) Testosterone at any level in males other than geldings is not a violation of this regulation.

(11) Testosterone; 55 nanograms per milliliter in fillies or mares.

(12) Butorphanol 300 nanograms per milliliter

(f) Official blood test samples may contain the following drug substances, their metabolites and analogs, in an amount that does not exceed the specified levels in serum or plasma:

(1) Bethamethasone; 10 picograms per milliliter

(2) Dantrolene; 100 picograms per milliliter

(3) Detomidine; 1 nanogram per milliliter

(4) Dexamethasone; 5 picograms per milliliter

(5) Diclofenac; 5 nanograms per milliliter

(6) Dimethylsulfoxide (DMSO); 10 micrograms per milliliter

(7) Firocoxib; 20 nanograms per milliliter

(8) Lidocaine; 20 picograms per milliliter

(9) Methocarbamol; 1 nanogram per milliliter

(10) Methylprednisolone; 100 picograms per milliliter

(11) Glycopyrrolate; 3 picograms per milliliter

(12) Prednisolone; 1 nanogram per milliliter

(13) Triamcinolone Acetonide; 100 picograms per milliliter

(14) Xylazine; 10 picograms per milliliter of serum or plasma

(15) Butorphanol; 2 nanograms per milliliter

(g) Official blood test samples shall not contain any of the drug substances, or their metabolites or analogs listed in subsection (e)-(1)(12).



(h) Procaine, following administration of procaine penicillin, is an authorized medication provided:

(1) Official blood test samples shall not contain any procaine, or its metabolites or analogs in excess of 25 nanograms per milliliter.

(2) all procaine penicillin administrations have been reported pursuant to Rule 1842 of this division,

(3) procaine penicillin was not administered after entry to race,

(4) the horse was under surveillance for a minimum of six hours prior to racing.

(i) All expenses related to surveillance and testing for procaine under subsection (h) of this regulation shall be paid by the owner of the horse.

Authority: Sections 19440 and 19562,  
Business and Professions Code.

Reference: Sections 19580 and 19581,  
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD  
TITLE 4. CALIFORNIA CODE OF REGULATIONS  
ARTICLE 15. VETERINARY PRACTICES  
PROPOSED ADDITION OF  
RULE 1866.1. PRESENCE OF CLENBUTEROL IN QUARTER HORSES

1866.1. Presence of Clenbuterol in Quarter Horses

(a) A quarter horse prescribed clenbuterol will be placed on the Veterinarian's List for veterinary treatment until an official test sample shows that there is no clenbuterol in the blood or urine of the horse after a workout to demonstrate its physical fitness, pursuant to Rule 1866. Quarter horses on the Veterinarian's List for clenbuterol administration will not be allowed to start in a race until the horse is removed from the Veterinarian's List.

(1) Clenbuterol shall only be prescribed to an individual quarter horse for a specific diagnosis to last for a period of not more than 30 days for each prescription. The quarter horse's name, the specific diagnosis, dosage and duration of treatment of clenbuterol administration must be reported by the prescribing veterinarian to the Official Veterinarian on form CHRB-24 (Rev. 7/15) (Veterinarian Report), which is hereby incorporated by reference.

(2) Clenbuterol prescribed to an individual quarter horse for a specific diagnosis shall not last for more than 30 days for any prescription. Dispensed clenbuterol prescriptions must be labeled in compliance with Rule 1864, Labeling of Medication, and all other laws, including California Veterinary Medical Board regulations.

(3) Administration of clenbuterol to a quarter horse must be reported by the trainer of the horse to the Official Veterinarian on form CHRB-60 (Rev. 7/15) (Trainer Medication Report), which is hereby incorporated by reference.

(b) A quarter horse that, pursuant to Rules 1858 or 1859, is reported to have clenbuterol detected in blood, urine, or any other official test sample by the CHRB official

laboratory will be placed on the Veterinarian's List until an investigation has been conducted to determine the circumstances of the presence of clenbuterol in the official test sample, and until a subsequent official test sample fails to detect clenbuterol in the blood or urine of the horse after a workout to demonstrate its physical fitness, pursuant to Rule 1866.

