

CALIFORNIA HORSE RACING BOARD  
1010 HURLEY WAY, SUITE 300  
SACRAMENTO, CA 95825  
(916) 263-6000  
FAX (916) 263-6042



## REGULAR MEETING

of the **California Horse Racing Board** will be held on, **Thursday, November 21, 2002**, commencing at **10:00 a.m.**, at the Embassy Suites Hotel LAX (South), 1440 East Imperial Avenue, **El Segundo**, California.

### AGENDA

#### Action Items

1. **Approval of the minutes** of the regular meetings of September 25, 2002 and October 17, 2002.
2. Report and discussion on the **matter of the Breeder's Cup Pick-Six**.
3. Staff update on the **Advance Deposit Wagering handle**.
4. Discussion and action by the Board on the **request by Hollywood Park to waive CHRB Rule 1967, Closing of Wagering in a Race**.
5. Discussion and action by the Board on the **Application for Approval to Conduct Advance Deposit Wagering** by ODS Technologies, L.P. d.b.a. TVG.
6. Discussion and action by the Board on the **Application for License to Conduct a Horse Racing Meeting of the Los Alamitos Quarter Horse Racing Association (Q)** at Los Alamitos, commencing December 26, 2002 through December 21, 2003, inclusive.
7. Discussion and action by the Board on the **request of the Los Angeles Turf Club to distribute charity racing day proceeds** in the amount of \$286,700 to 31 beneficiaries.
8. Discussion and action by the Board on the **request of the Los Alamitos Quarter Horse Charity Foundation to distribute charity racing day proceeds** in the amount of \$37,000 to 11 beneficiaries.
9. Discussion and action by the Board on the **request of the Del Mar Thoroughbred Club to distribute charity racing day proceeds** in the amount of \$169,500 to 23 beneficiaries.
10. **Election** of Board Chairperson and Vice Chairperson.

**Other Business**

11. **General Business:** Communications, reports, requests for future action of the Board.
12. **Old Business:** Issues that may be raised for discussion purposes only, which have already been brought before the Board.
13. **Executive 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. Personnel.
  - B. Board may convene an Executive Session to consider any of the attached pending litigation.
  - C. The Board may also convene an Executive Session to consider any of the attached pending administrative licensing and disciplinary hearings.

Additional information regarding this meeting may be obtained from Roy Minami, at the CHRB Administrative Office, 1010 Hurley Way, Suite 300, Sacramento, CA 95825; telephone (916) 263-6000; fax (916) 263-6042. A copy of this notice can be located on the CHRB website at [www.chrb.ca.gov](http://www.chrb.ca.gov)

**CALIFORNIA HORSE RACING BOARD**

Alan W. Landsburg, Chairman  
Roger H. Licht, Vice Chairman  
William A. Bianco, Member  
Sheryl L. Granzella, Member  
John C. Harris, Member  
Marie G. Moretti, Member  
John C. Sperry, Member  
Roy C. Wood, Jr., Executive Director

## CALIFORNIA HORSE RACING BOARD

**Memorandum**

**Date** : November 8, 2002

**To** : **California Horse Racing Board**  
Alan W. Landsburg, Chairman  
Roger H. Licht, Vice-Chairman  
William A. Bianco, Member  
Sheryl L. Granzella, Member  
John C. Harris, Member  
Marie G. Moretti, Member  
John C. Sperry, Member

**From** : **Sharyn S. Jolly**  
Administrative Hearings Unit

**Subject** : PROPOSED DECISIONS SCHEDULED FOR ACTION-EXECUTIVE SESSION

The following Proposed Decisions and Administrative Proceedings may be reviewed for action:

<b>Baze, Tyler</b> SAC 02-038 Appellant	Appeal from Board of Stewards Ruling #3, Churchill Downs California Operating Company, dated May 3, 2002
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<b>Valenzuela, Patrick</b> SAC 02-54 Appellant	Appeal from Board of Stewards Ruling #71, Churchill Downs California Operating Company, dated July 7, 2002.
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<b>Duffy, Norma Jeanne</b> SAC 02-045 Appellant	Appeal from Board of Stewards Ruling #44, Bay Meadows Operating Company, dated May 25, 2002
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**PENDING LITIGATION**  
**NOVEMBER 2002**

<u>CASE</u>	<u>CASE NUMBER</u>
<b>DAVIES, A. v.</b> California Horse Racing Board	Contra Costa County Superior Court No. C 98-01694
<b>MARTIN, JOHN v.</b> California Horse Racing Board	Sacramento County Superior Court No. 98 CS00952
<b>PLANO, RICHARD v.</b> California Horse Racing Board	Sacramento County Superior Court No. 98 CS00909
<b>SIEDELMAN, GARY v.</b> California Horse Racing Board	Sacramento County Superior Court No. AS 03388
<b>BAFFERT, BOB v.</b> California Horse Racing Board	U.S. District Court, Central District of California Case No. 01-07363 DT
<b>DELONG, GREGORY KENNETH v.</b> California Horse Racing Board	Los Angeles County Superior Court No. BS 076967
<b>BURNETT-NUTTER, LAURIE v.</b> California Horse Racing Board	Riverside County Superior Court No. RIC 382077

**PROCEEDINGS** of the Regular Board Meeting of the **California Horse Racing Board** held at the **Sheraton Suites**, 601 McKinley Avenue, Pomona, California, on **September 25, 2002**.

Present: Roger H. Licht, Vice-Chairman  
William A. Bianco, Member  
Sheryl L. Granzella, Member  
John C. Harris, Member  
Marie G. Moretti, Member  
John C. Sperry, Member  
Roy C. Wood, Jr., Executive Director  
Thomas A. Blake, Deputy Attorney General

### **Minutes**

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Vice-Chairman Licht asked for approval of the minutes of the Regular Board Meeting of July 25, 2002 and August 21, 2002. Commissioner Harris enumerated corrections to the August 21, 2002 minutes. Commissioner Bianco **motioned** to approve the minutes of July 25, 2002. Commissioner Moretti **seconded** the motion, which was **unanimously carried**. Commissioner Moretti **motioned** to approve the minutes of August 21, 2002, as amended. Commissioner Harris **seconded** the motion, which was **unanimously carried**.

### **DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING OF THE CHURCHILL DOWNS CALIFORNIA FALL OPERATING COMPANY (T) AT HOLLYWOOD PARK, COMMENCING NOVEMBER 6 THROUGH DECEMBER 22, 2002, INCLUSIVE.**

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Jacqueline Wagner, CHRB staff, said Churchill Downs Fall Operating Company (CDFOC) proposed to run 35 days, four more than in 2001, for a total of 301 races. Ms. Wagner stated the first post time would be 12:30 p.m. daily, with a post time of 7:05 p.m. on November 8 and 15, and 11:00 a.m. on November 28, 2002. The wagering program would be offered using CHRB regulations. Ms. Wagner said the horsemen's agreement had been signed, and

the fire clearance conducted. She stated staff recommended approval of the application as presented. Vice-Chairman Licht asked for comment on the racing surfaces at Hollywood Park. Eual Wyatt of Hollywood Park said the turf course had been completely resodded. He stated the growing medium had been changed and he was confident the fall turf course would perform better than it had in the summer. Mr. Wyatt added Hollywood Park was in the midst of a major renovation to the main track. He said Hollywood Park's goal was to return the main track to its 1998 condition, when it was generally well accepted by the horsemen. Vice-Chairman Licht said there was a perception among horsemen and a percentage of the wagering public that the tracks are tampered with to create Pick-6 carryovers or aberrant race results. He stated he believed the notion was ridiculous as he believed the associations could not create winners if they wanted to. Vice-Chairman Licht said, however, he thought it was important for the tracks to state for the record that their race courses were well maintained. Jack Liebau of Magna Entertainment stated he would take exception to suggestions that his track maintenance crew, or track executives, would attempt to configure the tracks so there would be a Pick-6 carryover. Craig Fravel of Del Mar Thoroughbred Club (DMTC) said his organization was only interested in having a fair and safe track surface. He stated under no circumstances would DMTC attempt to create adverse track conditions. Commissioner Granzella **motioned** to approve the application for license to conduct a horse racing meeting of CDFOC. Commissioner Moretti **seconded** the motion, which was **unanimously 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 NOVEMBER 6, 2002 THROUGH MARCH 30, 2003, INCLUSIVE.**

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Jacqueline Wagner, CHRB staff, said Pacific Racing Association (PRA) proposed to run 105 days, four more days than in 2002, for a total of 903 races. Ms. Wagner stated PRA requested the option of running more than 8.6 races per day if the horse population permitted. The first post time would be 12:45 p.m. daily, and 11:00 a.m. on November 28 – Thanksgiving day. Ms. Wagner said the horsemen’s agreement had been received, and staff recommended approval of the application contingent upon receipt of items the analysis listed as missing. Commissioner Bianco **motioned** to approve the application for license to conduct a horse racing meeting of PRA. Commissioner Moretti **seconded** the motion, which was **unanimously carried**.

**DISCUSSION AND ACTION BY THE BOARD TO INCREASE THE PERCENTAGE FOR STABLING AND VANNING TO 1.25 PERCENT, FOR FUNDING WORKERS’ COMPENSATION.**

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John Reagan, CHRB staff, said the item was brought before the Board due to pending legislation which would allow the industry to take the maximum percentage for vanning and stabling and use it to cover costs related to Workers’ Compensation insurance. He stated a fund not to exceed \$5 million, with up to \$4 million to cover costs related to Workers’ Compensation, and an additional \$1 million for backstretch workers, would be established with the increase. Mr. Reagan said the industry was currently taking just over \$10 million for vanning and stabling. With a 1.25 percent increase, the figure would increase to approximately \$16.5 million. As the legislation was still pending, Mr. Reagan stated staff

recommended the Board delegate authority to authorize collecting the funds for the increase to the Executive Director. Ed Halpern of California Thoroughbred Trainers (CTT) said the industry had a written proposal from an insurance company that would significantly lower premiums for the majority of trainers whose policies were renewed July 1, 2002. He stated the agreement was contingent on the industries' ability to pay for the policy. Mr. Halpern said the 1.25 percent increase in the vanning and stabling fund was necessary. A delay in an increase would mean policies could not be sold at discounted rates. Vice-Chairman Licht asked if any other segment of the industry would be adversely affected by the increase. Mr. Reagan said the funds were provided 50 percent from purses and 50 percent from track commissions. The horsemen would essentially be reducing their purses and the tracks would provide the remainder of the money. Commissioner Harris asked if the insurance company was issuing the policy based on future income, or would it issue the policy after the income was built up. Jack Liebau of Santa Anita said the tracks would issue letters of credit that would eventually be replaced by cash. Mr. Liebau said a proposal was in place, but there was a question regarding how much participation there had to be by the trainers, and the insurance carrier would decide whether there was sufficient participation. He stated the parties had reviewed the numbers in detail, and did not feel it was necessary to raise the percentages to the maximum. The industry was proposing in the north the percentage would be raised from .7 to .87 and in the south from .74 to .94. Mr. Liebau said it was believed that based on those percentages there would be adequate funds to make the program viable, and any excess funds would only reduce purses and commissions. He suggested activation of the percentages be conditioned on the legislation being signed and commence on November 1, 2002, which was the date the program would begin. Jim Henwood, on behalf of the Los Angeles County Fair



Association (LACFA), said LACFA supported the request. He stated Fairplex subsidies were cut by almost \$700,000 which caused it to close its training facilities for 60 to 70 days between May and July. Mr. Henwood said the closure resulted in the displacement of many trainers. LACFA was working with Southern California Off-Track Wagering, Inc. in an effort to restore the funds. Mr. Henwood stated he hoped that when an increase was discussed, the funds LACFA needed to restore its program would be put into the calculations. Vice-Chairman Licht asked if the percentages put forward by Mr. Liebau would be sufficient to generate the funds needed to start the program on November 1. Mr. Liebau said he believed the percentages he suggested would generate sufficient funding. Vice-Chairman Licht asked if the funds would not accumulate faster if the percentages were collected prior to November 1. Mr. Liebau said the program could fall apart if there was not sufficient participation from trainers, so it was essential that the amount in the vanning and stabling fund not be increased until it was known the program was viable. He stated the Board could readjust the takeout if the program did not work, but in the meantime, the horsemen and tracks would be penalized. Mr. Liebau said the numbers were reviewed by himself and John Van de Kamp of Thoroughbred Owners of California (TOC), and had the support of the tracks. The consensus was for the program to start November 1. Mr. Liebau said if the program did not work, the parties could return to the Board and ask for a reduction in the takeout. Commissioner Harris said he understood the tracks would issue a letter of credit, so an immediate cash flow was not critical. Mr. Liebau said that was correct. He stated the tracks would put up letters of credit, which would be offset with money from the vanning and stabling funds. If the program was a success, and the policies written under it terminated and had to be rewritten, the tracks would issue new letters of credit, which would again be offset with monies from the funds. Mr.

Liebau stated it was an ongoing process. Don Johnson of TOC said his organization strongly supported the program and was pleased the increase in takeout could be less than 1.25 percent. Chris Korby of California Authority of Racing Fairs said his organization was in favor of the program. He stated it was critical for the industry and all the parties had worked hard to put it together. Commissioner Harris **motioned** to increase the deduction from purses and commissions for the stabling and vanning fund to .87 percent in the north and .94 percent in the south effective November 1, 2002, and contingent upon approval of AB 2931 by the Governor. Commissioner Granzella **seconded** the motion, which was **unanimously carried**.

**REPORT BY VICE-CHAIRMAN LICHT ON DISCUSSIONS WITH REPRESENTATIVES FROM OUT-OF-STATE SIMULCAST SITES.**

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Vice-Chairman Licht said two meetings were held; one with Racing Games Services (RGS) and one with Holiday Beach. Vice-Chairman Licht said those at the meetings were informed about the amounts wagered at various locations – such as RGS' operations in North Dakota, and the Tonkawa Indian Tribe out of Oklahoma. He stated the numbers were staggering considering the size of the operations involved, and their locations in relation to major urban areas. The Tonkawa Tribe's reservation was many miles from any major city, and RGS' operated out of small offices in North Dakota. Vice-Chairman Licht said he believed the industry needed to conduct a major investigation of such sites, however, there was limited money to initiate a proper investigation. He stated he was hopeful the tracks would put forward a proposal to see whether money was being – in a sense – stolen by such operations rather than being wagered in California. Commissioner Harris asked if the common thread among the wagering facilities was rebates. Vice-Chairman Licht said significant rebates were

involved. He stated many of the wagering sites had a "point system" wherein they rewarded players with points that could be converted into cash or merchandise. Jack Liebau said the reason the playing field was not level was the ability of the wagering facilities to give rebates. He stated a patron only had to break even with their wagers and they would make money due to rebates. Vice-Chairman Licht said the industry needed to consider some major changes regarding rebates; did it need to give rebates to compete, could it cut off the signal to wagering facilities that give rebates, or did it need their business to survive? Vice-Chairman Licht stated he understood the industry thought it needed the income from such facilities to survive and was not willing to cut off the signal. He added the industry needed to look at whether it should offer rebates to compete and as a way to entice new fans. Craig Fravel of Del Mar Thoroughbred Club (DMTC) said he thought the Board had provided a service by highlighting the issue and holding meetings where the business practices of other wagering facilities were discussed. He stated it had enhanced the industry's understanding of how such places operated. Mr. Fravel said it was difficult for California's racing associations to go to the various wagering facilities to see how they operated, but perhaps the Racing Commissioners International, or the racing commission with jurisdiction could provide more accurate information. He said he thought the best California could do was to work together to come up with the best approach to the issue, and his organization would contribute funds. Mr. Fravel said DMTC cut the signal to Las Vegas several years ago, with the result of increasing income to racetracks in other jurisdictions. He stated he believed DMTC was still recovering market share it lost in Las Vegas. Mr. Fravel said while cutting off the signal sounded appealing, it was a high-risk maneuver. Vice-Chairman Licht said he agreed with Mr. Fravel. He was not advocating the signal be cut; however, he believed the issues needed more investigation. Mr.

Liebau said Magna Entertainment would join with DMTC in contributing funds to further investigate the issue. He stated in addition to the issue of rebates there were concerns about the credit worthiness of some of the wagers, which might have been made on credit. What would happen if such wagers were made and the money did not eventually enter the pool? Mr. Liebau stated there had been instances where small amounts were bet on credit and there was a wait before the money was actually delivered. Eual Wyatt of Hollywood Park said his organization supported the industry's efforts to investigate out-of-state simulcast sites. Commissioner Harris recommended that after further investigation of the matter, the group make a status report on the progress of the issue.

