



RICK SYNDER
GOVERNOR

STATE OF MICHIGAN
MICHIGAN GAMING CONTROL BOARD
DETROIT

RICHARD S. KALM
EXECUTIVE DIRECTOR

In the matter of:

HORSEMEN'S SIMULCAST
PURSE POOL ACCOUNT

**SECOND ORDER GRANTING PRIZE MONEY DISTRIBUTIONS FROM THE
THOROUGHBRED SIMULCAST PURSE POOL ACCOUNT**

On June 17, 2014 the Executive Director issued an order releasing escrowed monies to the Michigan Horsemen's Benevolent and Protective Association (MHBPA) for distribution to pay for purse prize money for live thoroughbred races held at Hazel Park Harness Raceway and Northville Downs. This order is to allow the release of escrowed monies to the Great Lakes Quarter Horse Association (GLQHA) for distribution to pay for purse prize money for live races held at Hazel Park Harness Raceway and Northville Downs.

On February 12, 2014 the Executive Director issued an Order accepting the voluntary surrender of the Oil Capital Race Venture, Inc., d/b/a Mt. Pleasant Meadows, 2014 Race Meeting License and 2014 Simulcast Permit for the remainder of the 2014 horse race meet season.

Under § 19a of the Horse Racing Law of 1995, Public Act 279 of 1995 ("the Act"), the Legislature provided the statutory authority for how monies, designated by the Act, are to be paid into the horsemen's simulcast purse pool account, and how they are to be handled in the event that a thoroughbred track license is surrendered, revoked, escrowed, or closed. In such an event, the Executive Director shall order the deposit of horsemen's purse pool money, deposited and distributed pursuant to § 19, to a depository.

In the Order noted above, and reiterated in the 2014 Horsemen's Simulcast Purse Pool Distribution Order issued on February 28, 2014, the Executive Director ordered that the simulcast purse pool monies apportioned for the surrendered race meeting license be placed into escrow under the Act and the promulgated administrative rules. The monies were ordered to remain in escrow until further ordered.

The Executive Director finds the following:

- Mount Pleasant Meadows was issued a 2014 Mixed Breed Race Meeting license and a 2014 Simulcast Permit. Under such a license, it could conduct racing of more than one breed of horse;
- Mount Pleasant Meadows maintained an annual contract with the GLQHA for the supply of horses at its racetrack;

- Mount Pleasant Meadows maintained a contract with the MHBPA to supply thoroughbred horses;
- Mount Pleasant Meadows surrendered its license, effective February 12, 2014;
- The MHBPA sought alternative contractual options with other track licensees to race thoroughbreds at other race tracks. Discussions were held with Hazel Park Racing Association, Inc., d/b/a Hazel Park Harness Raceway and John Carlo, Peter Battista, Margaret Zayti Partnership, d/b/a Northville Downs;
- Hazel Park Harness Raceway was issued a 2014 Mixed Breed Race Meeting license, a 2014 Thoroughbred Race Meeting License, and a 2014 Simulcast Permit;
- Prior to racing thoroughbreds during its 2014 season, Hazel Park Harness Raceway had to meet certain licensing conditions imposed by the Executive Director;
- Hazel Park Harness Raceway entered into a contract with the MHBPA to supply thoroughbred horses;
- Hazel Park Harness Raceway would not enter into a contract with the GLQHA for the supply of horses at its racetrack;
- Northville Downs was issued a 2014 Mixed Breed Race Meeting license, a 2014 Thoroughbred Race Meeting License, and a 2014 Simulcast Permit;
- Prior to racing thoroughbreds during its 2014 season, Northville Downs has to meet certain licensing conditions imposed by the Executive Director;
- Northville Downs entered into a contract with the MHBPA to supply thoroughbred horses;
- Northville Downs has not entered into a contract with the GLQHA for the supply of horses at its racetrack;
- GLQHA and MHBPA have entered into a contract whereby MHBPA assumes the CHO role with Hazel Park Harness Raceway; and
- GLQHA has agreed to release its simulcast purse pool funds to the MHBPA.

Since the Horsemen's Simulcast Purse Pool 2014 Deposit Order and the Horsemen's Simulcast Purse Pool 2014 Distribution Order issued by the Executive Director remain in effect, the Executive Director reiterates the following:

- Purse pool monies are expressly to be used only for purses and administrative costs as provided for under Rule 431.2061(3). Operating expenses and loans are not administrative costs;
- The Act does not authorize direct distributions from the purse pool to pay for race meeting licensee obligations, race meeting licensee debt obligations, or racetrack operational expenses;
- Improper distributions will result in sanctions including, but not limited to, revocation or suspension of a license, exclusion from racetrack grounds, and a fine of up to \$25,000 for each violation of the act or administrative rule promulgated under the Act. Additionally, improper withdrawals will be required to be refunded to the Purse Pool Account(s).

IT IS ORDERED:

- Distributions for prize money for live racing, to be conducted at Hazel Park Harness Raceway and Northville Downs, are to be transferred from the horsemen's simulcast purse pool at Independent Bank;
- The portion of the escrowed monies associated with the GLQHA are released for distribution to pay for purse prize money for live races held at Hazel Park Harness Raceway and Northville Downs; and
- Any thoroughbred simulcast purse pool transfer request will be initiated by the MHBPA; and
- As previously agreed to by the horsemen's associations, a member of the Michigan Harness Horsemen's Association (MHHA) is designated by the horsemen's associations in the State of Michigan to oversee the thoroughbred horsemen's purse pool at Independent Bank.

IT IS SO ORDERED.

/s/

Richard Kalm, Executive Director
Michigan Gaming Control Board

Dated: July 15, 2014