(c) A quarter horse shall not be removed from the Veterinarian's List and allowed to start in a race until an official test sample fails to detect clenbuterol in the blood or urine of the horse after a workout to demonstrate its physical fitness pursuant to Rule 1866.

Authority: Sections 19440, 19562, and 19580  
Business and Professions Code

Reference: Sections 19440, 19562, and 19580  
Business and Professions Code

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January 25, 2016

Philip Laird, Staff Counsel  
California Horse Racing Board  
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SENT VIA EMAIL AND US MAIL

Dear Mr. Laird:

I am pleased to offer comments regarding the rule changes and additions contained in the California Horse Racing Board ("CHRB") Notice of Proposal to Amend Rule 1844 Authorized Medication and to Add Rule 1866.1 Presence of Clenbuterol in Quarter Horses.

Government Code § 11349.1 provides for review for all amendments and adoption of regulations using the standards of Necessity, Authority, Clarity, Consistency, Reference, and Nonduplication. The following comments are offered under one or more of those general standards.

## 1. NECESSITY

Pursuant to Government Code § 11349 "Necessity" means the record of the rulemaking proceeding demonstrates by substantial evidence the need for a regulation to effectuate the purpose of the statute, court decision, or other provision of law that the regulation implements, interprets, or makes specific, taking into account the totality of the record. For purposes of this standard, evidence includes, but is not limited to, facts, studies, and expert opinion.

### **A. The proposed amendment to deauthorize clenbuterol does not comply with the Necessity standard.**

In support of the proposed amendment, the CHRB offers that the deauthorization is necessary:

- a) To protect quarter horses from unregulated and potentially harmful administration of clenbuterol; and,
- b) To protect the wagering public from unfair advantages gained by horsemen illegitimately enhancing the performance of their horses using clenbuterol.

With regard to a) above, the administration of clenbuterol is already regulated. Clenbuterol is a FDA approved medication indicated for the management of horses affected with airway

obstruction. It is marketed as Ventipulmin®. The CHRB added clenbuterol to its list of medications authorized to be administered under CHRB Rule 1844 to safeguard the health of horses entered to race.

The CHRB pursuant to CHRB Rule 1844.1 temporarily suspended the authorized administration of clenbuterol to quarter horses in beginning in October, 2011. It has continually extended that deauthorization to the present time. During the period of deauthorization the detection of any amount of clenbuterol in official post race sample constitutes a violation of CHRB rules and subjects the trainers of those horses to severe administrative sanctions. Meanwhile, clenbuterol has remained authorized for administration to all other breeds of horses racing in California. Moreover, several CHRB Rules set forth the procedures for reporting and administration of clenbuterol.<sup>1</sup>

The CHRB notes that clenbuterol has “. . . side-effects associated with alterations in cardiac and skeletal muscle function, as well as affects on bone, immune, endocrine, and reproductive systems.” These potential side effects are not exclusive to the quarter horse breed or this medication. Yet, despite these concerns, the CHRB continues to permit the authorized administration of clenbuterol to all other breeds of horses racing in California.

As the Racing Medication and Testing Consortium (“RMTC”) has acknowledged, every drug has side effects. Many medications have side effects and a number of medications authorized under CHRB Rule 1844 when used in excess could result in a horse’s death. Clenbuterol presents a lesser degree of potential danger to a horse’s health than a number of other authorized substances. The currently authorized level for clenbuterol is 140 pcg/ml of urine. The CHRB Equine Medical Director has advised horsemen that clenbuterol “. . . can be readily detected at low picogram levels in both urine and blood<sup>2</sup> and that a “. . . 21-day withdrawal time should safely avoid an inadvertent positive provided the clenbuterol is the FDA-approved Ventipulmin Syrup form of clenbuterol and it is used at the standard therapeutic dose.”