**DISCUSSION AND ACTION BY THE BOARD FOR THE 45 DAY PUBLIC NOTICE ON THE PROPOSED REGULATORY ADDITION OF CHRB RULE 1668 - SCRATCHED HORSES IN A CLAIMING RACE.**

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Jacqueline Wagner, CHRB staff, said horses scratched from a claiming race could be entered back into another claiming race at a higher price as soon as the horse was deemed fit to run. Ms. Wagner stated on occasion allegations of collusion would arise concerning horses scratched from a claiming race, then reentered in a subsequent claiming race. The proposed amendment to Rule 1668 would prohibit a horse that had been scratched from a claiming race from being entered in a subsequent claiming race for a period of 60 days from the date of the scratch unless it was entered at the same or lower price. Ms. Wagner said staff recommend the Board instruct it to initiate the 45-day public comment period. Vice-Chairman Licht said the ability to scratch a horse in a claiming race and enter it back had probably been abused by owners and trainers over many years. He stated it appeared as if the practice had accelerated

to a degree that it had become intolerable, and at Del Mar's meeting there was a trainer who appeared to have had up to six horses scratched. With the advent of more exotic wagering fans were finding they were placing major wagers on favorites rather than the horse they selected. Vice-Chairman Licht said either the rule as presented, or a similar version might be the solution. He stated he believed stronger oversight in the area of scratching horses from claiming races was needed to protect the public. Commissioner Harris said he agreed there was a problem. He stated, however, he did not believe the rule was the best solution. It could have an adverse effect on persons who were not attempting to be dishonest, and on starters in general. Commissioner Harris said he believed the entire area of scratches needed to be reviewed, and perhaps the stewards and Board's investigative staff could follow up with more oversight. Commissioner Harris commented he believed that if an allegation could be thoroughly investigated and proven, the Board could make an example and get the word out that such practices were not acceptable. Jack Liebau of Bay Meadows said he thought the proposed amendment was overly broad. He stated he believed not enough was being done to investigate why horses were being scratched. If there was a scratch that affected wagers, was enough being done to determine the horse truly was not fit to run? Tom Robbins of Del Mar Thoroughbred Club said he agreed with Mr. Liebau. He stated horses did get scratched, but most of the scratches were for legitimate purposes. The proposed amendment would punish those who were scratching legitimately to catch a few who were not. Mr. Robbins said he believed those who abused the system should have a little fear put into them, but racing secretaries and stewards could monitor the process a little closer and take action if necessary. Commissioner Moretti suggested the Board ask the directors of racing to work more closely with the CHRB on the issue. Vice-Chairman Licht said he thought that was a good idea. He

stated he would like to see the Board's investigative staff take a closer look at horses that are scratched, talk to every trainer or jockey involved and follow up with the veterinarians. Executive Director Wood said the six horses that were scratched at Del Mar were the subject of an ongoing CHRB investigation. Mr. Wood stated that during his tenure as Executive Director the vet's list had been the subject of various discussion, and had been changed several times. The racing secretaries have also been asked to be more diligent in noticing who scratched. Mr. Wood stated CHRB staff was willing to offer assistance to association management to find a way to better manage the situation. Don Johnson of Thoroughbred Owners of California and Ed Halpern of California Thoroughbred Trainers expressed their respective organizations' opposition to the proposed amendment. Vice-Chairman Licht suggested the issue be held in abeyance.

**DISCUSSION AND ACTION BY THE BOARD ON THE REQUEST OF THE DEL MAR THOROUGHBRED CLUB TO DISTRIBUTE CHARITY RACING DAY PROCEEDS IN THE AMOUNT OF \$170,707 TO 22 BENEFICIARIES.**

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John Reagan, CHRB staff, said the request by the Del Mar Thoroughbred Club (DMTC) would distribute \$170,707 to 22 beneficiaries, of which 70% were horse racing related charities. Mr. Reagan said staff found the request in order and recommended the Board approve it as presented. Commissioner Granzella **motioned** to approve the request by DMTC to distribute charity racing day proceeds in the amount of \$170,707 to 22 beneficiaries. Commissioner Harris **seconded** the motion, which was **unanimously carried**.

**STAFF UPDATE ON THE ADVANCE DEPOSIT WAGERING HANDLE.**

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John Reagan, CHRB staff, said since its inception the advance deposit wagering (ADW) handle has been approximately six-and-a-quarter percent of the total California handle. He stated, however, if one looked at the ADW handle on an "instant-week" basis, it sometimes was approaching 10 percent of the handle.

**REPORT ON THE IMPLEMENTATION OF ADVANCE DEPOSIT WAGERING.**

- A. REPORT BY XPRESSBET.
  - B. REPORT BY TVG.
  - C. REPORT BY YOUBET.
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Ron Luniewski of XpressBet said his organization continued to see steady growth. XpressBet had 12,000 accounts, of which 10,000 were California based. Mr. Luniewski reviewed XpressBet's wagering statistics, which he broke down to a per-track basis. He noted XpressBet's handle had remained flat at \$200,000 a week over the past two to three months. Commissioner Harris asked if XpressBet had any plans to increase its television coverage. Mr. Luniewski said XpressBet was working towards local and national television coverage. He added that once Santa Anita opened, XpressBet expected its numbers to increase.

Tony Allevato of TVG said his organization had over 17,000 California accounts, and had handled approximately \$60 million year-to-date. On average, 65 percent of TVG's handle from California subscribers was on California races. Mr. Allevato said TVG's California subscriber base grew 25 percent during the Del Mar meeting. TVG's handle grew 37 percent from July to August, 2002. Mr. Allevato said TVG ran a Fox Cable Network (Fox) program

daily during the Del Mar meeting and featured a mule race for the first time on the same channel. Mr. Allevato stated TVG was pleased with its ratings on its continuing Fox racing coverage. TVG planned to offer two hours of coverage daily on Fox after Oak Tree's opening.

Joe Hasson of YouBet said his organization continued to show strong results. Mr. Hasson reviewed YouBet's member call service and listed the number of calls as well as the average time for each call. Mr. Hasson said YouBet offered 100 percent of California's races and tracks. He stated YouBet continued to add over 1,000 new accounts per month. Mr. Hassan reviewed YouBet's results with the California Fair circuit and the wagering patterns of California account holders. He stated that for the first time, YouBet was bringing more out-of-state handle into California on Los Alamitos than California residents were wagering on the same track.

**STAFF REPORT ON THE FOLLOWING CONCLUDED RACE MEETINGS:**

- A. **CAPITOL RACING, LLC, AT CAL-EXPO FROM DECEMBER 26, 2001 THROUGH JULY 27, 2002.**
  - B. **SAN MATEO COUNTY FAIR AT BAY MEADOWS FROM AUGUST 7 THROUGH AUGUST 19, 2002.**
  - C. **HUMBOLDT COUNTY FAIR AT FERNDALE FROM AUGUST 8 THROUGH AUGUST 18, 2002.**
  - D. **CALIFORNIA EXPOSITION AND STATE FAIR AT SACRAMENTO FROM AUGUST 21 THROUGH SEPTEMBER 2, 2002.**
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John Reagan, CHRB staff, said he was a bit surprised with Capitol Racing's (CR) numbers. After talking with CR management it was determined that its experiments with a number of Sundays resulted in poor returns on the handle, which brought down the averages. Mr.



Reagan said CR did not plan to run as many Sundays in the future, so the handle should improve. Mr. Reagan commented that future reports would include advance deposit wagering numbers.

**REPORT FROM THE PARI-MUTUEL OPERATIONS COMMITTEE.**

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Vice-Chairman Licht said advance deposit wagering (ADW) would be discussed in depth at the next Pari-Mutuel Operations Committee meeting as several ADW providers were due for renewal in the near future.

**GENERAL BUSINESS**

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Chris Korby of California Authority of Racing Fairs presented an update on the new satellite facility at Lancaster. He stated the facility would anchor a new fair in Lancaster and would probably open in the spring.

**METING ADJOURNED AT 12:05 P.M.**

**PROCEEDINGS** of the Regular Meeting of the **California Horse Racing Board** held at the **Embassy Suites Hotel**, 221 E. Huntington Drive, Arcadia, California on **October 17, 2002**.

Present:        Alan W. Landsburg, Chairman  
                 Roger H. Licht, Vice-Chairman  
                 John C. Harris, Member  
                 Marie G. Moretti, Member  
                 John C. Sperry, Member  
                 Roy C. Wood, Jr., Executive Director  
                 Derry Knight, Deputy Attorney General

**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, 2002 THROUGH APRIL 20, 2003, INCLUSIVE.**

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Jacqueline Wagner, CHRB staff, said Los Angeles Turf Club (LATC) proposed to run 85 days, the same number of days as in 2002, for a total of 731 races. Ms. Wagner stated the first post time would be 1:00 p.m. weekdays, and 12:30 p.m. weekends and holidays, and listed additional post times for various dates throughout the race meeting. She stated there were two items noted as missing in the analysis: the horsemen's agreement and the fire clearance. Ms. Wagner said staff recommended approval of the application contingent upon receipt of items the analysis noted as missing. Commissioner Harris asked if YouBet, which was listed on the application as carrying the signal, would act as an advance deposit wagering (ADW) agent for Californians. Jack Liebau of LATC said the signal would be sent to YouBet in Pennsylvania. He added the horsemen had agreed to the arrangement. John Van de Kamp of Thoroughbred Owners of California said he anticipated the horsemen's agreement would be completed within 30 days, or less. He stated he did not anticipate there would be any problems in the negotiations. Commissioner Moretti **motioned** to approve the application for license to conduct a horseracing meeting of LATC, contingent upon receipt of items noted as

missing in the analysis. Commissioner Sperry **seconded** the motion, which was **unanimously carried**.

**DISCUSSION AND ACTION BY THE BOARD FOR THE 45-DAY PUBLIC NOTICE ON THE PROPOSED REGULATORY AMENDMENT TO CHRB RULE 1467 - PAYMASTER OF PURSES.**

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Jacqueline Wagner, CHRB staff, said Rule 1467, Paymaster of Purses, was amended in January 2002 to require that 10 percent of the purse earned on any horse finishing first, second or third in a thoroughbred race meeting be deducted and deposited into the trainer's account. Ms. Wagner stated the proposed amendment to Rule 1467 was initiated at the request of Pacific Coast Quarter Horse Racing Association (PCQHRA), and would implement the 10 percent automatic payment to trainer's accounts at quarter horse race meetings. The amendment would follow the requirements of the program instituted under thoroughbreds in that owners could opt-out by submitting written notification to the paymaster. Ms. Wagner said staff recommended the Board instruct it to initiate the 45-day public comment period. Commissioner Harris asked if the amendment would impact the fairs. Ms. Wagner said it would apply only to quarter horse race meetings. Commissioner Sperry **motioned** to instruct staff to initiate a 45-day public notice period for the amendment to Board Rule 1467. Commissioner Moretti **seconded** the motion, which was **unanimously carried**.

**DISCUSSION AND ACTION BY THE BOARD ON THE ALLOCATION OF RACE DATES FOR 2003.**

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John Reagan, CHRB staff, said the Race Dates Committee met October 10, 2002, and arrived at the following schedule: The Southern California thoroughbred and fair meetings: Los Angeles Turf Club at Santa Anita, beginning December 26, 2002 through April 20, 2003, for 85 days; Churchill Downs California Operating Company at Hollywood Park, April 23, 2003 through July 20, 2003, for 65 days; Del Mar Thoroughbred Club at Del Mar, July 23, 2003 through September 10, 2003, for 43 days; Los Angeles County Fair at Fairplex Pomona, September 12, 2003 through September 28, 2003, for 17 days; Oak Tree Racing Association at Santa Anita, October 1, 2003 through November 9, 2003, for 31 days; and Churchill Downs Fall Operating Company at Hollywood Park, November 12, 2003 through December 21, 2003, for 30 days. The Northern California thoroughbred and fair meetings: Pacific Racing Association at Golden Gate Fields, December 26, 2002 through March 30, 2003, for 70 days; Bay Meadows Operating Company, LLC, at Bay Meadows, April 2, 2003 through June 15, 2003, for 55 days; San Joaquin County Fair at Stockton, June 11, 2003 through June 22, 2003, for 10 days; Alameda County Fair at Pleasanton, June 25, 2003 through July 6, 2003, for 11 days; Solano County Fair at Vallejo, July 9, 2003 through July 20, 2003, for 10 days; Sonoma County Fair at Santa Rosa, July 23, 2003 through August 4, 2003, for 12 days; San Mateo County Fair and Exposition at San Mateo, August 6, 2003 through August 18, 2003, for 12 days; Humboldt County Fair at Ferndale, August 7, 2003 through August 17, 2003, for 10 days; California Exposition State Fair at Sacramento, August 20, 2003 through September 1, 2003, for 12 days; and Big Fresno Fair at Fresno, October 1, 2003 through October 13, 2003, for 11 days. Chairman Landsburg asked if Golden Gate Fields would move or stay as it was if the meeting at Hollywood Park was approved for November 11, 2003. Jack Liebau of Pacific Racing Association said the meetings at Bay Meadows and Golden Gate Fields were adjusted.

Mr. Reagan said the 2003 racing schedule for quarter horses was: Los Alamitos Quarter Horse Racing Association at Los Alamitos Race Course, December 26, 2002 through December 21, 2003, for 208 days. The 2003 racing schedule for standardbred horses was: Capitol Racing, LLC, at Cal Expo Race Course, December 26, 2002 through July 26, 2003, for 135 days; and Capitol Racing, LLC, at Cal Expo Race Course, September 24, 2003 through December 21, 2003, for 55 days. Commissioner Harris read into the record a report he prepared regarding the process the Racing Dates Committee followed, and the issues it considered, when allocating the 2003 race dates. Commissioner Harris **motioned** to adopt the allocation of racing dates for 2003, with approval of Churchill Downs Operating Company's request to run on November 11, 2003 in place of November 12, 2003. Commissioner Moretti **seconded** the motion, which was **unanimously carried**.

**STAFF UPDATE ON THE ADVANCE DEPOSIT WAGERING HANDLE.**

John Reagan, CHRB staff, said the advance deposit wagering (ADW) handle was over \$121 million, or 6.8 percent of the total California handle. He stated it was anticipated the ADW handle would be over \$150 million by the end of 2002. Mr. Reagan said patterns of wagering were beginning to show in the data. Within a year or two the data might provide useful information for the industry. Vice-Chairman Licht said the Pari-Mutuel Committee met October 24, 2002. He stated ADW was discussed in detail by the committee, which heard detailed presentations from YouBet, XpressBet and TVG regarding their current positions, and where they hoped to be with regards to California labor, attracting new fans, and increasing the fan base through media exposure. Vice-Chairman Licht said each ADW provider basically

stated what the committee already knew: YouBet was continuing to upgrade their online video, bring fans onto the tracks, and attract new customers; XpressBet said they were close to making deals with major television and cable outlets throughout the state, but did not have anything they could announce; and TVG stated said they were attracting new fans primarily through major racing events such as the Kentucky Derby. Vice-Chairman Licht said TVG did not believe the increase in wagering centered on major racing events was due to existing players wagering more. Rather, TVG believed the increases were due to more fans being attracted to the game by the events. Vice-Chairman Licht said two of the ADW providers would be up for renewal soon, and he thought the committee gave them ample warning it would be looking at their compliance with the letter and the spirit of the law. Chairman Landsburg said the committee asked the ADW providers to forward a postal zone breakdown of their patrons. He stated the information should give a clearer understanding of whether ADW was cannibalizing the on-track audience, and whether the horsemen and tracks were losing a larger on-track revenue to a smaller ADW takeout. Chairman Landsburg said the committee was surprised to learn that one of the offshore services contributed 10 percent of the on-track handle at the recent Del Mar Thoroughbred Club meeting. He stated the committee learned that some out-of-state associations were beginning to monitor where their wagers were coming from. There was a lot more to be learned, and the committee would continue to pursue the issue. He commented television coverage of horse racing seemed to be increasing with 1.2 percent of all television sets in use tuned to the sport. Chairman Landsburg commented that was not a bad figure. Commissioner Harris said it would be helpful to have a presentation regarding the distribution of the handle as it could become complicated. Chairman Landsburg said the committee had a chart prepared by staff that explained the Southern

California distribution of handle under SB 27 and ADW. He stated he would be happy to publish it. Mr. Reagan stated staff would be updating the chart with the Oak Tree meeting in mind as the ADW law provided for different distributions to purses, commissions and breeders, based on the percentage allocation of the previous year's meeting. Each meeting would have slightly different outcomes.

**STAFF REPORT ON THE FOLLOWING CONCLUDED RACE MEETINGS:**

- A. **DEL MAR THOROUGHBRED CLUB AT DEL MAR FROM JULY 24 THROUGH SEPTEMBER 11, 2002.**
  - B. **LOS ANGELES COUNTY FAIR AT POMONA FROM SEPTEMBER 13 THROUGH SEPTEMBER 29, 2002.**
- 

John Reagan, CHRB staff, said - less advance deposit wagering (ADW) handle - the Del Mar Thoroughbred Club (DMTC) meeting was slightly down. When the ADW handle was added, the DMTC meeting was up. Mr. Reagan said staff would continue to track the phenomenon. Although there were some ADW numbers in the Los Angeles County Fair (LACF) handle, the fair was still down overall. Commissioner Harris asked why the purses were down at DMTC if the meeting was up due to ADW. Mr. Reagan said the report did not include ADW in the purses, it was only reflected in the total handle. He stated the distribution numbers were not available when the report was written. Vice-Chairman Licht said he believed the numbers were misleading for DMTC as many of the meetings dates fell after Labor Day, which traditionally meant lower attendance. Craig Fravel of DMTC said his organization had conducted some studies which looked at the details of its meeting to reach a comprehensive view of the numbers. Overall on-track attendance was up half a percentage point the last week of the meeting versus the expected drop of between three and five percent. Mr. Fravel said

some of DMTC's notions regarding what patrons wanted changed due to interest in Black Ruby and other events. Vice-Chairman Licht said there needed to be some public discussion regarding the numbers for LACF. He stated he attended the fair a few times and thought it was a successful meeting, and he believed it did attract new fans to horse racing. Jim Henwood of LACF said he believed the fair was a success, however, he was disappointed with the overall handle. Mr. Henwood said LACF was not able to sustain a reduction in handle and be successful. He said the fair was able to bring a good cross section of the Los Angeles area market to Pomona, and had record-breaking days throughout its run. LACF was proud of its race schedule, which provided quality racing and received favorable comments. However, LACF's handle generally was not generated from on-track patrons. About 90 percent of the handle was generated from the signal. Mr. Henwood stated LACF's opening was over 20 percent off for six days, and it still did not have a definitive answer regarding why. He stated the last 11 days of the meeting were up one and a half to two percent with a handle of \$8.2 million on Saturday and \$8.7 million on Sunday. Mr. Henwood said the numbers showed LACF had a product that could generate a lot of interest, yet the meeting was five percent off overall. He stated LACF wished to have its meeting at Fairplex in 2003, but it still did not know how its training and sales facility would integrate into the racing industry. Vice-Chairman Licht asked what the fair attendance was for the current meeting versus 2001. Mr. Henwood said the meeting was up 10 percent over 2001. Vice-Chairman Licht said the track attendance was only an estimate because there was no admission. Mr. Henwood said that was correct. Vice-Chairman Licht said he thought the elimination of the barriers to the track and its availability to the general public would help in 2003. He stated year-round training would



also help the meeting. Mr. Henwood said year-round training would give horsemen a place to train their horses and let them feel they are important to the industry.

#### REPORT ON SECURITY PROGRAMS AT DEL MAR.

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Executive Director Roy Wood said staff would give the Board and the public an update and review of some of the enhancements that had been enacted in security programs at racetracks. He stated the report would not be inclusive of everything accomplished, nor would it delineate everything that might happen in the future as some items were in an ongoing operational phase. Mr. Wood said training sessions had been conducted for many of the Board's investigators and more were planned. He stated the CHRB offered the opportunity to work with the industry to help develop a security plan that it could support. Mr. Wood thanked the racing associations for being supportive and helping to implement some of the items staff would present in its report. Mike Kilpack, CHRB staff, said he would review some of the security programs implemented at previous race meetings. He would also talk about the recent Del Mar meeting. Mr. Kilpack said staff had initiated a highly visible program of auditing all the grade one races. CHRB investigators, supplemented by association staff, monitored horses entered in grade one races - four hours out from the call - to the receiving barn. Either a CHRB investigator or an association uniformed security guard would monitor activities in the barns and create strict security for the entered horses. Everyone who had access to the horses was identified, so no one was able to tamper with them. Mr. Kilpack said he personally attempted to let at least the trainer know every morning what security was going to do. At the Del Mar meeting there were often more horses than CHRB staff, however, the association provided

additional staff so each horse was monitored. Mr. Kilpack noted the Oak Tree Racing Association, Churchill Downs California Operating Company and Los Angeles Turf Club also provided a security agent to work with CHRB staff. Another program initiated by CHRB staff was a vendor audit. Staff identified vendors of items that would be ingested by horses, determined their products were consistent with their applications for license, and with what they submitted to University of California Davis for analysis. Mr. Kilpack commented the program was conducted at each live race meeting as there were always new vendors. CHRB investigators were also conducting basic barn inspections wherein one or two investigators and an associate steward would randomly select barns to inspect. Mr. Kilpack said the inspections were highly visible, in that the trainer is told they would be visited. Staff would give the trainer a report card regarding barn security, work lists, medication practices, and other practices. When a barn was found not in compliance, staff would provide a little education to the trainer. In addition, if the trainer had employees who might have a drug or alcohol problem, staff talked about the Winners' Foundation. Mr. Kilpack said barn inspections were conducted at each live meeting. The CHRB also offered pre-employment drug testing for trainers/employers. The program was confidential, tested for a wide variety of drugs and worked closely with the Winners' Foundation. Mr. Kilpack acknowledged local and federal agencies that had made themselves available to CHRB investigative staff at various times. He stated CHRB staff was available if such agencies needed their assistance. Mr. Kilpack said investigative staff also monitored use of helmets and safety vests on the track, and conducted Lasix and detention stall audits. He stated he recently monitored jockey scales at Del Mar, both inside the jockey's room and on the track. The audit was conducted for approximately three weeks, and the results showed compliance in the established and accepted procedures.

At the conclusion of his jockey scale audit, Mr. Kilpack stated he made a recommendation that all tracks consider the use of digital scales. The scales were easier to read than traditional scales, and were just as accurate. Commissioner Harris said he was interested in the use of surveillance cameras on the backside. Such cameras were commonly used in business and could be found on the frontside at racetracks, but were virtually non-existent on the backside. He stated he believed staff needed to develop recommendations regarding placement and applications of the technology. Mr. Wood said Commissioner Harris was responsible for initiating a tour of a Fresno company that was a leader in security camera technology. He stated after the tour, it was decided representatives of the company should meet with staff and industry representatives to devise a standardization of camera placements at racetracks that would be economically feasible and enhance security. Mr. Wood said the industry had indicated it would be willing to participate, and staff would work diligently to arrive at a standard. Commissioner Moretti asked Mr. Kilpack to give the Board a sense of the type of investigations conducted by staff at the DMTC meeting. Mr. Kilpack said the investigations ranged from financial complaints and domestic violence incidents, to narcotics use.

**REPORT FROM THE RACE DATES COMMITTEE.**

The Race Dates Committee report was presented in conjunction with agenda item number 3.

**REPORT FROM THE PARI-MUTUEL OPERATIONS COMMITTEE.**

The Pari-Mutuel Operations Committee report was presented in conjunction with agenda item number 4.

**GENERAL BUSINESS**

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Vice-Chairman Licht said there had been some discussion regarding the impact of slot machines on California horse racing. He said he hoped Thoroughbred Owners of California (TOC) and California Thoroughbred Trainers could look at the issue so if slots were introduced into other racing jurisdictions there would be a sense of how it would impact California. Rick Baedeker of Hollywood Park said there was a problem with the Workers' Compensation program. He stated the program needed a high level of participation from trainers. State Fund insurance had indicated it would not fine trainers who cancelled their current policies to participate in the industry program. However, State Fund recently indicated it would not honor that commitment. Mr. Baedeker said any pressure that could be applied to State Fund from members of the industry would be appreciated. John Van de Kamp of TOC said many Northern California trainers had signed on to the industry Workers' Compensation program. He stated the issue raised by Mr. Baedeker was making it difficult to recruit trainers in Southern California. He stated he thought it would be helpful if the Board designated a representative to contact State Fund. Mr. Van de Kamp said he would work the State Assemblyman who carried the enabling legislation, but anything the Board could do would also be helpful. Executive Director Wood recommended the chair of the Legislative Committee might be able to make some contacts regarding the Workers' Compensation issue.

**MEETING ADJOURNED AT 11:45 A.M.**

STAFF ANALYSIS  
BREEDERS' CUP PICK SIX

REGULAR BOARD MEETING  
NOVEMBER 21, 2002

**Background:**

On October 26, 2002 during the running of this year's Breeders' Cup races at Arlington Park in Illinois, a senior software engineer working for Autotote in Delaware allegedly used his inside knowledge of the tote system to pierce the security controls of an Autotote system in New York. The purpose of his scheme was to manipulate the file of parimutuel tickets that had been purchased on the Breeders' Cup Pick Six. The selection of the New York site was not random since that wagering site did not maintain a record of account wagers unlike California account wagering rules that require a record of all wagers to be maintained for at least 180 days. An accomplice, a fraternity brother of the software engineer, had placed a Pick Six wager on the Breeders' Cup card through the New York site and the programmer manipulated the accomplice's ticket to make it appear to be a winning ticket. The scheme was discovered and the Autotote employee and his accomplice were arrested on November 12 (see attached). A third person is also thought to have been involved in the scheme and has been arrested.

This incident has obviously caused alarm among many in the racing industry. All tote companies use an inter-tote protocol to transmit wagering data to each other's systems. In the case of the Pick Six the total dollars wagered are transmitted to the host track with the commencement of the first leg of the Pick Six, however, the individual wagering combinations (the scan) are not transferred until after the fourth leg has been run. It was this procedure that the Autotote employee sought to exploit by manipulating the ticket in New York before it was sent to Illinois. Because of this incident, all three of the major tote companies have agreed to modify their software so that the inter-tote protocol will allow for a scan of the Pick Six (and other multiple leg wagers) after each leg of the wager. The tote companies have agreed to have this update installed within 21 days. In addition, California racetracks have updated the physical security of the tote rooms as well as the security related to tote employees including removing the ability of programmers to access the system during live racing.

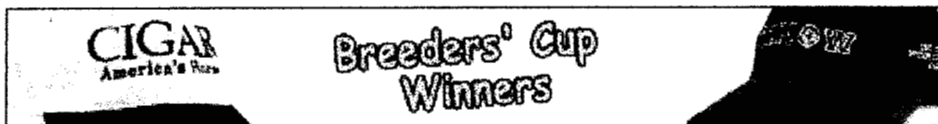
In California, CHRB staff has been monitoring the Pick Six at the behest of Vice-Chairman Licht for well over a year. Using sampling techniques, various winning Pick Six tickets in California have been reviewed. In addition, numerous winning tickets from out of state locations have been reviewed by working with regulators in other jurisdictions who have provided the details of winning tickets purchased through their tote systems. In all cases, nothing was noted that would lead staff to believe that any manipulation of those wagers had taken place (including the unusual pattern used by the criminals on October 26). This type of oversight has been increased and will continue by CHRB staff and all parimutuel departments in California because of the recent events. In closing, it should all so be noted that CHRB Rule 1440.5 requires the licensing of totalizator companies in California.

**Recommendation:**

This item is for information and discussion.



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## Three Figures in Pick Six Case Surrender to FBI; Court Appearance Expected

by The Associated Press

Date Posted: 11/12/02 11:30:46 AM

Last Updated: 11/12/02 11:30:46 AM

Three former fraternity brothers surrendered to the FBI on Tuesday morning in connection with a complicated horse racing bet on the Breeders' Cup that paid \$3 million and quickly raised suspicions that computers had been rigged.



**Derrick Davis, center, arrives at courthouse in White Plains, N.Y. on Tuesday.**

Photo: Associated Press

Derrick Davis of Baltimore, Glen DaSilva of New York and Chris Ham of Newark, Del., surrendered at the FBI's office in White Plains and were expected to go before a judge later Tuesday, said Herb Hadad, spokesman for U.S. Attorney James Comey.

Comey, who announced Friday that he had joined the investigation, called a news conference for Tuesday afternoon.

Davis placed the bet in question, on six Breeders' Cup races Oct. 26. DaSilva placed an earlier wager along the same elaborate lines and Ham worked for the company that handles most computerized horse betting.

The New York Daily News reported Monday that the men would be charged with wire fraud conspiracy. Wire fraud statutes apparently would apply because the elaborate Pick Six bet was made by telephone on Davis' account with Catskill Off-Track Betting, a Pomona-based division of the state OTB system.

Hadad said Tuesday morning that no complaint had yet been filed. An attorney for DaSilva, Rae Koshetz, would not comment on charges. Davis' attorney, Steven Allen, would say only that his client was innocent and Ham attorney Daniel Conti did not return calls.

Ham was fired two weeks ago from Autotote, a company that handles 65 percent of race bets in North America and was involved in the wagers under suspicion. Officials said Ham had the access necessary to manipulate betting tickets.

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The Breeders' Cup bet, on six prestigious races run at Arlington Park outside Chicago, was made by telephone on Davis' account with Catskill Off Track Betting, a Pomona-based division of the state OTB system. When the races were over, the computer showed that Davis had picked just one horse in each of the first four races, including two long shots, and won them all. But he had bet every horse in the last two races.

Davis, a computer service business owner, had the only winning Ultra Pick Six ticket. The \$12 ticket - the equivalent of six \$2 winning tickets each worth \$428,392 - also produced 108 consolation tickets, each worth \$4,606.20 for five of six winners. The cost of Davis' bets was \$1,152.

The \$3 million was never paid because suspicions were raised immediately.

Investigators found DaSilva had made similar bets - and won smaller payoffs - on races at Balmoral in Illinois and Belmont in New York in early October, also using a Catskill OTB phone account.

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## **Three surrender on Breeder's Cup bet** Former fraternity brothers turn themselves in to FBI over suspicious wager with \$3M payoff.

November 12, 2002: 11:46 AM EST

**WHITE PLAINS, N.Y. (AP) - Three former fraternity brothers surrendered to the FBI Tuesday morning in connection with a complicated horse racing bet on the Breeders' Cup that paid \$3 million and quickly raised suspicions that computers had been rigged.**

Derrick Davis of Baltimore, Glen DaSilva of New York and Chris Harn of Newark, Del., surrendered at the FBI's office in White Plains and were expected to go before a judge later Tuesday, said Herb Hadad, spokesman for U.S. Attorney James Comey.

Comey, who announced Friday that he had joined the investigation, called a news conference for Tuesday afternoon.

Davis placed the Breeders' Cup bet in question, on six prestigious races run at Arlington Park outside Chicago, Oct. 26. DaSilva placed an earlier wager along the same elaborate lines and Harn worked for the company that handles most computerized horse betting.

The New York *Daily News* reported Monday that the men would be charged with wire fraud conspiracy. Wire fraud statutes apparently would apply because the elaborate Pick Six bet was made by telephone on Davis' account with Catskill Off-Track Betting, a Pomona-based division of the state OTB system.

Hadad said Tuesday morning that no complaint had yet been filed. An attorney for DaSilva, Rae Koshetz, would not comment on charges. Davis' attorney, Steven Allen, would say only that his client was innocent, and Harn attorney Daniel Conti did not return calls.

Harn was fired two weeks ago by Autotote, a company that handles 65 percent of race bets in North America and was involved in the wagers under suspicion. Officials said Harn had the access necessary to manipulate betting tickets.

When the races were over, the computer showed that Davis had picked just one horse in each of the first four races, including two long shots, and won them all. But he had bet every horse in the last two races.

Davis, a computer service business owner, had the only winning Ultra Pick Six ticket. The \$12 ticket - the equivalent of six \$2 winning tickets each worth \$428,392 -- also produced 108 consolation tickets, each worth \$4,606.20 for five of six winners. The cost of Davis' bets was \$1,152.



The \$3 million was never paid because suspicions were raised immediately.

Investigators found DaSilva had made similar bets -- and won smaller payoffs -- on races at Balmoral in Illinois and Belmont in New York in early October, also using a Catskill OTB phone account. ■

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## News

## Headlines

### Surrender the first step to indictment

By MATT HEGARTY

NEW YORK - The three suspects in the Breeders' Cup pick six investigation were expected to hear the broad outlines of the case against them when they surrendered on Tuesday morning to the United States attorney for the Southern District of New York.

Expected to surrender at the U.S. attorney's office in White Plains, N.Y., were Derrick Davis, 29, of Baltimore, Chris Harn, 29, of Newark, Del., and Glen DaSilva, 29, of Manhattan, lawyers for the suspects said on Monday. Later in the day, the three were expected to appear before a district court judge to hear the government's criminal complaint, which will present the preliminary findings of the investigation.

No one has been charged so far, and lawyers for the three suspects continued to say on Monday that their clients would be cleared of wrongdoing. Law-enforcement officials said that the U.S. attorney, James B. Comey, will likely pursue a variety of fraud and conspiracy charges against the three.

According to legal experts and people involved in the investigation, the complaint filed by the U.S. attorney's office will outline the evidence collected so far and detail the criminal charges that the suspects may face. At the hearing, the judge will set bond.

From the time of the surrender, the government will have 30 days to issue an indictment that includes specific charges against the suspects. If an indictment is filed, a formal arraignment would then follow in approximately 30 days, when the suspects would enter pleas.

"This is the first physical, public step," said one legal source, referring to the surrender. "This is where you see a schedule getting established."