Anyone abusing the administration of clenbuterol would be readily detected by the extremely sensitive testing currently employed by the CHRB; consequently there is no need for the deauthorization of therapeutic administration of clenbuterol to any breed of horse racing in California. It should be noticed that the CHRB has recommended a withdrawal time that is more stringent than the RMTC withdrawal time of 14 days.

**B. CHRB misrepresents the facts and studies relied upon for the amendment and addition.**

With regard to b), despite the CHRB claim that clenbuterol is used to enhance the performance of horses, neither of the studies upon which it relied supports that notion. In fact,

<sup>1</sup> CHRB Rules 1840, 1841, 1842, 1843, 1843.1, 1843.2, 1843.3, 1843.5, 1844, and 1844.1.

<sup>2</sup> A picogram is 0.000000000001 grams or one-trillionth of a gram.

one of the studies the CHRB relied upon in making its determination of the necessity to deauthorize clenbuterol<sup>3</sup> specifically states:

Considering that clenbuterol causes a repartitioning of fat to muscle, it would be intuitive that this drug would have performance-enhancing effects. Nonetheless, clenbuterol has consistently been found to have a negative ergogenic function in humans, laboratory animals, and equids.<sup>4</sup>

The study cited by the CHRB not only fails to support the notion that clenbuterol enhances race performance, it sums up the issue by stating that “. . . **the scientific literature does not support the conjecture that clenbuterol enhances performance with regard to aerobic exercise.**”<sup>5</sup> While arguably horses racing at distances less than one-half mile primarily utilize anaerobic metabolism, it is likely that both anaerobic and aerobic metabolism are utilized. In any event neither of the studies upon which the CHRB relied address the notion that clenbuterol enhances racing performance at any distance. It is inconceivable that the CHRB would submit these studies as supportive of its proposed amendment and addition when, in fact, these studies do not conclude that clenbuterol enhances performance.

Consequently, the alleged need to protect the public from unfair advantages gained by horsemen illegitimately enhancing the performance of their horses using clenbuterol has been misstated since there is no evidence supporting the CHRB position that clenbuterol enhances the performance of horses, including but not limited to, quarter horses.

**Recommendation:** *Bolster enforcement and regulation of all medication administrations through out of competition testing and post-race testing provided for by current CHRB Rules 1858 and 1859 while leaving undisturbed Rule 1844 so as to permit the regulated administration of clenbuterol provided by existing CHRB Rule 1844 to safeguard the health of all breeds of horses racing in California.*

## 2. CONSISTENCY

Pursuant to Government Code § 11349 “Consistency” means being in harmony with, and not in conflict with or contrary to, existing statutes, court decisions, or other provisions of law.

The CHRB has an obligation to insure that the regulations and conditions under which horses compete are fairly and equally applied. The policy is reflected in CHRB Rule 1844.1 which states that the temporary suspension of the authorized administration of a medication may be for a breed provided that **all horses in the same race compete under the same conditions.**

<sup>3</sup> Nolen-Walston et al., Effect of long-term oral administration of a low dosage of clenbuterol on body fat percentage in working and nonworking adult horses, 76 AJVR 460-466 (2015).

<sup>4</sup> Ibid at 465

<sup>5</sup> Ibid at 495.



Currently quarter horses and thoroughbred compete regularly against each other in the same races.<sup>6</sup> Should the amendment to CHRB Rule 1844 be adopted then the quarter horses and thoroughbreds would not be competing under the same conditions. The competition between these different breeds in the same race would be under different conditions, whereas the thoroughbreds would be competing with authorized administration of clenbuterol while quarter horses would be competing without the authorized administration of clenbuterol. Not only does this violate Rule 1844.1 but it also does not meet the Necessity and/or Consistency standards for amendment of Rule 1844 and addition of Rule 1866.1.

Under the circumstances presented herein, the adoption of the Rule 1866.1 and the amendment of Rule 1844 would be inconsistent with existing policy and CHRB rules and would not meet the requisite standards of Necessity and Consistency. As such, the CHRB proposal of amendment and addition as currently drafted should be denied.

**Recommendation:** *Leave undisturbed current CHRB Rule 1844 so as to insure that all horses in the same race compete under the same conditions.*

### 3. CLARITY

Pursuant to Government Code § 11349 "Clarity" means written or displayed so that the meaning of regulations will be easily understood by those persons directly affected by them.

Rule 1866.1 as proposed provides language that implies that there are samples other than blood and urine samples that can be considered official test samples. Business and Professions Code § 19577 defines official test sample as any "blood or urine sample." The reference to "any other official test sample" in Rule 1866.1 (b) is therefore inconsistent with Business & Professions Code § 19577.

Under proposed Rule 1866.1, a horse could be subjected to hair follicle analysis which has been shown to detect the historic administration of clenbuterol for up to 360 days. If this type of analysis were to be construed as an official test sample, under Rule 1866.1, a horse who had been previously administered clenbuterol in compliance with CHRB regulations and whose urine and blood could be clear of any detectable amount of clenbuterol at the time of the hair follicle sample collection but whose subsequent hair sample analysis provided evidence of prior clenbuterol administration could be placed on the Veterinarian's list for an indeterminate amount of time and not be allowed to start in a race until an investigation was conducted and a subsequent official test sample collected after a workout failed to detect clenbuterol in the blood or urine.

Pursuant to the adoption of Rule 1866.1, quarter horses in complete compliance with all CHRB rules could be prohibited from starting in a race pursuant to a finding by an analysis of hair that cannot be used for any disciplinary action nor is considered an official test sample under Business & Professions Code § 19577.

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<sup>6</sup> 870 yard races are regularly run at Los Alamitos Quarter Horse Meet with thoroughbreds and quarter horses competing against each other in those races.

Under Rule 1866.1 a horse whose quarter horse was in complete compliance with all CHRB regulations could simultaneously be susceptible to a restriction or restraint of racing as a result of the administration of a therapeutic medication months before the collection of a hair sample. Because horses change ownership regularly in claiming races<sup>7</sup>; it is possible that a legal administration of clenbuterol which took place months before the transfer of ownership of the horse could result in the horse not being allowed to race for the new owner until an investigation and subsequent urine and blood test were conducted.

**Recommendation:** *Withdraw the proposed adoption of Rule 1866.1 as inconsistent and unclear. In the alternative, delete "or any other official test sample" from proposed Rule 1866.1 (a) (b) and (c).*

### GENERAL COMMENTS

Rule 1866.1 provides that any horse prescribed clenbuterol will be placed on the vet's list and remain thereon until there is no clenbuterol detected in a blood and urine test after a workout to determine its physical fitness. Clenbuterol is intended as a treatment for a medical condition unrelated to unfitness to compete in a race due to physical injury or lameness. The requirement that the blood or urine sample be taken **after a workout** serves no purpose other than to render the regulation of clenbuterol more oppressive than necessary and is unrelated to the CHRB's express concerns underlying the extraordinary regulation of clenbuterol.

**Recommendation:** *Delete "after a workout to demonstrate its physical fitness, pursuant to Rule 1866.1" from Rule 1866.1 (a) (b) and (c).*

Statements contained in the notice refer to anabolic type effects of clenbuterol that enhance the performance of the horse. Assuming for the sake of argument that this statement was true, the study upon which the CHRB relied in reaching its determination indicated that any repartitioning effect dissipated relatively quickly as horses returned to their normal pre-administration baselines with 2 weeks of cessation of clenbuterol treatment. Given that the Equine Medical Director advised withdrawal of clenbuterol 3 weeks prior to racing, current rules appear to mitigate any anabolic effect in horses participating in racing.