The New York Racing and Wagering Board launched the investigation into the pick six bet on Oct. 27. Last Friday, the board said that it had turned over the results of its inquiry to Comey's office and that the F.B.I. would begin assisting in the case.

"It's my client's position that he did nothing wrong," said Steve Allen, the attorney for Davis. "We are confident that after all the evidence is made public, my client will be found innocent of any wrongdoing or any improper conduct." Allen declined to comment further.

Daniel Conti, the attorney for Harn, said on Monday that his client would surrender on Tuesday. Conti said he was looking forward to seeing the complaint.

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## INITIAL STEPS ANNOUNCED TO IMPROVE WAGERING SECURITY

November 8, 2002

Contacts: Chip Tuttle (917) 602-2148  
Eric Wing (212) 907-9283

The NTRA, through its Wagering Technology Working Group, today called for three "initial, concrete steps to improve electronic wagering security and increase customer confidence". Each recommended step has been approved, and will be implemented immediately, by the three major multi-track operators—Churchill Downs, Magna Entertainment and the New York Racing Association—as well as by the three largest totalisator companies. Officials indicated that they expected a number of other racetracks and off-track wagering operators also to commit shortly to the new standard policies.

The steps announced today are:

1. Within 21 days, each tote company involved with any NTRA-affiliated licensed racetrack or off-track wagering entity shall have commenced installation of the necessary software (with completed installation within 30 days) to scan all wagering pools in connection with multi-race wagers after each race or "leg" of such multi-race wager;
2. Each account wagering operator authorized to conduct wagering by any NTRA-affiliated race track also shall have installed the necessary software to record account wagers via telephone (e.g., interactive voice response or touch tone) made through its system; and
3. As an interim security measure, any winning simulcast wager involving multiple-leg bets will be reviewed by the relevant racing organizations. Any wager deemed irregular or otherwise questionable will be thoroughly reviewed with supporting detailed provided by the tote company or companies involved to the management of the host track.

"The measures being recommended are initial, concrete steps to improve electronic wagering security and to increase customer confidence," said NTRA Commissioner Tim Smith. "They are responsive to suggestions from the Wagering Technology Working Group and expert security consultants, along with state regulators and many of our fans and best customers. We appreciate the leadership of the largest track operators and the cooperation of the tote companies in making these rapid changes possible. Longer-term changes and improvements also clearly are necessary, but these are important first steps."

As announced Wednesday, the systems security unit of Ernst & Young, simultaneously with these measures, has begun an expedited assessment and testing process of horseracing's electronic wagering security. The three largest tote companies in North America have pledged cooperation with the NTRA Working Group, including the E&Y process.

Working group members, besides Smith, include Paul Berube, president of the Thoroughbred Racing Protective Bureau; Frank Lamb, executive director of the North American Pari-Mutuel

**Regulators Association:** Alan Marzelli, president of the Jockey Club; Lonny Powell, president of the Association of Racing Commissioners International; Jim Quinn, noted thoroughbred racing handicapper and author; Chris Scherf, executive vice president of the Thoroughbred Racing Association; and D.G. Van Clief Jr., NTRA vice chairman and president of Breeders' Cup, Ltd.

A media teleconference with Tim Smith will be held at 3:00 pm (ET) today. For access, dial (913) 981-5518.

**STAFF ANALYSIS  
STAFF REPORT ON ADW HANDLE**

**REGULAR BOARD MEETING  
NOVEMBER 21, 2002**

**Background:**

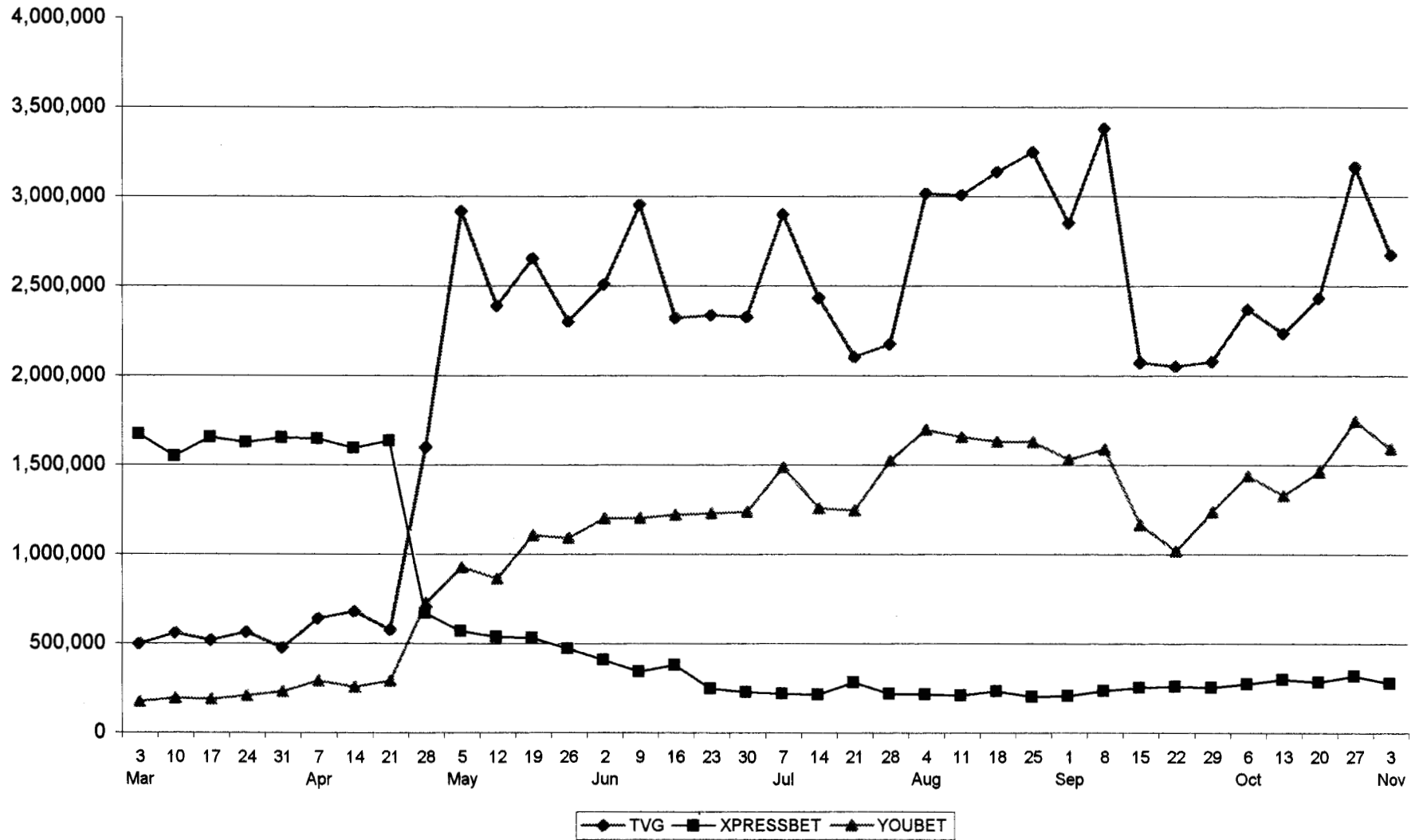
The total Advance Deposit Wagering (ADW) handle from January 25 through November 3, 2002 is \$143.7 million. The ADW handle continues to grow as a percentage of total California handle and is now approximately 7.1% of the \$2.02 Billion combined California ontrack, offtrack, and ADW handle accumulated since January 25. A chart showing the handle for each of the three hubs from inception is included in this package. The Breeders Cup spike in handle shows up clearly in the current chart.

Staff is prepared to answer any questions about the data presented.

**Recommendation:**

This item is for information and discussion.

### ADW WEEKLY HANDLE Weeks Ending March 3 Through November 3, 2002



**STAFF ANALYSIS  
REQUEST FOR WAIVER OF RULE 1967**

**REGULAR BOARD MEETING  
NOVEMBER 21, 2002**

**Background:**

The Churchill Downs Fall Operating Company at Hollywood Park is requesting that they be allowed to modify the method of closing the wagering pools at their current meet. CHRB Rule 1967 requires the Stewards to lock the parimutuel pools "coincident with the start of a race". In the attached letter, Hollywood Park indicates their desire to close the pools at post time, a time that would generally be a minute or two before the actual commencement of the race. Given that this is not the same method required in Rule 1967, they are requesting the Board waive the rule for the remainder of their current meet which ends on December 22, 2002.

**Recommendation:**

Staff recommends that the Board hear from Hollywood Park and other interested parties on this matter.



**HOLLYWOOD PARK**  
A Churchill Downs Company

November 8, 2002

Mr. Roy Wood  
California Horse Racing Board  
1010 Hurley Way, Room 190  
Sacramento, California 95825

Dear Roy:

This is to respectfully request a waiver of CHRB Rule 1967, Closing of Wagering in a Race, effective Thursday, November 14, 2002 and through the remainder of Hollywood Park's Fall race meeting.

We are requesting the waiver in order to allow us, in conjunction with all other Churchill Downs properties, to close wagering in a race at post time. Additionally, should the waiver be granted it is our intention to begin the loading of horses one minute after post time.

Thank you for your consideration of our request.

Sincerely,

Eual G. Wyatt, Jr.  
General Manager

EGW:slr



STAFF ANALYSIS  
November 21, 2002

ITEM 5

ISSUE: APPLICATION FOR APPROVAL TO CONDUCT ADVANCE DEPOSIT  
WAGERING OF ODS TECHNOLOGIES, L.P. D/B/A/ TVG.

TVG filed its application as an out-of-state multi-jurisdictional wagering hub to provide advance deposit wagering.

- Dates of operation will be 365 days a year, 24 hours a day.
- TVG will provide service for the following associations and fairs on the dates listed:
  - Los Alamitos Racing Association (LARA) at Los Alamitos Race Course.  
December 26, 2002 through December 21, 2003.
  - Churchill Downs Incorporated (CDI) at Hollywood Park.  
April 23 through July 20, 2003.  
November 11 through December 21, 2003.
  - Del Mar Thoroughbred Club (DMTC) at Del Mar.  
July 23 through September 10, 2003.
  - Los Angeles County Fair (LACF) at Fairplex.  
September 12 through September 28, 2003.
  - Oak Tree Racing Association (OTRA) at Santa Anita Park.  
October 1 through November 9, 2003.
  - California Authority of Racing Fairs (CARF).  
San Joaquin County Fair, June 11 through June 22, 2003.  
Alameda County Fair, June 25 through July 6, 2003.  
Solano County Fair, July 9 through July 20, 2003.  
Sonoma County Fair, July 23 through August 4, 2003.  
San Mateo County Fair, August 6 through August 18, 2003.  
Humboldt County Fair, August 7 through August 17, 2003.  
California Exposition and State Fair, August 20 through September 1, 2003.  
Big Fresno Fair, October 1 through October 13, 2003.

Items **still needed** to complete this application:

1. Contract with CARF.
2. All horsemen's approvals.

RECOMMENDATION:

Staff recommends the Board approve the application conditioned upon receiving the information necessary to complete the application.

STATE OF CALIFORNIA  
CALIFORNIA HORSE RACING BOARD (CHRB)  
APPLICATION FOR APPROVAL TO CONDUCT ADVANCE DEPOSIT WAGERING  
CHRB-133 (New 9/01)

Application is made to the CHRB for approval to conduct Advance Deposit Wagering in accordance with the California Business and Professions (B&P) Code and CHRB Rules and Regulations (Rule) and the provisions of the Interstate Horseracing Act, 15 U.S.C. 3001 to 3007.

**NOTICE** – By submitting the Application the out-of-state Applicant consents to the jurisdiction of California courts and the application of California law as to all California wagers and operations.

Application must be filed not later than 90 days in advance of the date scheduled to conduct Advance Deposit Wagering and must be accompanied by a bond from a surety company admitted in the state of California or other form of financial security in the amount of \$500,000.

**1. OUT-OF-STATE MULTI-JURISDICTIONAL WAGERING HUB (out-of-state Hub)**

A. Name, mailing address, telephone and fax numbers:

ODS Technologies, L.P. d/b/a TVG  
19545 N.W. Von Neumann Drive, Suite 210  
Beaverton, OR 97006  
Tel: (503) 748-3800  
Fax: (503) 748-3838

B. Name, title, license number and racing jurisdiction where licensed for all management personnel:

BJ Cosson, Vice President, Operations & Customer Relations, Oregon license # 200510029  
Dean Kokko, Manager, Wager Operations, Oregon license # 200510049

C. Name, title and mailing address of the California agent for receipt of service of process:

John Hindman  
Vice President of Communications and General Counsel  
TVG  
12421 West Olympic Blvd.  
Los Angeles, CA 90064

**CHRB CERTIFICATION**

Application received: 11/13/02  
Reviewed: PN

Hearing date: 11/21/02  
Approval date:

- D. Attach the contract with the California racing association or fair and the required horsemen's approval under the Interstate Horseracing Act that permits you to provide Advance Deposit Wagering services and identify the amount of the market access fee to be paid to the California racing association or fair for access to the California market for wagering purposes.

APPENDIX 1 to this document contains an abstract of valid and binding contracts with the following licensed California racing associations or fairs and identifies the amount of the market access fee: Del Mar Thoroughbred Club, Fairplex (Los Angeles County Fair Association), Hollywood Park, Los Alamitos and Oak Tree Racing Association and the following fair members of CARF – Ferndale, Fresno, Pleasanton, Sacramento, San Mateo, Santa Rosa, Stockton and Vallejo.

Pursuant to California Horse Racing Board Rule 1497 and the California Public Records Act, APPENDIX 1 to this document contains personal financial data used to establish TVG's qualifications for licensure/approval and is not subject to public disclosure.

**2. DATES OF OPERATION**

- A. Dates Advance Deposit Wagering will be conducted: 365 days/year
- B. Hours Advance Deposit Wagering will be conducted: 24 hours/day

**3. BUSINESS STRUCTURE**

- A.  Corporation (complete subsection B)
- LLC (complete subsection C)
- Other (specify, and complete subsection D)

Complete the applicable subsection

**B. CORPORATION**

1. Registered name of the corporation:
2. State where incorporated:
3. Registry or file number for the corporation:
4. Name of all officers and directors, titles, and number of shares of the corporation held by each:
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:
6. Number of outstanding shares in the corporation:
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:

- 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:
- 10. Attach the most recent annual financial statement for the corporation, including balance sheet and profit and loss statement, and a 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 corresponding state where you registered your corporation.
- 11. Attach a business plan to include a detailed budget that shows anticipated revenue, expenditures and cash flow by month projected for the term of the approval.

C. LLC

- 1. Registered name of the LLC:
- 2. State where articles of organization are filed:
- 3. Registry or file number for the LLC:
- 4. Names of all officers and directors, titles, and the number of shares of the LLC held by each:
- 5. Names (true names) of all members, **other than the officers and directors listed above**, that hold 5% or more of the outstanding shares in the LLC and the number of shares held by each:
- 6. Are the shares listed for public trading?  Yes  No  
If yes, on what exchange and how is the stock listed:
- 7. 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:
- 8. Attach the most recent annual financial statement for the LLC, including balance sheet and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the LLC and/or the Securities and Exchange Commission and/or the corresponding state where you registered your corporation.
- 9. Attach a business plan to include a detailed budget that shows anticipated revenue, expenditures and cash flow by month projected for the term of the approval.

D. OTHER

- 1. Name(s) of partners/sole proprietor:  
  
TV Guide, Inc., General Partner.  
7140 South Lewis Avenue  
Tulsa, OK 74136
- 2. If a partnership, attach partnership agreement.

APPENDIX 2 to this document is a copy of the Limited Partnership Agreement for ODS Technologies, L.P.

**Pursuant to California Horse Racing Board Rule 1497 and the California Public Records Act, APPENDIX 2 to this document contains personal financial data used to establish TVG's qualifications for licensure/approval and is not subject to public disclosure.**

3. Attach a business plan to include a detailed budget that shows anticipated revenue, expenditures and cash flow by month projected for the term of the approval.

APPENDIX 3 contains the most recent SEC Form 10-Q for Gemstar – TV Guide International, Inc. demonstrating TVG's financial fitness to conduct advance deposit wagering.