**Recommendation:** *Withdraw the proposed adoption of Rule 1866.1 as unnecessary as current rules provide ample regulatory protection and safeguards.*

Lastly under the section titled BENEFITS ANTICIPATED FROM THE REGULATORY ACTION it is stated that:

when trainers and owners are in compliance with the proposed rule amendment and addition, the public will have more confidence in California quarter horse racing, which may result in increased wagering.

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<sup>7</sup> Races in which the horses are all for sale.

The facts belie this notion. Since 2011 to the present day while the authorized administration of clenbuterol to quarter horses has been suspended the total amount of money wagered on quarter horse racing at Los Alamitos has declined. Consequently, there is no support for the contention that similar regulation will have a positive effect on wagering.

In conclusion, there is no need for further regulation of clenbuterol, a proven and well-accepted therapeutic medication for specific airway related diseases in horses. To single out the quarter horse industry and treat it differently than any other breed; to allow horses to compete on an unequal basis; to deprive quarter horses of the benefit of a medication that the CHRB itself includes in that limited group of medications intended to safeguard the health of horses is unconscionable. Once one dispenses with the anecdotal and unsubstantiated hysteria surrounding this issue and focuses upon the pertinent, validated, veterinary studies, the proposed amendment and addition to CHRB regulation of clenbuterol in quarter horses is unwarranted and unreasonably excessive.

Thank you for your consideration of these comments.

Sincerely,

*Darrell Vienna*

Darrell Vienna

DJV/cw

**CARLO FISCO  
ATTORNEY AT LAW**

January 25, 2015

California Horse Racing Board  
1010 Hurley Way, Suite 300  
Sacramento, CA 95825

***Re: Public Comment re: Proposed Adoption of CHRB Regulation 1866.1***

Dear Mr. Laird:

Please accept this letter as my public comment regarding the California Horse Racing Board's attempt to add Rule 1866.1 entitled "Presence of Clenbuterol in Horses." For the reasons set forth below, the attempt to adopt this regulation is in breach of the mandatory requirements of the Government Code and Administrative Procedure Act.

OAL Review:

Clenbuterol is an authorized medication. Its presence in horses is allowed under CHRB Rule 1844. Thoroughbreds and Standardbreds in California are allowed to use and race on clenbuterol under Rule 1844 which authorizes its administration. The proposed prohibition in official quarter horse test samples does not mean clenbuterol cannot be used or possessed. Its temporary suspension in a post race sample under Rule 1844.1 protects the public interest as well, if not better, than any safeguard for any other drug. The proposed regulation is, therefore, onerous, unnecessary, unclear, inconsistent and redundant. For those reasons, it should be denied by the OAL.

A. The Proposed Regulation Does Not Comport with APA Standards. (Govt. Code §11349.1)

Necessity: The APA standard for "Necessity" includes review of the facts, studies and expert reports relied upon by the agency in proposing a new regulation.

Here, the CHRB reasoning, as set forth in the Initial Statement of Reasons under the heading of "Problem," is quite straightforward. It asserts that administration of clenbuterol must be closely regulated by adoption of the new regulation because its use enhances a horse's performance thus threatening to create an unfair playing field for the wagering public. It bases this premise on two studies cited in its submission.<sup>1</sup> CHRB specifically declares that no other studies were relied upon.

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<sup>1</sup> Nolen-Walston (2015) "*Effect of Long Term Administration of a Low Dosage of Clenbuterol...*"  
Kearns & McKeever (2009) "*Clenbuterol and the Horse Revisited*"

Letter to CHRB  
January 25, 2016  
Page two

The real problem is that the studies do not support the CHRB position. Neither study concludes that clenbuterol enhances performance. The *Nolen-Walston* study is quite explicit in refuting the claim of performance enhancement. The *Kearns-McKeever* study makes no claim of performance enhancement but is merely a summary of clenbuterol studies known at the time. It is remarkable that the CHRB would allow such misinformation to be submitted to the OAL without proper review, research and oversight. In any event, the proposed regulation does not comply with the Necessity standard in this regard since the premise has been refuted, quite stunningly, by the CHRB's own relied-upon studies. Again, no other studies were referenced.

Further, Rule 1866.1 is not necessary because there are ample regulations and "house rules" already in effect. Notwithstanding the possible adoption of amended Rule 1844, CHRB already has in effect Rule 1844.1 which prohibits any clenbuterol in a post-race finding. It already has in effect Rule 1842, *Veterinarian Report*, wherein a veterinarian must report to the CHRB any administration or treatment of a horse within the enclosure of the racetrack. It already has in effect Rule 1864, *Labeling of Medications*, to ensure proper identification of only FDA-approved clenbuterol. It has Rule 1890, *Possession of Contraband*, which prohibits the possession of any non-FDA clenbuterol. It has Rule 1863, *Pre-Race Testing* which allows pre-race testing of any horse. It has the full complement of rules for veterinarian's list, post race testing, and penalties. It also has the private, Los Alamitos "house rule" banning clenbuterol in even a hair sample, which CHRB has approved and adopted as its own. Clearly, there is no need for this latest regulation.

Clarity: Here, the CHRB is attempting to obviate its own rules regarding testing by inserting language designed to introduce illegal testing parameters and avoid the APA.

1. The proposed Rule 1866.1 subsection (b) states, "*A quarter horse that, pursuant to Rules 1858 and 1859, tests positive for clenbuterol in either a blood, urine or other official test sample will be placed on the Veterinarian's List until an investigation has been conducted to determine the circumstances of the presence of clenbuterol in the official test sample, and until a subsequent official test sample fails to detect clenbuterol in the blood or urine of the horse after a workout...*"

As written, this would allow the Equine Medical Director to conduct *un-official* hair testing on horses without having such a procedure formally adopted or defined as an official sample by the Horse Racing Law. This is of utmost importance. "Official test sample" is not defined in the racing rules but it is defined in Business and Professions Code section 19577 as blood or urine. The CHRB and its Equine Medical Director look to improperly take advantage of the lack of clarity in the proposed regulation to institute hair testing even though such hair testing cannot form the basis of any CHRB disciplinary or disqualification action. CHRB has stood by and sanctioned the private hair testing by Los Alamitos and now it wants to get in on the action without formal rulemaking. Because hair testing can test as far back as one year and yet cannot produce relevant information about the dosage or administration, hair testing



Letter to CHRB  
January 25, 2016  
Page three

undermines every regulation regarding clenbuterol administration and testing. This is the most dangerous attempt by the Equine Medical Director to avoid the APA and the OAL. If hair testing is of such efficacy, then it must be formally adopted according to regular rulemaking procedures rather than this intentionally vague tactic. Quite simply, without a specific regulatory definition for "official test sample," the regulation is unclear. Further, it is unclear as to whether any of the multitude of testing and medication regulations (some of which are listed above) would apply to the proposed regulation.

Moreover, the proposed regulation, as written, is itself illogical and subject to this mischief. Rule 1866 *allows* for a 30 day use of clenbuterol. On the heels of that legal administration, however, that horse could be disqualified and put on the veterinarian's list by hair testing. Such an outcome is absurd and results directly from the lack of clarity in the regulation.

In sum, the regulation should be made concise by limiting the testing to blood and urine samples or, in the alternative, made to specify what is meant by "other official test sample." Under no circumstances should it include "hair testing" until such testing procedure is formally adopted as an official test by the CHRB and made the legal basis for a disciplinary action.