**4. ESTABLISHING ADVANCE DEPOSIT WAGERING ACCOUNTS – must comply with Rule 2074.**

**A. List the procedures to establish an Account:**

1. Customers must be at least 21 years of age to establish an advance deposit wagering account.
2. Customers can establish an account by telephone by calling 1-888-PLAY TVG, on the Internet at [www.tvgnetwork.com](http://www.tvgnetwork.com), by mail, or in person at a TVG retail outlet or racetrack partner by providing the following information:
  - Name
  - Social Security Number
  - Date of Birth
  - Principal Residence Address Including Postal ZIP Code
  - Telephone Number
3. Each application submitted to TVG is subject to electronic verification by a nationally recognized third party information services provider with respect to name, principal residence address including postal zip code, date of birth and Social Security Number. If there is a discrepancy between the application information submitted to TVG and the information provided by the electronic verification described above, or if no information on the applicant is available from such electronic verification, another nationally recognized third party information services provider meeting the same requirements described above may be used to verify the information provided. If these measures prove unsatisfactory, the applicant will be required to provide identification issued by a recognized government agency (driver's license or government ID) showing his or her date of birth and residence address to complete the application process.
4. Provided that the account applicant's information has been positively identified, each applicant is assigned his or her TVG Personal Wagering Account Number and is asked to establish a Personal Identification Number consisting of four (4) numeric characters.
5. To activate the account for wagering purposes, a minimum initial deposit of \$50.00 is required.
6. TVG provides each new wagering accountholder with a "Guide to Interactive Wagering" containing standard terms and conditions, deposit and withdrawal information (including customized deposit and withdrawal slips and, upon request, an automatic deposit/withdrawal authorization form) as well as comprehensive information about accessing account information,

placing wagers and maintaining the account. APPENDIX 4 contains a TVG "Guide to Interactive Wagering."

- B. If an application form is used to establish an Account attach a copy of the form.

A copy of the application form available on [www.tvgnetwork.com](http://www.tvgnetwork.com) is provided as APPENDIX 5 to this document.

- C. Name and address of the third party you will use to verify identity, residence and age verification:

Equifax Credit Information Services  
P.O. Box 4472  
Atlanta, GA 30302

**5. OPERATION OF ADVANCE DEPOSIT WAGERING ACCOUNTS – must comply with Rule 2073.**

- A. Submit a copy of your plan for operation.

The Plan of Operation is contained in APPENDIX 6 to this document.

- B. List the type of deposits you will accept:

Deposits will be accepted in the form of:

1. Check, money order or negotiable order of withdrawal;
2. Cash (at designated financial/retail outlets);
3. Charges made to an account holder's credit card or debit card upon the direct and personal instruction of the account holder, which may be given by telephone or other secure electronic means; and
4. Transfer by means of an electronic funds or ACH (Automated Clearing House) transfer from a monetary account controlled by an account holder to his/her account, said account holder may be liable for any charges imposed by the transmitting or receiving entity with such charges to be deducted from the account.

California account holders shall be permitted access to one credit or debit card deposit each day for wagering purposes. Additional credit or debit card deposits to an account shall be made available for use the next day.

- C. Identify any fees or transaction-related charges and the amount that will be assessed:

A transaction fee of \$0.25 per wagering transaction (capped at \$19.95 a month) will be assessed.

**6. SECURITY ACCESS**

- A. Attach your security access policy and safeguards pursuant to B&P Section 19604 (c) (2). Policy must include the following:

1. Description of the technology to ensure identity, residence, and age verification when an Account is established:

All of the necessary information is contained in the Plan of Operation (APPENDIX 6)

2. Description of the technology to ensure confidentiality of the Means of Personal Identification:

All of the necessary information is contained in the Plan of Operation (APPENDIX 6)

3. Methods and locations available for Account Holders to withdraw funds from their Account:

All of the necessary information is contained in the Plan of Operation (APPENDIX 6)

4. If the Advance Deposit Wagering records will be maintained at a site other than the out-of-state Hub provide the name, address, telephone and fax numbers and the hours of operation:

All of the necessary information is contained in the Plan of Operation (APPENDIX 6)

7. **PARI-MUTUEL**

A. Name, address and telephone number of the pari-mutuel audit firm:

Mr. Steve R. Roden  
Supervisor of Pari-Mutuels and Licensing  
Oregon Racing Commission  
Suite 310  
800 N.E. Oregon Street, #11  
Portland, OR 97232  
(503) 731-4052

B. Type(s) of pari-mutuel or totalizator equipment to be used and the simulcast organization, name of the entity supplying equipment, and expiration date of the service contract:

Totalizator services are provided by contract with AmTote International, Inc. The contract expires July 14, 2004. Please refer to the Plan of Operation in APPENDIX 6 for more details.

C. List the locations of the racing venues on which Advance Deposit Wagering will be accepted:

Aqueduct Racetrack, Floral Park, NY  
Arlington Park, Arlington Heights, IL  
Balmoral, Crete, IL  
Belmont Park, Elmont NY  
Beulah Park, Grove City, OH  
Calder Race Course, Miami, FL  
Canterbury Park, Shakopee, MN  
Churchill Downs, Louisville, KY  
Colonial Downs, New Kent, VA  
Del Mar, Del Mar, CA  
Delta Downs, Vinton, LA  
Dover Downs, Dover, DE  
Ellis Park, Henderson, KY  
Emerald Downs, Auburn, WA  
Fair Grounds, New Orleans, LA  
Fairmount Park, East St. Louis, IL  
Fairplex Park, Pomona, CA

Great Lakes Downs, Muskegon, MI  
Harrington Raceway, Harrington, DE  
Hollywood Park, Inglewood, CA  
Hoosier Park, Anderson, IN  
Keeneland, Lexington, KY  
Kentucky Downs, Franklin, KY  
Laurel Park, Laurel, MD  
Lone Star Park, Grand Prairie, TX  
Los Alamitos, Los Alamitos, CA  
Louisiana Downs, Shreveport, LA  
Maywood Park, Maywood, IL  
Monticello Raceway, Monticello, NY  
Mountaineer Park, Chester, WV  
Northfield Park, Northfield, OH  
Oaklawn Park, Hot Springs, AR  
Oak Tree Racing Association, Arcadia, CA  
Pimlico, Baltimore, MD  
Pompano Park, Pompano Beach, FL  
Prairie Meadows, Altoona, IA  
Retama Park, San Antonio, TX  
River Downs, Cincinnati, OH  
Ruidoso Downs, Ruidoso, NM  
Sam Houston, Houston, TX  
Saratoga Equine Sports Center, Saratoga Springs, NY  
Saratoga Race Course, Saratoga Springs, NY  
Scioto Downs, Columbus, OH  
Sportsman's Park, Cicero, IL  
Suffolk Downs, East Boston, MA  
Sunland Park, Sunland Park, NM  
Turf Paradise, Phoenix, AZ  
Turfway Park, Florence, KY  
Yavapai Downs, Prescott, AZ  
TVG will also offer Advance Deposit Wagering on the following California Racing Fairs:  
Ferndale  
Fresno  
Pleasanton  
Sacramento  
San Mateo  
Santa Rosa  
Stockton  
Vallejo

**NOTICE** – The pari-mutuel system used must use a device or combination of devices authorized and operated exclusively for placing, receiving, or otherwise making a wager and by which a person must subscribe to in order to place, receive or otherwise make a wager; an effective customer and age verification system and the appropriate data security standards to prevent unauthorized access by any person who has not subscribed or who is under the age of 18.



8. CONTRACTS AND AGREEMENTS

A. List name and address of all organizations you will contract with to facilitate Advance Deposit Wagering that are not provided in other sections of this application:

Amtote International, Inc.  
11200 Pepper Road  
Hunt Valley, MD 21031-1324  
(410) 771-8700

Equibase Company LLC  
821 Corporate Drive  
Lexington KY 40503-2794

Trackmaster, an Equibase Company  
851 Fremont Ave. #109  
Los Altos, CA 94024  
(650) 947-9020

B. List each contract or agreement to facilitate Advance Deposit Wagering that is not finalized and signed:

9. ADVERTISING

Name and address of the advertising agency you will use:

Sauce Design Incorporated  
9 Wavecrest Ave.  
Venice, CA 90291  
Phone: 310-581-0085

NOTICE – Pursuant to Rule 2072 (h) all advertisements shall contain a statement that persons under 18 are not allowed to open or have access to Accounts. All advertisements shall contain contact information for a recognized problem-gambling support organization. Additionally, pursuant to B&P Section 19604 (D) (3) advertisements shall not be deceptive to the public.

10. CERTIFICATION

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 to attest to this Application.

Douglas V. Ramsey  
Print Name

  
Signature

EVP + COO  
Print Title

Nov. 12, 2002  
Date

**STAFF ANALYSIS**

October 24, 2002

Issue: APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING OF LOS ALAMITOS QUARTER HORSE RACING ASSOCIATION AT LOS ALAMITOS FROM DECEMBER 26, 2002 THROUGH DECEMBER 21, 2003.

Los Alamitos Quarter Horse Racing Association filed its application for license to conduct a quarter horse racing meeting at Los Alamitos.

- December 26, 2002 through December 21, 2003, or 205 days. The association proposes to race a total of 2,048 races, or 10 races per day.
  - They meet the 10% requirement of stakes purses paid for Cal-bred stakes races.

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Sun	Mon	Tue	Wed	Thu	Fri	Sat
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Sun	Mon	Tue	Wed	Thu	Fri	Sat
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7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25 H	26	27
28	29	30	31			

- Racing 4 nights per week, Thursday through Sunday. Eight to 15 live races per night and 6 to 12 simulcast races.
  - Thursday and Friday programs begin with simulcast races and Saturday and Sunday programs the simulcast races will be blended into the live races.
  - No racing Sunday, January 26 or Thursday, September 11, and November 27.
- First live post will be 7:15 p.m. Thursday and Friday, 6:30 Saturday and 5:30 Sunday.
- Specific changes from the 2002 license application include the following:
  - Offering a \$1 place pick (n).
- Request Michele Lauck be appointed horse identifier pursuant to CHRB Rule 1525.
- Track safety requirements have been fulfilled.
- Backstretch worker housing inspection has been completed and meets CHRB regulations.
- The wagering program will use all CHRB rules.
  - Early wagering will start at 8:30 a.m. Thursday, Friday and Saturday.
  - Late daily double on the last two races, late superfecta on the last race, and a late pick four on the last four races.
  - If insufficient horses are available the quinella will be substituted for the trifecta.
  - Request the option to add a superfecta to any race that meets superfecta criteria.
- Simulcasting conducted with out-of-state racing jurisdictions pursuant to Business and Professions Code Section 19602; and with authorized locations throughout California.

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

1. Horsemen's agreement.
2. Worker's compensation.

**RECOMMENDATION:**

Staff recommends the Board approve the application conditioned upon receiving the horsemen's agreement.

STATE OF CALIFORNIA  
CALIFORNIA HORSE RACING BOARD  
APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING  
CHRB-17 (Rev. 7/01)

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 (B&P) 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 and fax numbers of association:  
LOS ALAMITOS QUARTER HORSE RACING ASSOCIATION  
4961 KATELLA AVE.  
LOS ALAMITOS, CA 90720  
714-820-2800  
714-995-6276

B. Breed of horse:  TB  QH  H

C. Racetrack name: LOS ALAMITOS RACE COURSE

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 B&P Code Section 19490.

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 MEETING

A. Inclusive dates for the entire meeting: December 26, 2002 through December 21, 2003

B. Actual dates racing will be held:

12/26, 12/27, 12/28, 12/29, 01/02, 01/03, 01/04, 01/05, 01/09, 01/10, 01/11, 01/12, 01/16, 01/17, 01/18, 01/19, 01/23, 01/24, 01/25, 01/30, 01/31, 02/01, 02/02, 02/06, 02/07, 02/08, 02/09, 02/13, 02/14, 02/15, 02/16, 02/20, 02/21, 02/22, 02/23, 02/27, 02/28, 03/01, 03/02, 03/06, 03/07, 03/08, 03/09, 03/13, 03/14, 03/15, 03/16, 03/20, 03/21, 03/22, 03/23, 03/27, 03/28, 03/29, 03/30, 04/03, 04/04, 04/05, 04/06, 04/10, 04/11, 04/12, 04/13, 04/17, 04/18, 04/19, 04/20, 04/24, 04/25, 04/26, 04/27, 05/01, 05/02, 05/03, 05/04, 05/08, 05/09, 05/10, 05/11, 05/15, 05/16, 05/17, 05/18, 05/22, 05/23, 05/24, 05/25, 05/29, 05/30, 05/31, 06/01, 06/05, 06/06, 06/07, 06/08, 06/12, 06/13, 06/14, 06/15, 06/19, 06/20, 06/21, 06/22, 06/26, 06/27, 06/28, 06/29, 07/03, 07/04, 07/05, 07/06, 07/10, 07/11, 07/12, 07/13, 07/17, 07/18, 07/19, 07/20, 07/24, 07/25, 07/26, 07/27, 07/31, 08/01, 08/02, 08/03, 08/07, 08/08, 08/09, 08/10, 08/14, 08/15, 08/16, 08/17, 08/21, 08/22, 08/23, 08/24, 08/28, 08/29, 08/30, 08/31, 09/04, 09/05, 09/06, 09/07, 09/12, 09/13, 09/14, 09/18, 09/19, 09/20, 09/21, 09/25, 09/26, 09/27, 09/28, 10/02, 10/03, 10/04, 10/05, 10/09, 10/10, 10/11, 10/12, 10/16, 10/17, 10/18, 10/19, 10/23, 10/24, 10/25, 10/26, 10/30, 10/31, 11/01, 11/02, 11/06, 11/07, 11/08, 11/09, 11/13, 11/14, 11/15, 11/16, 11/20, 11/21, 11/22, 11/23, 11/28, 11/29, 11/30, 12/04, 12/05, 12/06, 12/07, 12/11, 12/12, 12/13, 12/14, 12/18, 12/19, 12/20, 12/21.

CHRB CERTIFICATION

Application received: 10/02/02 MG  
Deposit received: \$10,000  
Reviewed: PN

Hearing date: 11/21/02  
Approved date:  
License number:

- C. Total number of days or nights of racing: 205
- D. Days or nights of the week races will be held:  
 Wed - Sun     Tues - Sat     Other (specify) Thursday through Sunday
- E. Number of days or nights of racing per week: 4 nights  
 Dark Superbowl Sunday January 26, September 11, and Thanksgiving November 27, 2003.

**3. RACING PROGRAM**

- A. Total number of races: 2,048 live and 1,638 simulcast = 3,686
- B. Number of races for each day or night: 8-15 live, 6-12 incoming simulcast
- C. Total number of stakes races: 63, plus all MBNA challenge races
- 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. See insert 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:

**PROPOSED DAILY RACING PROGRAM DECEMBER 26, 2002 - DECEMBER 21, 2003:**

<u>Thursdays</u>	<u>Fridays</u>	<u>Saturdays</u>	<u>Sundays</u>
			5:30
			5:55
		6:30	6:20
		6:55	6:45
7:15	7:20		7:10
7:40	7:45		7:35
8:05	8:10		8:00
8:30	8:35		8:25
8:55	9:00		8:50
9:20	9:25		9:15
9:45	9:50		9:40
10:10	10:15		10:05
10:35	10:40		10:30
11:00	11:05		10:55
11:25	11:30		11:20

First live race on Thursday and Friday is scheduled for 7:15pm, on Saturday at 6:30 and Sunday first live race is scheduled for 5:30pm.