2. Subsection (b) further breaches the Clarity requirement by making a vague and indeterminate reference to an "*investigation*." There is absolutely no information provided as to who would conduct the investigation, within what time frame the investigation would be conducted, the due process rights of the trainer facing such an investigation, methods to challenge the test result or conduct further testing, or the standard to be used in adjudicating "*the circumstances of the presence of clenbuterol in the official test sample...*" There are several CHRB regulations presently in place relating to investigations, hearings and review. For example, Rule 1843.3, (Penalties for Medication Violations); Rule 1888 (Defense to Trainer Insurer Rule); Rule 1987 (Notice of Findings and Determination After Hearing); and Rule 1988 (Appearance and Evidence at Hearing), are just some of the regulations related to investigation and review of matters related to medication. It is totally unclear in the proposed regulation whether CHRB intends to incorporate the provisions of these other regulations into the new regulation or whether it intends to totally ignore and abandon the due process rights of a licensee facing an investigation into an authorized medication such as clenbuterol. For this reason, the proposed regulation should be denied.

#### Conclusion.

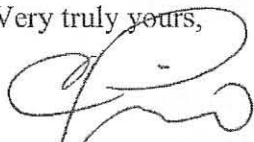
The CHRB cites two studies it tells us support its position that clenbuterol enhances the racing performance of quarterhorses. The two studies do no such thing. It is clear that the CHRB failed to properly research and present the actual holdings of the two studies. In so doing, the CHRB misrepresented the conclusions of the case studies. Rather, the CHRB chose to blindly accept the vigilante brand of rulemaking espoused by its Equine Medical Director in submitting vague, untrue, misrepresentative, unnecessary and prejudicial material in support of this proposed regulation.



Letter to CHRB  
January 25, 2016  
Page four

The CHRB should have at least balanced its Legislative mandate with the interests of the wagering public. That Legislative mandate *requires* the CHRB to discharge its mandatory duties when proposing regulations in a legal, ethical and competent manner. That is in the highest public interest. The proposed adoption of Rule 1866.1 is, on the other hand, a case study of an administrative agency that has lost its way and ignored its true public mission.

Very truly yours,



CARLO FISCO

CF/sh

STAFF ANALYSIS  
DISCUSSION BY THE BOARD REGARDING THE TIMELY REPORTING OF TICKET  
DETAILS ASSOCIATED WITH LARGE WINNING TICKETS

Regular Board Meeting  
February 25, 2016

ISSUE

The California Horse Racing Board (CHRB) and the horse racing industry has a need for accurate, detailed wagering data, available on a race-by-race basis. CHRB auditors and law enforcement personnel would benefit from quickly seeing the individual wagers and where they were placed, so they could identify and investigate suspicious activity and take steps to pursue and punish illegal behavior.

The CHRB supports the industry's desire for transparency by quickly making public the details of major winning tickets, including ticket purchase location. The current lack of transparency was made evident on January 23, 2016, at Santa Anita Park, when one winning Pick Six ticket paid \$1,132,476 to a bettor through Racing and Gaming Services (RGS). The racing and social media immediately reported disappointment that the composition of the winning ticket was not available. Those details were reported the next day to Santa Anita.

Both of these goals are complicated by an aging totalizator protocol that does not support the transmission of detailed ticket information to host tracks from hundreds of simulcast outlets; instead, the guest sites transmit aggregate dollar amounts for commingling into the host wagering pools. This protocol is efficient and effective in the processing of wagers for the purpose of displaying probable payoffs and the calculation of mutuels, but this lacks the transparency of individual bet details. Currently, the totalizator system in California only provides bet details on wagers placed inside the state, while bet details from simulcasting outlets outside of California must be requested. This procedure can take hours or even days.

BACKGROUND

Business and Professions Code section 19440 states that the Board shall have "all powers necessary and proper to enable it to carry our fully and effectually the purposes of this chapter," including but not limited to, adoption of rules and regulations for the protection of the public and the control of horse racing and parimutuel wagering. Additionally, Business and Professions Code section 19460 explains that all licenses granted by the Board are subject to all rules, regulations, and conditions prescribed the Board, and shall "contain such conditions as are deemed necessary or desirable by the board for the best interests of horse racing." Business and Professions Code section 19590 further requires that the Board "shall adopt rules governing, permitting, and regulating parimutuel wagering on horse races under the system known as the parimutuel method of wagering." Finally, Business and Professions Code section 19592 explains

that “[t]he communications system, technology, and method used to accept wagers and transmit odds, results and other data related to wagering shall be approved by the board.”

#### ANALYSIS

The Thoroughbred Racing Protective Bureau (TRPB)—the security and investigative arm of the Thoroughbred Racing Associations of North America—has developed a Tote Security System database that can provide an audit trail of ticket detail on a race-by-race basis to the host regulatory agency and host race track immediately after a pool closes for betting. This database is available for ticket queries on bets and cancellations. CHRB auditors already have access to that database and can monitor more than 80 percent of the wagers being placed anywhere on races at Santa Anita Park, Del Mar, Golden Gate Fields, and California Authority of Racing Fairs (CARF) locations. But some simulcast locations have not come on board to send their individual transaction audit details to the TRPB. Some of those locations have outdated totalizator systems, while others have delayed in the development of transaction audit software or have the software available but have been resistant to comply, for reasons that are unclear to the CHRB.

Fortunately, since the Pick Six issue on January 23, RGS has been remitting ticket audit details to the TRPB Tote Security System.

The CHRB has broad authority to regulate horse racing. This oversight includes a licensing process that requires racetracks to provide a list of all simulcast outlets wagering on their races. This item is presented for discussion to determine whether there is interest in amending the license application to prohibit California racing associations and fairs from accepting wagers from any location that does not provide transaction audit details to the TRPB’s Tote Security System.

#### RECOMMENDATION

This item is presented for Board discussion.

## STAFF ANALYSIS

DISCUSSION BY THE BOARD REGARDING THE POSTING OF FINAL ODDS WITHIN A  
REASONABLE TIMEFRAME AFTER THE START OF A RACE

Regular Board Meeting  
February 25, 2016

## ISSUE

One of the biggest perception challenges facing horse racing in North America is the problem of odds changing significantly after the start of a race. The odds dropping on a winning horse just before the finish creates suspicion that someone bet on the horse after the start of the race. Although the California Horse Racing Board (CHRB) has investigated dozens of complaints about late odds changes, and determined in every instance that all wagers were legally placed before the start of the race, some bettors remain skeptical.

## BACKGROUND

Wagers placed in the last few seconds before the start of the race cannot be processed through current communications systems before the race starts. This issue is further complicated by the growth of robotic wagering, by which computerized wagering programs identify value in the pools and often make large wagers in those final seconds.

Fortunately, the number of complaints about late odds have decreased dramatically over the past decade as the racing industry has taken steps to increase the speed of odds updates. The California totalizator system currently updates odds every sixty seconds until three minutes to post, at which point they increase in frequency to thirty seconds until race time. Most importantly, 10 seconds after the start, there is a forced odds update that reflects all wagers received at that point. The Thoroughbred Racing Protective Bureau (TRPB)—the security and investigative arm of the Thoroughbred Racing Associations of North America—reports that more than ninety-eight percent of all wagers are typically reflected in the forced odds update ten seconds after the horses break from the gate.

While ninety-eight percent is an encouraging number, CHRB staff believes the industry could do an even better job of updating odds. The CHRB has asked the TRPB to identify those wagering sites that are habitually slow in transmitting their final win pool updates to host tracks and to chart how long after the start it takes for the very last update to be received. The TRPB will try to provide that report in time for the Board's March 24, 2016 meeting.

This item is presented for discussion to determine whether there is interest in adopting a rule to prohibit those sites that are routinely late with their final pool updates from participating in California wagering pools until they take steps to remedy the problem.

**CALIFORNIA HORSE RACING BOARD**

**FEBRUARY 25, 2016**  
**REGULAR BOARD MEETING**

**There is no board package material for Item 14**