**EXCEPTIONS:** During Del Mar our Sunday first live post will be determined by the number of races run at Del Mar.

**LOS ALAMITOS QUARTER HORSE RACING ASSOCIATION  
PROPOSED 2003 STAKES SCHEDULE**

*JUST A*

(Added & Estimated Purses)

To Be Run	EVENT	Added Money Distance	Estimated Purse
FRIDAY DECEMBER 27, 2002	(1) HOLIDAY HANDICAP THREE YEAR OLDS AND UPWARD	\$25,000 Added 350 YARDS	
SATURDAY JANUARY 4, 2003	(2) CYPRESS SOPHOMORE HANDICAP THREE YEAR OLDS	\$25,000 Added 350 YARDS	
SATURDAY JANUARY 11, 2003	(3) DENIM N DIAMONDS HANDICAP FILLIES, THREE YEARS OLD BRED IN CALIFORNIA	\$25,000 Added 350 YARDS	
SATURDAY JANUARY 18, 2003	(4) CHARGER BAR HANDICAP MARES, FOUR YEARS OLD AND UPWARD	\$125,000 Added 400 YARDS	
SATURDAY JANUARY 25, 2003	(5) SUPER BOWL HANDICAP THREE YEAR OLDS	\$25,000 Added 550 YARDS	
SATURDAY FEBRUARY 1, 2003	(6) MOONSHINER HANDICAP FOUR YEAR OLDS AND UPWARD	\$25,000 Added 870 YARDS	
SATURDAY FEBRUARY 22, 2003	(7) LOS ALAMITOS WINTER DERBY THREE YEAR OLDS TRIALS TO BE RUN, SATURDAY, FEBRUARY 8, 2003	\$100,000 Added 400 YARDS	\$200,000 Guaranteed
SATURDAY FEBRUARY 28, 2003	(8) LOS ALAMITOS WINTER CHAMPIONSHIP FOUR YEAR OLDS AND UPWARD TRIALS TO BE RUN, SATURDAY, FEBRUARY 15, 2003	\$150,000 Added 400 YARDS	\$200,000 Guaranteed
SATURDAY MARCH 8, 2003	(9) CATALINA DERBY QUARTER HORSE & THOROUGHBRED THREE YEAR OLDS TRIALS TO BE RUN, THURSDAY, FEBRUARY 20, 2003	\$25,000 Added 870 YARDS	\$70,000 Estimated
SATURDAY MARCH 15, 2003	(10) IVAN ASHMENT HANDICAP MARES, FOUR YEARS OLD AND UPWARD BRED IN CALIFORNIA	\$25,000 Added 400 YARDS	
SATURDAY MARCH 22, 2003	(11) LA PACIFICA HANDICAP FILLIES, THREE YEARS OLD	\$25,000 Added 350 YARDS	
FRIDAY MARCH 28, 2003	(12) NEWPORT BEACH HANDICAP FOUR YEAR OLDS AND UPWARD	\$25,000 Added 870 YARDS	
SATURDAY MARCH 29, 2003	(13) DILLINGHAM HANDICAP THREE YEAR OLDS	\$25,000 Added 400 YARDS	
SATURDAY APRIL 5, 2003	(14) KAWEAH BAR HANDICAP THREE YEAR OLDS AND UPWARD	\$25,000 Added 350 YARDS	
FRIDAY APRIL 18, 2003	(15) MISS PRINCESS HANDICAP FILLIES AND MARES, THREE YEARS OLD AND UPWARD	\$25,000 Added 350 YARDS	
FRIDAY APRIL 25, 2003	(16) EL PRIMERO DEL ANO DERBY COLTS AND GELDINGS, THREE YEARS OLD TRIALS TO BE RUN, FRIDAY, APRIL 11, 2003	\$25,000 Added 400 YARDS	\$150,000 Estimated
SATURDAY APRIL 26, 2003	(17) LA PRIMERA DEL ANO DERBY FILLIES, THREE YEARS OLD TRIALS TO BE RUN, SATURDAY, APRIL 12, 2003	\$25,000 Added 400 YARDS	\$150,000 Estimated

To Be Run	EVENT	Added Money Distance	Estimated Purse
FRIDAY MAY 2, 2003	(18) GOLD RUSH DERBY QUARTER HORSE & THOROUGHBRED THREE YEAR OLDS TRIALS TO BE RUN, THURSDAY, APRIL 17, 2003	\$25,000 Added 870 YARDS	\$90,000 Estimated
SATURDAY MAY 17, 2003	(19) KINDERGARTEN FUTURITY TWO YEAR OLDS TRIALS TO BE RUN, SATURDAY, MAY 3, 2003	\$50,000 Added 300 YARDS	\$400,000 Estimated
SATURDAY MAY 24, 2003	(20) JAMES S SMITH MEMORIAL HANDICAP THREE YEAR OLDS AND UPWARD	\$30,000 Added 870 YARDS	
FRIDAY MAY 30, 2003	(21) TOWN POLICY HANDICAP THREE YEAR OLDS	\$25,000 Added 350 YARDS	
SATURDAY MAY 31, 2003	(22) MBNA AMERICA CALIFORNIA CHALLENGE THREE YEAR OLDS AND UPWARD TRIALS TO BE RUN, FRIDAY, MAY 16, 2003	\$15,000 Added 440 YARDS	
SATURDAY JUNE 21, 2003	(23) GOVERNOR'S CUP FUTURITY TWO YEAR OLDS, BRED IN CALIFORNIA TRIALS TO BE RUN, FRIDAY, JUNE 6, 2003	\$100,000 Added 350 YARDS	\$350,000 Estimated
SATURDAY JUNE 21, 2003	(24) GOVERNOR'S CUP DERBY THREE YEAR OLDS, BRED IN CALIFORNIA TRIALS TO BE RUN, SATURDAY, JUNE 7, 2003	\$50,000 Added 400 YARDS	\$135,000 Estimated
SATURDAY JUNE 21, 2003	(25) SPENCER L CHILDERS CALIFORNIA BREEDERS CHAMPIONSHIP HANDICAP THREE YEAR OLDS AND UPWARD, BRED IN CALIFORNIA	\$150,000 Added 400 YARDS	
SATURDAY JUNE 21, 2003	(26) CALIFORNIA BREEDERS MATRON STAKES FILLIES AND MARES, THREE YEARS OLD AND UPWARD, BRED IN CALIFORNIA	\$50,000 Added 400 YARDS	
SATURDAY JUNE 21, 2003	(27) CALIFORNIA BREEDERS MARATHON STAKES THREE YEAR OLDS AND UPWARD, BRED IN CALIFORNIA	\$25,000 Added 870 YARDS	
SATURDAY JUNE 21, 2003	(28) CALIFORNIA BREEDERS SOPHOMORE STAKES THREE YEAR OLDS, BRED IN CALIFORNIA	\$25,000 Added 400 YARDS	
SATURDAY JUNE 21, 2003	(29) CALIFORNIA BREEDERS FRESHMAN STAKES TWO YEAR OLDS, BRED IN CALIFORNIA	\$25,000 Added 350 YARDS	
SATURDAY JUNE 21, 2003	(30) CALIFORNIA BREEDERS SPRINT STAKES THREE YEAR OLDS AND UPWARD, BRED IN CALIFORNIA	\$25,000 Added 350 YARDS	
SATURDAY JUNE 21, 2003	(31) \$10,000 SENIOR CLAIMING STAKES THREE YEAR OLDS AND UPWARD, BRED IN CALIFORNIA CLAIMING PRICE \$10,000	\$17,500 Added 400 YARDS	
SATURDAY JUNE 21, 2003	(32) \$5,000 SENIOR CLAIMING STAKES THREE YEAR OLDS AND UPWARD, BRED IN CALIFORNIA CLAIMING PRICE \$5,000	\$15,000 Added 400 YARDS	

To Be Run	EVENT	Added Money Distance	Estimated Purse
SATURDAY JUNE 21, 2003	(33) \$10,000 SOPHOMORE CLAIMING STAKES THREE YEAR OLDS, BRED IN CALIFORNIA CLAIMING PRICE \$10,000	\$17,500 Added 350 YARDS	
SATURDAY JUNE 21, 2003	(34) \$5,000 SOPHOMORE CLAIMING STAKES THREE YEAR OLDS, BRED IN CALIFORNIA CLAIMING PRICE \$5,000	\$15,000 Added 350 YARDS	
FRIDAY JULY 18, 2003	(35) VANDYS FLASH HANDICAP THREE YEAR OLDS	\$25,000 Added 400 YARDS	
SATURDAY JULY 26, 2003	(36) ED BURKE MEMORIAL FUTURITY TWO YEAR OLDS TRIALS TO BE RUN, SATURDAY, JULY 12, 2003	\$50,000 Added 350 YARDS	\$450,000 Estimated
SATURDAY AUGUST 2, 2003	(37) VESSELS MATURITY FOUR YEAR OLDS AND UPWARD TRIALS TO BE RUN, SATURDAY, JULY 19, 2003	\$75,000 Added 400 YARDS	\$150,000 Estimated
FRIDAY AUGUST 8, 2003	(38) MCI WORLDCOM CALIFORNIA CHALLENGE THREE YEAR OLDS AND UPWARD TRIALS TO BE RUN, THURSDAY, JULY 24, 2003	\$5,000 Added 870 YARDS	
SATURDAY AUGUST 16, 2003	(39) GOLDEN STATE DERBY THREE YEAR OLDS TRIALS TO BE RUN, FRIDAY, AUGUST 1, 2003	\$25,000 Added 400 YARDS	\$200,000 Estimated
SATURDAY AUGUST 23, 2003	(40) FORD CALIFORNIA DISTAFF CHALLENGE FILLIES AND MARES, THREE YEAR OLDS AND UPWARD TRIALS TO BE RUN, SUNDAY, AUGUST 10, 2003	\$7,500 Added 400 YARDS	
SATURDAY AUGUST 30, 2003	(41) AMERICAN AIRLINES CALIFORNIA CHALLENGE TWO YEAR OLDS TRIALS TO BE RUN, FRIDAY, AUGUST 15, 2003	\$7,500 Added 350 YARDS	
FRIDAY SEPTEMBER 5, 2003	(42) GO MAN GO HANDICAP THREE YEAR OLDS AND UPWARD	\$100,000 Added 400 YARDS	
SUNDAY SEPTEMBER 7, 2003	(43) BULL RASTUS HANDICAP THREE YEAR OLDS AND UPWARD	\$25,000 Added 870 YARDS	
SATURDAY SEPTEMBER 13, 2003	(44) MILDRED N VESSELS MEMORIAL HANDICAP FILLIES AND MARES, THREE YEARS OLD AND UPWARD	\$100,000 Added 400 YARDS	
FRIDAY SEPTEMBER 19, 2003	(45) PROFESSIONAL'S CHOICE CALIFORNIA CHALLENGE THREE YEAR OLDS AND UPWARD TRIALS TO BE RUN, FRIDAY, SEPTEMBER 5, 2003	\$5,000 Added 350 YARDS	
SATURDAY SEPTEMBER 20, 2003	(46) BAYER LEGEND CALIFORNIA CHALLENGE THREE YEAR OLDS TRIALS TO BE RUN, SATURDAY, SEPTEMBER 6, 2003	\$7,500 Added 400 YARDS	
FRIDAY SEPTEMBER 26, 2003	(47) PCQHRA BREEDERS DERBY THREE YEAR OLDS TRIALS TO BE RUN, SATURDAY, SEPTEMBER 13, 2003	\$25,000 Added 400 YARDS	\$125,000 Estimated
SATURDAY SEPTEMBER 27, 2003	(48) PCQHRA BREEDERS FUTURITY TWO YEAR OLDS TRIALS TO BE RUN, FRIDAY, SEPTEMBER 12, 2003	\$25,000 Added 350 YARDS	\$330,000 Estimated



To Be Run	EVENT	Added Money Distance	Estimated Purse
FRIDAY OCTOBER 3, 2003	(49) SGT PEPPER FEATURE HANDICAP THREE YEAR OLDS	\$30,000 Added 350 YARDS	
SATURDAY OCTOBER 4, 2003	(50) LOS ALAMITOS INVITATIONAL CHAMPIONSHIP THREE YEAR OLDS AND UPWARD	\$200,000 440 YARDS	
FRIDAY OCTOBER 10, 2003	(51) PAT HYLAND MEMORIAL HANDICAP THREE YEAR OLDS AND UPWARD	\$35,000 Added 870 YARDS	
SATURDAY OCTOBER 11, 2003	(52) LAS DAMAS HANDICAP FILLIES AND MARES, THREE YEARS OLD AND UPWARD	\$50,000 Added 400 YARDS	
FRIDAY OCTOBER 31, 2003	(53) GOLDEN STATE FUTURITY TWO YEAR OLDS TRIALS TO BE RUN, FRIDAY, OCTOBER 17, 2003	\$50,000 Added 400 YARDS	\$750,000 Estimated
SATURDAY NOVEMBER 1, 2003	(54) MBNA CHALLENGE CHAMPIONSHIP NIGHT		
FRIDAY NOVEMBER 7, 2003	(55) FIRST DOWN DASH HANDICAP THREE YEAR OLDS AND UPWARD	\$35,000 Added 400 YARDS	
SATURDAY NOVEMBER 8, 2003	(56) LOS ALAMITOS DERBY THREE YEAR OLDS TRIALS TO BE RUN, SATURDAY, OCTOBER 25, 2003	\$100,000 Added 400 YARDS	\$250,000 Estimated
SATURDAY NOVEMBER 15, 2003	(57) CORONA CHICK HANDICAP TWO YEAR OLDS	\$35,000 Added 400 YARDS	
FRIDAY NOVEMBER 21, 2003	(58) Z WAYNE GRIFFIN DIRECTORS TRIALS THREE YEAR OLDS AND UPWARD TRIALS FOR THE CHAMPION OF CHAMPIONS	\$20,000 per trial 400 YARDS	
FRIDAY DECEMBER 12, 2003	(59) LOS ALAMITOS MILLION FUTURITY TWO YEAR OLDS TRIALS TO BE RUN, FRIDAY, NOVEMBER 29, 2003	\$250,000 Added 400 YARDS	\$1,300,000 Estimated
FRIDAY DECEMBER 12, 2003	(60) LOS ALAMITOS MILLION FUTURITY CONSOLATION STAKES TWO YEAR OLDS	\$25,000 400 YARDS	
SATURDAY DECEMBER 13, 2003	(61) CHAMPION OF CHAMPIONS THREE YEAR OLDS AND UPWARD TRIALS TO BE RUN, FRIDAY, NOVEMBER 21, 2003 (Z WAYNE GRIFFIN DIRECTORS TRIALS - 400 YARDS)	\$400,000 Added 440 YARDS	\$500,000 Guaranteed
SUNDAY DECEMBER 14, 2003	(62) MARATHON NATIONAL THREE YEAR OLDS AND UPWARD TRIALS TO BE RUN, SATURDAY, NOVEMBER 22, 2003	\$100,000 Added 870 YARDS	\$200,000 Guaranteed
SUNDAY DECEMBER 14, 2003	(63) SOUTHERN CALIFORNIA DERBY THREE YEAR OLDS TRIALS TO BE RUN, SATURDAY, NOVEMBER 29, 2003	\$25,000 Added 400 YARDS	\$150,000 Estimated
SUNDAY DECEMBER 21, 2003	(64) PAUL B FORD MEMORIAL HANDICAP THREE YEAR OLDS	\$25,000 Added 550 YARDS	

**Total Added Money**

**\$3,247,500**

**Cal Bred**

**\$565,000 = 17.4 %**

It is the intention of LAQHRA to conduct simulcast wagering on no more than six to twelve out of state races per racing program, and to adjust our schedule to avoid "triple overlap" situations.

At present LAQHRA proposes to begin its Thursday and Friday programs with simulcast races, while the Saturday and Sunday programs would be a blend of live and simulcast racing dependent on thoroughbred association scheduling throughout the year.

LAQHRA will attempt to schedule post times at least 10 minutes apart from any overlapping thoroughbred races conducted by California racing associations whenever possible.

On Friday evenings when Hollywood Park is racing, LAQHRA will conduct its races between the Hollywood Park races until the conclusion of that program.

Incoming simulcast races will be scheduled before and during our live racing program.

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 B&P Code Section 19568(b).

#### 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. On file.

#### C. CORPORATION

1. Registered name of the corporation: Horsemen's Quarter Horse Racing Association
2. State where incorporated: California
3. Registry or file number for the corporation: 3019242
4. Names of all officers & directors, titles, & the number of shares of the corporation held by each:
 

Ed Allred	Chief Executive Officer
H. Rick Henson	President, General Manager
Daniel Castronova	Director
Kathy Chavez	Treasurer
Spencer Childers	Director
Patrick Ford	Director
R. D. Hubbard	Director
Michael Lyon	Director, Secretary
John Seibly	Director
Anthony Zidich	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:  
Quarter Horse Racing, Inc., 100%
6. Number of outstanding shares in the corporation: 0
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: Wagner, Kirkman and Blaine
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 Horse Racing, Inc.
10. Attach the most recent annual financial statement for the corporation, including balance sheet and profit and loss statement, and a 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.

## 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. Names of all officers and directors, titles, and the number of shares of the LLC held by each:
5. Names (true names) of all members, other than the officers and directors listed above, that hold 5% or more of the outstanding shares in the LLC and the number of shares held by each:
6. Are the shares listed for public trading?  Yes  No  
If yes, on what exchange and how is the stock listed:
7. 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:
8. Attach the most recent annual financial statement for the LLC, including balance sheet and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the LLC and/or the Securities and Exchange Commission and/or the California Corporations Commission.

## E. OTHER

1. Name(s) of partners/sole proprietor:

2. If a partnership, attach partnership agreement.

F. 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 10B, who will be listed in the official program:

H. Rick Henson	President/General Manager
Michael Monji	Assistant General Manager
Frank Sherren	Plant Superintendent
Kathy Chavez	Comptroller
Al Cruz	Director of Security
Howard Knuchell	Director of Operations
Robert DiGiovanni	Director of Mutuels
Ed Burgart	Track Announcer
Jeff True	Simulcasting/ Marketing Director
Sarah Varney	Paymaster of Purses
Richard Hughes	Director of Labor Relations
Orlando Gutierrez	Director of Publicity
Melodie Knuchell	Nominations Director/Simulcast Administrator
Rick Hughes	Track Surface Superintendent
Dennis Moore	Track Surface Consultant
Scott Martinez	Track Photographer

2. Name and title of the person(s) authorized to receive notices on behalf of the association and the mailing address of such person(s) if other than the mailing address of the association:  
H. Rick Henson, President/General Manager

5. PURSE PROGRAM

A. Estimated purse distribution:

1. All races other than stakes: \$12,582,500
2. Overnight stakes: N/A
3. Non-overnight stakes: \$3,247,500

B. Stakes Races:

1. Estimated purse distribution for all stakes races: \$3,247,500
2. Percentage of the estimated purse distribution for all stakes races that will be distributed for California-bred stakes races: 17.4% = \$565,000

- C. Estimated funds to be generated for all California-bred incentive awards: \$720,000 Breeder's  
\$110,000 Owner's

- D. Estimated amount of payment to each recognized horsemen's organization contracting with the association and the name(s) of the organization(s):
- | Recognized Horsemen's Organization | Estimated Payment |
|------------------------------------|-------------------|
| PCQHRA                             | \$540,000         |
- E. Total estimated amount from all sources to be distributed at the meeting in the form of purses or other benefits to horsemen: \$17,200,000
- F. Estimated purse funds to be generated from on-track handle and intrastate off-track handle: \$9,100,000
- G. Estimated purse funds to be generated from interstate handle: \$8,100,000
- H. Bank or depository for the Paymaster of Purses' purse account and the account number:  
United California Bank 1065-09906
- I. Name, address and telephone number of the pari-mutuel audit firm engaged for the meeting:  
Ed Roland  
201 South Lewis 309  
Orange, CA 92868 714-978-7868

**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 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 B&P 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.

## 6. STABLE ACCOMMODATIONS

- A. Number of usable stalls available for racehorses at the track where the meeting is held: 1428
- B. Minimum number of stalls believed necessary for the meeting: 1428
- C. Total number of usable stalls to be made available off-site at approved auxiliary stabling areas or approved training centers: 600
- D. Name or location of each off-site stabling area and the number of stalls to be maintained at each site:  
Fairplex 300  
San Luis Rey Downs 300

- E. Attach each contract or agreement between the association and the person(s) furnishing off-site stabling accommodations for eligible racehorses which cannot be provided stabling on-site. N/A

Complete subsections F through I if the association will request reimbursement for off-site stabling as provided by B&P Code Sections 19607, 19607.1, 19607.2, and 19607.3; otherwise, skip to Section 7.

- F. Total number of usable stalls made available on-site for the 1986 meeting: N/A
- G. Estimated cost to provide off-site stalls for this meeting: N/A
- H. Estimated cost to provide vaning from off-site stalls for this meeting. Show fees to be paid for vaning per-horse: N/A
- I. Estimated cost for off-site stabling and vaning for this meeting. Show cost per-day per-stall: N/A

**7. PARI-MUTUEL WAGERING PROGRAM**

- A. Pursuant to B&P 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), LS for limited sweepstakes (pick 6), PK3 for pick three, PK4 for select four, PK6 for pick 6 one pool, PK7 for pick 7, PNP for pick (n) pool, PPN for place pick (n), Q for quinella, SF for superfecta, SS1 for special sweepstakes (pick 6) alternate 1, SS2 for special sweepstakes (pick 6) alternate 2, SS3 for special sweepstakes (pick 6) alternate 3, SRUS for special reserved unlimited sweepstakes (pick 9), SUS for special unlimited sweepstakes (pick 9), TRI for trifecta, and US for unlimited sweepstakes (pick 9).

	TYPE OF WAGERS	APPLICABLE RULES
Example Race:	\$1 E; \$2 Twin Trifecta	CHRB #1959; RCI #VP
Race #1	\$1E, \$1DD, \$1PK4, \$1 TRI, \$1 PPN	CHRB 1959, 1957, 1978, 1979, 1976.9
Race #2	\$1E, \$1PK3, \$1TRI	CHRB 1959, 1977, 1979
Race #3	\$1E, \$1PK3, \$1TRI	CHRB 1959, 1977, 1979
Race #4	\$1E, \$1PK3, \$1TRI	CHRB 1959, 1977, 1979
Race #5	\$1E, \$1PK3, \$1TRI, \$2PK6	CHRB 1959, 1977, 1979, 1976.9
Race #6	\$1E, \$1PK3, \$1TRI, \$1SF	CHRB 1959, 1977, 1979, 1979.1
Race #7	\$1E, \$1PK3, \$1TRI	CHRB 1959, 1977, 1979
Race #8	\$1E, \$1PK3, \$1TRI	CHRB 1959, 1977, 1979
Race #9	\$1E, \$1PK3, \$1TRI	CHRB 1959, 1977, 1979
Race #10	\$1E, \$1PK3, \$1TRI	CHRB 1959, 1977, 1979
Race #11	\$1E, \$1PK3, \$1TRI	CHRB 1959, 1977, 1979
Race #12	\$1E, \$1PK3, \$1TRI	CHRB 1959, 1977, 1979
Race #13	\$1E, \$1PK3, \$1TRI	CHRB 1959, 1977, 1979

Race #14	\$1E, \$1PK3, \$1TRI, \$1DD	CHRB 1959, 1977, 1979, 1957
Race #15	\$1E, \$1PK3, \$1TRI, \$1SF	CHRB 1959, 1977, 1979, 1979.1

1. The late daily double will always occur in the last two races of the race card.
2. The late superfecta will always occur in the last race.
3. In the event that there are not enough horses carded in a race to offer a trifecta, we will then offer a \$1 quinella, CHRB 1958.
4. The late pick four will always be offered on the last four races of the race card.
5. The Association would like to reserve the right to add a superfecta pool to any race meeting the criteria for a superfecta pool.

B. The maximum carryover pool to be allowed to accumulate before its distribution **OR** the date(s) designated for distribution of the carryover pool: December 21, 2003

C. List any options requested with regard to exotic wagering: N/A

D. Will "advance" or "early bird" wagering be offered?  Yes  No  
 If yes, when will such wagering begin: Thursday, Friday, Saturday at 8:30 am

E. 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: Autotote, contact person: David Payton, contract expires September 2003.

**8. SIMULCASTING WAGERING PROGRAM**

A. Simulcast organization engaged by the association to conduct simulcast wagering: Southern California Off-Track Wagering, Inc.

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. On file

C. California simulcast facilities the association proposes to offer its live audiovisual signal:

Northern California

Alameda County Fair, Pleasanton  
 Big Fresno Fair, Fresno  
 California State Fair \$ Expo, Sacramento  
 Club One, Fresno  
 Golden Gate Fields, Albany  
 Kern County Fair, Bakersfield  
 Monterey County Fair, Monterey  
 Redwood Acres Fair, Eureka  
 San Joaquin County Fair, Stockton  
 Santa Clara County Fair, San Jose  
 Shasta District Fair, Anderson  
 Solano County Fair, Vallejo  
 Sonoma County Fair, Santa Rosa  
 Stanislaus County Fair, Turlock

Southern California

Barona Casino, Lakeside  
 Fantasy Springs Casino, (Cabazon), Indio  
 Del Mar Thoroughbred Club, Del Mar  
 Hollywood Park, Inglewood  
 Desert Expo Centre, Indio  
 The Farmers Fair, Perris  
 Antelope Valley Fair, Lancaster  
 Santa Barbara County Fair, Santa Maria  
 Mid-State Fair, Paso Robles  
 National Orange Show, San Bernardino  
 Fairplex Park, Pomona  
 Santa Anita, Arcadia  
 Viejas Casino & Turf Club, Alpine  
 Earl Warren Showgrounds, Santa Barbara

Tulare County Fair, Tulare

Sycuan Gaming Center, El Cajon

Ventura County Fair, Ventura

San Bernardino County Fair, Victorville

D. Out-of-state wagering systems the association proposes to offer its live audiovisual signal:  
Included in E

E. Out-of-state wagering systems that will combine their pari-mutuel pools with those of the association:  
We anticipate simulcasts to locations outside of the United States including: The Caribbean Basin (Las Caymanas Park and various books on St. Marten, Jamaica, Barbados, and Trinidad); Mexico (including Agua Caliente and related books, Juarez and related books, and Hipodromo de las Americas and related books); Panama (Hipodromo Presidente Remon); Dominican Republic (Hipodromo V. Centenario); Canada (Assiniboia Downs, Barrie Downs, Cloverdale Raceway, Dawartja Downs, Elmira Raceway, Flamboro Downs, Kawartha Downs, Marquis Downs, Queensbury Downs, Rideau Carlton, Hippodromo l'Hippodrome de Montreal, Calgary Stampede, Hastings Park, Northland Park, Ontario Jockey Club, Stampede Park, Western Fair, Windsor Raceway, and others); Argentina (La Plata, San Ysidro, Pallermo, and related books); Brazil (Jockey Club and related books); Venezuela (La Rinconada and related books); U.S. Virgin Islands (books); Puerto Rico (El Commandante), and South Korea.

Arapahoe Park, CO

Arlington Park, IL

Atlantic City Casinos, NJ

Atlantic City Race Course, NJ

Balmoral, IL

Batavia Downs, NY

Beulah Park, OH

Blue Ribbon Downs, OK

Calder, FL

Canterbury Park, MN

Connecticut OTB, CT

Capitol District OTB, NY

Catskill OTB, NY

Charles Town, WV

Colonial Downs, VA

Columbus Races, NE

Corpus Christi Greyhound, TX

Dakota Teletrack, SD

Dairyland Greyhound Park, WI

Delaware Racing Assoc, DE

Delta Downs, LA

Dover Downs, DE

Downs at Albuquerque, NM

Emerald Racing, WA

Evangeline Downs, LA

Fair Grounds, LA

Fairmount Park, IL

Finger Lakes, NY

Fire Lake Entertainment Center

Fonner Park, NE

Foxwoods Casino, CT

Freehold Raceway, NJ

Great Lakes Downs, MI

Geneva Lakes Greyhound, WI

Gulf Greyhound, TX

Harrington Raceway, DE

Hawthorne, IL

Hazel Park, MI

Hinsdale Grehound Park, NH

Hoosier Park, IN

Keeneland, KY

Las Vegas Dissemination, NV

Lewiston OTB, ME

Lebanon Raceway, OH

Les Bois, ID

Lone Star Race Park, TX

Louisiana Downs, LA

Manor Downs, TX

Maryland Jockey Club, MD

Maywood, IL

Meskwaki Bingo and Casino, ID

Mobile Greyhound Park, AL

Montana Simulcast Partners, MT

Monticello Raceway, NY

Mountaineer Park, WV

Multnomah Kennel Club, OR

Nassau/Suffolk OTB, NY

New Jersey Sports & Expo Authority, NJ

New Mexico State Fair, NM

Newport RI OTB, NJ



- |                              |                       |
|------------------------------|-----------------------|
| Northfield Park, OH          | Northville Downs, MI  |
| NYRA, NY                     | NY OTB, NY            |
| Pocatello Downs, ID          | Portland Meadows, OR  |
| Prairie Meadows, IA          | Raceway Park, OH      |
| Remington Park, OK           | Retama Park, TX       |
| Rillito Park, AZ             | River Downs, OH       |
| Rockingham Park, NH          | Rosecroft Raceway, NY |
| Ruidoso Downs, NM            | Sam Houston Park, TX  |
| Sandy Downs, ID              | Santa Fe Downs, NM    |
| Saratoga Harness, NY         | Scioto Downs, OH      |
| Southland Greyhound, AK      | Sports Media Network  |
| Suffolk Downs, MA            | Sunland Park, NM      |
| SunRay Park, NM              | The Stables, LVDC, KS |
| The Texas Hub, TX            | Thistledowns, OH      |
| Tri-State Greyhound Park, WV | Turf Paradise, AZ     |
| Turfway Park, KY             | TVG, OR               |
| Valley Race Park, TX         | Vernon Downs, NY      |
| Western Region OTB, NY       | Wichita Greyhound, KS |
| Wonderland Greyhound, MA     | Woodlands, KS         |
| Wyoming OTB, WY              | Yavapai Downs, AZ     |
| You Bet, CA                  |                       |

- F. 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** B&P 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 23 imported thoroughbred races statewide. The limitation of 23 imported thoroughbred races per day statewide does not apply to those races specified in B&P Code Section 19596.2(a)(1), (2), (3) and (4).

**THOROUGHBRED SIMULCAST RACES TO BE IMPORTED**

Name of Host Track	Race Dates	Full Card or Selected Feature and/or Stakes Races
Examples:		
Calder Race Course	1/1 & 1/2/99	Full Card
Fair Grounds	3/14/99	Selected Feature and/or Stakes Races

- G. 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**

**6 out of state quarter horse races per live program on night with Harness overlap; 12 out of state quarter horse races on nights without harness overlap, with races predominately from quarter horse tracks in Louisiana, Texas, Oklahoma, New Mexico, and Iowa.**

Name of Host Track	Race Dates	Full Card or Selected Feature and/or Stakes Races
Examples:		
Retama Park	4/8 & 4/9/99	Full Card
Ruidoso Downs	9/6/99	Selected Feature and/or Stakes Races

H. 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
Examples:		
Saratoga Raceway	5/8/99	Full Card
Meadowlands	8/7/99	Selected Feature and/or Stakes Races

I. 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
--------------------	----------------	------------	--------------------------------

J. For **ALL** racing associations, if any out-of-state or out-of-country races will commence outside of the time constraints set forth in B&P Code Section 19596.2(d), attach a copy showing the agreement by the appropriate racing association(s).

**When necessary LAQHRA will import harness races from CHRB jurisdictions.**

**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 B&P Code Sections 19596, 19596.1, 19596.2, 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 5.)

**9. 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: Los Alamitos Quarter Horse Charity Foundation, 4961 Katella Ave., Los Alamitos, CA 90720

- B. Names and addresses of the trustees or directors of the distributing agent:  
 Robert Main 4961 Katella Ave., Los Alamitos, CA 90720  
 Althea Miller 4961 Katella Ave., Los Alamitos, CA 90720  
 Charles Brain 4961 Katella Ave., Los Alamitos, CA 90720
- C. Dates the association will conduct races as charity racing days OR:  
 September 25, October 2, October 9, October 16, October 23, 2003
- 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 B&P 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 20% of the distribution shall be made to charities associated with the horse racing industry in accordance with the provisions of B&P Code Section 19556(b).

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

- A. Racing Officials nominated:

Associate Judges	N/A
Association Veterinarian(s)	Gary Beck, DVM
Clerk of Scales	Alex Fernandez
Clerk of the Course	Linda Sherren
Horse Identifier	Michelle Lauck
Horseshoe Inspector	Harry Trosin
Paddock Judge	Ed Reese
Patrol Judges	Ed Reese
Placing Judges	Sheila Hart, Pete Wood
Starter	Bryan Brookfield
Timer	N/A

- B. Management officials in the racing department:

Director of Racing	Ron Church
Racing Secretary	Ron Church
Assistant Racing Secretary	Pete Wood
Paymaster of Purses	Sarah Varley
Others (identify by name and title)	

- C. Name, address and telephone number of the reporter employed to record and prepare transcripts of hearings conducted by the stewards:

Barbara Weinstein  
 9582 Hamilton Ave, STE 265  
 Huntington Beach, CA 92646 714 964-7102

- 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 Corporation USA - Bill O'Brien 12/31/05
- E. Photopatrol video equipment to be used to record all races, name of the person supplying the service, and expiration date of the service contract:  
Pegasus Communications - Jim Porep 12/31/05
- 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:  
Pegasus Communications - Jim Porep 12/31/05

## 11. SECURITY CONTROLS AND EMERGENCY SERVICES

- A. Name and title of the person responsible for security controls on the premises:  
Al Cruz-Director of Security
- B. Estimated number of security guards, gatemen, patrolmen or others to be engaged in security tasks on a regular full-time basis. Describe the electronic security system:  
12 security guards      Video cameras strategically located throughout the facility.
- C. Name, address and emergency telephone number of the ambulance service to be used during workouts and the running of the races:  
Huntington Ambulance  
PO Box 145  
Sunset Beach, CA 90742    562-904-1550
- D. Name, address and emergency telephone number of the ambulance service to be used during workouts at auxiliary sites:      N/A
- E. Attach a fire clearance from the fire authority having jurisdiction over the premises. See insert C
- F. Name of the workers' compensation insurance carrier for the association and the number of the insurance policy (if self-insured, provide details):      Virginia Surety Company - 003370
- G. 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 which secures the liability of the association for payment of workers' compensation.  
See insert D

## 12. CONCESSIONAIRES AND SERVICE CONTRACTORS

Names and addresses of all persons to whom a concession or service contract has been given, other than those already identified, and the goods and/or services to be provided by each:  
JM Concessions-Food/Liquor, 4961 Katella Ave., Los Alamitos, CA 90720  
Centaur Hot Walkers, Inc., 5761 Ridgeview Ave., Mira Loma, CA 91752



# ORANGE COUNTY FIRE AUTHORITY

Fire Station #61 • 8081 Western Av., Buena Park, CA 90620

Inspection Services - North

(714) 527-9475

www.ocfa.org

*INSERT C*

August 16, 2002

Mr. Frank Sherren, Facility Manager  
Los Alamitos Race Course  
4961 Katella Avenue  
Los Alamitos, CA 90720

RE: Annual Fire and Life Safety Inspection

Dear Mr. Sherren:

This letter is to advise you that the annual fire and life safety inspection at the Los Alamitos Race Course was completed on August 14, 2002. The facility was found to be in compliance with the exception of some minor items which were listed on the Fire and Life Safety Inspection Notice.

Please advise me when the items have been corrected so I may document our inspection file.

Your next annual inspection will be due in September, 2003.

If you should have any questions, please contact me at (714) 527-9473.

Respectfully,

A handwritten signature in cursive script that reads "Bill Hart".

Bill Hart  
Senior Fire Prevention Specialist

Cc: Dianne Parker, Assistant Fire Marshal

Serving the Cities of: Buena Park • Cypress • Dana Point • Irvine • Laguna Hills • Laguna Niguel • Laguna Woods • Lake Forest • La Palma • Los Alamitos • Mission Viejo • Placentia • Rancho Santa Margarita • San Clemente • San Juan Capistrano • Seal Beach • Stanton • Tustin • Villa Park • Westminster • Yorba Linda • and Unincorporated Areas of Orange County

**RESIDENTIAL SPRINKLERS AND SMOKE DETECTORS SAVE LIVES**

# ACORD INSURANCE BINDER

ISSUE DATE (MM/DD/YY)  
 10/30/2002

THIS BINDER IS A TEMPORARY INSURANCE CONTRACT, SUBJECT TO THE CONDITIONS SHOWN ON THE REVERSE SIDE OF THIS FORM.

<b>PRODUCER</b> Andreini & Co License 0208825 One MacArthur Place, Ste 100 South Coast Metro, CA 92707 714-327-1400 FAX 714-327-1499		<b>COMPANY</b> VIRGINIA SURETY COMPANY		<b>BINDER NO.</b> 003510	
<b>CODE</b> SUB-CODE		<b>DATE EFFECTIVE</b> 11/01/02 12:01		<b>DATE EXPIRATION</b> 01/01/03 12:01 AM NOON	
<b>INSURED</b> LOS ALAMITOS RACE COURSE, ETAL 4961 KATELLA AVENUE LOS ALAMITOS, CA 90720		THIS BINDER IS ISSUED TO EXTEND COVERAGE IN THE ABOVE NAMED COMPANY PER EXPIRING POLICY NO: DESCRIPTION OF OPERATIONS/VEHICLES/PROPERTY (including Location)			

TYPE OF INSURANCE	COVERAGE FORMS	AMOUNT	DEDUCTIBLE	COINSUR.
<b>PROPERTY CAUSES OF LOSS</b> <input type="checkbox"/> BASIC <input type="checkbox"/> BROAD <input type="checkbox"/> SPEC.				
<b>GENERAL LIABILITY</b> <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR <input type="checkbox"/> OWNERS & CONTRACTORS PROT. RETRO DATE FOR CLAIMS MADE:		GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG. \$ PERSONAL & ADV. INJURY \$ EACH OCCURRENCE \$ FIRE DAMAGE (Any one fire) \$ MED. EXPENSE (Any one person) \$		
<b>AUTOMOBILE LIABILITY</b> <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 <input type="checkbox"/> GARAGE LIABILITY		COMBINED SINGLE LIMIT \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE \$ MEDICAL PAYMENTS \$ PERSONAL INJURY PROT. \$ UNINSURED MOTORIST \$		
<b>AUTO PHYSICAL DAMAGE DEDUCTIBLE</b> <input type="checkbox"/> COLLISION: <input type="checkbox"/> OTHER THAN COL:	<input type="checkbox"/> ALL VEHICLES <input type="checkbox"/> SCHEDULED VEHICLES	ACTUAL CASH VALUE STATED AMOUNT \$ OTHER		
<b>EXCESS LIABILITY</b> <input type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM RETRO DATE FOR CLAIMS MADE:		EACH OCCURRENCE \$ AGGREGATE \$ SELF-INSURED RETENTION \$		
<b>WORKER'S COMPENSATION AND EMPLOYERS' LIABILITY</b>		<input checked="" type="checkbox"/> STATUTORY LIMITS EACH ACCIDENT \$ 1,000,000 DISEASE-POLICY LIMIT \$ 1,000,000 DISEASE-EACH EMPLOYEE \$ 1,000,000		

SPECIAL CONDITIONS/OTHER COVERAGES

<b>NAME &amp; ADDRESS</b> Insured's Copy		MORTGAGEE LOSS PAYEE LOAN #	ADDITIONAL INSURED
		AUTHORIZED REPRESENTATIVE <i>Sandra N Schwab</i>	

**13. SCHEDULE OF CHARGES**

- A. Proposed charges for admissions, seating or boxes, parking and programs. Note any changes from the previous year:

Admission (general)	3.00
Admission (clubhouse)	5.00/10.00 (Vessels club)
Reserved seating (general)	N/A
Reserved seating (clubhouse)	N/A
Parking (general)	free
Parking (preferred)	3.00/8.00 (premium)
Parking (valet)	N/A
Programs (on-track)	3.00
(off-track)	3.50

- B. Describe any "Season Boxes" and "Turf Club Membership" fees: See insert E & F

- C. Describe any "package" plans such as combined parking, admission and program: N/A

**14. 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="45/8"/>
<input checked="" type="checkbox"/> Showers	<input checked="" type="checkbox"/> Steam room, sauna or steam cabinets	<input checked="" type="checkbox"/> Lounge area
<input checked="" type="checkbox"/> Masseur	<input checked="" type="checkbox"/> Food/beverage service	<input checked="" type="checkbox"/> Certified platform scale

- B. Describe the quarters to be used for female jockeys/drivers:  
Separate quarters with cubicles, showers, steam box.

**15. BACKSTRETCH EMPLOYEE HOUSING**

- A. Attach written certification that an inspection of the backstretch employee housing has been conducted by a lead agency designated by the CHRB and the applicant is not aware of any known violations of the local housing ordinances.  
Inspection conducted October 10, 2002.
- B. Number of rooms used for housing on the backstretch of the racetrack:  
220 out of 344
- C. Number of restrooms available on the backstretch of the racetrack:  
13
- D. Estimated ratio of restroom facilities to the number of backstretch personnel:  
19/1

## ***Quarter Horse Membership Information***

*(These Prices restricted to CHRB licensed horsemen)*

- ***Vessels Exclusive - Quarter Horse    \$3,000.00***

Membership includes one exclusive table for each night of the 2002 - 2003 Quarter Horse meet, four membership cards - each valid for one admission during the 2002 - 2003 Quarter Horse meet, and two *premier* parking stickers.

***Certain Limitations & Restrictions apply to the above membership.***

Los Alamitos Race Course has the right to use your reserved table if you have not contacted the Maitre d' by the running of the 2<sup>nd</sup> race. It is the responsibility of the Vessels Club member to contact the Maitre d' @ 714-820-2681. LARC also reserves the right to utilize any tables for special events. LARC will provide you with written notice one week prior to the special event.

- ***Vessels Private Box - Quarter Horse    \$1,500.00***

Membership includes one private four seat box, four membership cards - each valid for one admission during the 2002- 2003 Quarter Horse meet, and two *preferred* parking stickers.

- ***Vessels Annual – Quarter Horse                    \$300.00***

Membership includes one membership card valid for one admission daily or nightly during the 2002 - 2003 Quarter Horse Meet.



## ***Private Membership Information***

- ***Vessels Presidential***    **\$5,000.00**

Membership includes four membership cards - each valid for one admission plus five guests, one private four seat box, four premier parking stickers, guaranteed six seat table in the dining room, and five non-graded race sponsorships. Valid January 1, 2003 to December 31, 2003. Pro-rated after January 1, 2003.

- ***Vessels Executive***    **\$3,000.00**

Membership includes four membership cards - each valid for one admission, guaranteed four seat table in the dining room, and two preferred parking stickers. Valid January 1, 2003 to December 31, 2003. Pro-rated after January 1, 2003.

- ***Vessels Private***    **\$1,500.00**

Membership includes one membership card, valid for one admission, one preferred parking sticker, guaranteed four seat table in the dining room, and option to purchase one additional membership card for \$500.00. Valid January 1, 2003 to December 31, 2003. Pro-rated after January 1, 2003.

- ***Vessels Club Single Admissions Offer***

A.	10 Admissions - Save \$15.00 <i>(Regular Price \$100.00)</i>	\$85.00
B.	25 Admissions - Save \$50.00 <i>(Regular Price \$250.00)</i>	\$200.00
C.	50 Admissions - Save \$150.00 <i>(Regular Price \$500.00)</i>	\$350.00

**16. TRACK SAFETY**

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

3,300
-------

 feet.
- B. 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 metal slant rail with metal safety cover, 40" in height from track to top of rail.**  
**Outer rail is a metal gooseneck with 6" X 4" metal tubing.**
- C. Name of the person responsible for supervision of the maintenance of the racetrack safety standards pursuant to CHRB Rule 1474: Rick Hughes/Dennis Moore
- D. Attach a Track Safety Maintenance Program pursuant to CHRB Rule 1474. Attached
- E. 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.

**17. 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. Pending
- 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). On file
- 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

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.

18. 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.

*D. Rick Henson*

Print Name

*D. Rick Henson*

Signature

*PRESIDENT / GENERAL MANAGER*

Print Title

*9/21/02*

Date

**STAFF ANALYSIS  
REQUEST FOR APPROVAL OF  
CHARITY DISTRIBUTION**

**REGULAR BOARD MEETING  
NOVEMBER 21, 2002**

**Background:**

The Los Angeles Turf Club, acting as its own charitable foundation, is requesting that the Board approve its proposed distribution of charity racing day proceeds of \$286,700. The list of 31 beneficiaries is attached for your review. With more than 80% of the total dollars distributed going to charities associated with the horse racing industry, staff finds this request to be in order.

**Recommendation:**

Staff recommends that the Board approve this request.



Frank De Marco, Jr., Esq.  
General Counsel and Assistant Secretary

October 3, 2002

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

Attention: John Reagan

Re: Los Angeles Turf Club, Incorporated Charity Days

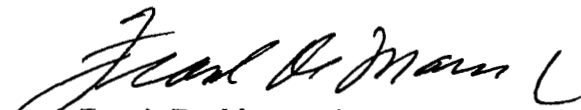
Gentlemen:

Los Angeles Turf Club, Incorporated, doing business as "Santa Anita Park," has determined the beneficiaries of proceeds from "Charity Days" races conducted at Santa Anita Park during its 2001-2002 winter meet. The net proceeds from the five Charity Days totaled \$286,700.00. Attached hereto is the list of the organizations selected to be the beneficiaries of the Charity Days proceeds and the amount to be distributed to each. Distributions will be made upon approval of the proposed amounts by the California Horse Racing Board.

Please note that approximately 81.44% of the distributions are to horse related charities.

Should you have any questions regarding the distributions or the matters set forth herein, please do not hesitate to contact the undersigned.

Very truly yours,



Frank De Marco, Jr.

FDM:mr

Enclosure

**Los Angeles Turf Club, Inc.**

285 W. Huntington Drive, P.O. Box 60014, Arcadia, CA 91066-6014 (626) 574-7223 Fax (626) 446-9565

**Los Angeles Turf Club, Incorporated  
Distribution of Charity Days Proceeds  
2001-2002 Meet**

<u>Horse Related Charities</u>	<u>Amount</u>
California Council on Problem Gambling	10,000
California Equine Foundation	2,000
California Thoroughbred Breeders Foundation	2,500
California Thoroughbred Horsemen's Foundation	37,500
Edwin J. Gregson Foundation	75,000
Holy Angels Church (Backside Permanent Deacon)	15,000
Kids to the Cup Foundation	5,000
Piedra Foundation	2,500
Racetrack Chaplaincy (San Luis Rey Downs)	5,000
Racetrack Chaplaincy of America (Northern California Council)	15,000
Racetrack Chaplaincy of America (Southern California Council)	15,000
Shoemaker Foundation	2,000
Thoroughbred Adoption and Retirement Association, Inc.	2,000
Tranquility Farm	2,500
United Pegasus Foundation	2,500
Winners Foundation	40,000
	<hr/> 233,500

**Los Angeles Turf Club, Incorporated  
Distribution of Charity Days Proceeds  
2001-2002 Meet**

<u>Non-Horse Related Charities</u>	<u>Amount</u>
Arboretum Foundation, Arcadia	1,000
Arcadia, Rose Parade Float	20,000
Arcadia Welfare and Thrift Shop, Inc.	1,700
Boys and Girls Club of the Foothills	1,000
Christopher Burrows Memorial Scholarship Fund	1,000
Community Media of the Foothills	1,000
Five Acres Foundation, Altadena	2,500
Holy Angels Church, Arcadia	2,500
Holy Angels School, Arcadia	1,000
KidSpace Museum	2,500
Methodist Hospital Foundation	5,000
Pasadena POPS Orchestra	7,500
San Gabriel Valley Family YMCA	1,000
The Bob Margett Foundation	500
USC School of Policy/Planning	5,000
	<hr/> 53,200

**STAFF ANALYSIS  
REQUEST FOR APPROVAL OF  
CHARITY DISTRIBUTION**

**REGULAR BOARD MEETING  
NOVEMBER 21, 2002**

**Background:**

The Los Alamitos Quarter Horse Charity Foundation is requesting that the Board approve its proposed distribution of charity racing day proceeds of \$37,000. The list of 11 beneficiaries is attached for your review. With more than 40% of the total dollars distributed going to charities associated with the horse racing industry, staff finds this request to be in order.

**Recommendation:**

Staff recommends that the Board approve this request.





Los Alamitos

QUARTER HORSE RACING ASSOCIATION

RECEIVED  
GHRB

2002 OCT -7 PM 12:45

October 3, 2002

Mr. Roy Wood  
California Horse Racing Board  
1010 Hurley Way  
Suite 300  
Sacramento, Ca 95825

Dear Mr. Wood,

Our 2001 charity days had net revenues of \$37,000.00. The charity foundation has tentatively approved the following distribution to charitable organizations

Quarter Horse Benevolent Charity Foundation	\$14,000.00
Garden Grove Girls/ Boys Club	2,000.00
Cypress Girls/Boys Club	2,000.00
Los Alamitos Public Television	2,000.00
Kiwanis Club of Garden Grove	2,000.00
Orange County Harvest	4,000.00
We Care of Los Alamitos	1,000.00
Hotline of Southern California	5,000.00
Red Ribbon of Cypress	3,000.00
Shoemaker Foundation	1,000.00
Human Options – Abused Women	<u>1,000.00</u>
Total	\$37,000.00

We respectfully request board approval to disburse these contributions.

Yours very truly,

Kathleen E. Chavez  
Chief Financial Officer

**STAFF ANALYSIS  
REQUEST FOR APPROVAL OF  
CHARITY DISTRIBUTION**

**REGULAR BOARD MEETING  
NOVEMBER 21, 2002**

**Background:**

The Del Mar Thoroughbred Club, acting as its own charitable foundation, is requesting that the Board approve its proposed distribution of charity racing day proceeds of \$169,500. The list of 23 beneficiaries is attached for your review. With more than 74% of the total dollars distributed going to charities associated with the horse racing industry, staff finds this request to be in order.

**Recommendation:**

Staff recommends that the Board approve this request.



RECEIVED  
CHRB

2002 OCT 25 PM 12: 09

Michael R. Ernst  
Senior Vice President and  
Chief Financial Officer

October 23, 2002

Mr. Roy C. Wood, Jr.  
California Horse Racing Board  
1010 Hurley Way, Suite 300  
Sacramento, CA 95825

Dear Roy:

The Del Mar Thoroughbred Club Board of Directors has allocated charity day proceeds as set forth below.

California Center for Equine Health and Performance*	\$20,000
California Thoroughbreds Horsemen's Association	15,500
Edwin J. Gregson Foundation*	15,000
Grayson-Jockey Club Research Foundation*	15,000
Winners Foundation*	10,000
University of Arizona Racetrack Industry Program*	10,000
Don MacBeth Memorial Jockey Fund*	10,000
C.E.R.F *	7,500
Del Mar Thoroughbred Charities*	6,500
United Way of San Diego County	5,000
Del Mar Foundation	5,000
Las Patronas	5,000
Tranquility Farms*	5,000
Jr. League of San Diego	5,000
San Diego Hospice	5,000
The Country Friends	5,000
Children's Hospital of San Diego	5,000
Don Diego Scholarship Fund	5,000
California Thoroughbreds Breeders Association*	5,000
Magdalena Ecke YMCA	2,500
Shoemaker Foundation*	2,500
Helen Woodward Animal Center*	2,500
Kids to the Cup*	<u>2,500</u>
<b>TOTAL:</b>	<b><u>\$169,500</u></b>
Equine Related Charities*	\$127,000
Non - Equine Related	42,500
Percentage of Equine Related Charities	74.9%

Thank you for your attention to this matter and I look forward to hearing from you soon. If you need further information, please call me.

Very truly yours,

Michael R. Ernst