

CHRB Laying the Groundwork for Microchip Regulation

The California Horse Racing Board has begun the regulatory process to require the micro-chipping of all racehorses in California – expanding on the voluntary program that already is underway.

This is in step with The Jockey Club announcement that, starting in 2017, microchips will become a requirement for the registration of foals, bringing North America in conformance with most of Europe in using microchips as a fast, safe and effective measure for enhancing the identification of racehorses. Two year olds with microchips will be arriving at California's racetracks and training facilities in 2018.

The CHRB is currently working with The Jockey Club's InCompass Solutions and the California Department of Food and Agriculture on a voluntary pilot project by implanting microchips in the horses at Golden Gate Fields and the Alameda County Fairgrounds.

This pilot project already is demonstrating the feasibility of paperless identification, inventory management, and movement tracking. The outcomes and lessons learned from the pilot project will resolve how to best implement a statewide microchip requirement.

There have been no reports of complications among the 124 horses that the CHRB has micro-chipped to date. The CHRB needs more owners and trainers in Northern California to volunteer their horses for this pilot project. There are no fees for participation in the pilot project, and it will allow trainers to grow comfortable with chip technology. Please contact Rita Baker of the CHRB at (916-263-6038) to enroll.

U.S. Thoroughbred Racing Economic Indicators Sept. 2015 vs Sept. 2014

Indicator	Sept.-15	Sept.-14	% Change
Wagering on U.S. Races*	\$776,270,810	\$693,720,900	11.90%
U.S. Purses	\$112,188,884	\$104,721,175	7.13%
U.S. Race Days	443	445	-0.45%
Indicator	YTD 15	YTD 14	% Change
Wagering on U.S. Races*	\$8,303,928,513	\$8,232,870,891	0.86%
U.S. Purses	\$831,498,950	\$846,459,617	-1.77%
U.S. Race Days	3,778	3,914	-3.47%

*Includes worldwide commingled wagering on U.S. races. Data from Equibase.

CA Thoroughbred Racing Economic Indicators Sept. 2015 vs. Sept. 2014

Indicator	Sept.-15	Sept.-14	% Change
Wagering on CA Races	\$120,339,992	\$100,524,795	19.71%
CA Purses Generated*	\$8,472,529	\$7,235,891	17.09%
CA Race Days	33	31	6.45%
Indicator	YTD 15	YTD 14	% Change
Wagering on CA Races	\$1,465,203,585	\$1,425,152,301	2.81%
CA Purses Generated*	\$97,269,097	\$96,262,347	1.05%
CA Race Days	318	319	-0.31%

*Total Purses Generated. All Data from CHRIMS Note: Figures for wagering on CA races are from all locations ADW and Brick and Mortar on the CA live Thoroughbred races. CA Purses Generated are TOTAL all source purses generated and do not directly correlate to the handle figure, wagering on CA Races. *Breeders Cup Included if applicable

Track Reports (Purse Generation)

Data from CHRIMS - SB 1072 Purse Revenue accounts for over 18% of total purses at Santa Anita and 16% at Golden Gate.

Del Mar Summer - Total Purse Rev Generated - Total Rev Producing Handle

July 16, 2015 – September 7, 2015	2015	2014	Diff \$\$	Diff %
Total Purses Generated	\$22,302,509	\$21,162,386	\$1,140,123	5.39%
Total Revenue Producing Handle	\$454,106,638	\$414,594,103	\$39,512,535	9.53%
Race Days	40	36	4	11.11%

Golden Gate Field Summer - Total Purse Rev Generated - Total Rev Producing Handle

August 21, 2015 – October 4, 2015	2015	2014	Diff \$\$	Diff %
Total Purses Generated	\$2,422,176	\$2,353,337	\$68,839	2.93%
Total Revenue Producing Handle	\$51,311,081	\$49,450,574	\$1,860,507	3.76%
Race Days	19	19	0	0.00%

Los Angeles County Fair - Total Purse Rev Generated - Total Rev Producing Handle

September 10, 2015 – September 25, 2015	2015	2014	Diff \$\$	Diff %
Total Purses Generated	\$2,311,753	\$2,702,903	-\$391,150	-14.47%
Total Revenue Producing Handle	\$51,786,680	\$60,543,850	-\$8,757,170	-14.46%
Race Days	10	11	-1	-9.09%

LEADING OWNERS FROM THE DEL MAR MEET — July 16 through September 7, 2015

MOST STARTS		MOST WINS		MOST EARNINGS	
1	Reddam Racing LLC 58	1	Reddam Racing LLC 12	1	Reddam Racing LLC \$1,048,180
2	DP Racing, LLC 37	2	Hronis Racing LLC 7	2	Spendthrift Farm LLC \$865,950
3	Rockingham Ranch 34	2	Rockingham Ranch 7	3	Watson, Karl, Pegram, Michael E. and Weitman, Paul \$583,600
3	Tommy Town Thoroughbreds LLC .. 34	4	Watson, Karl, Pegram, Michael E. and Weitman, Paul 6	4	DP Racing, LLC \$429,690
3	Kings River Ranch 34		Five tied with 4 wins	5	Hronis Racing LLC \$427,382

Data from Equibase

LEADING OWNERS FROM THE GOLDEN GATE MEET — August 19 through October 4, 2015

MOST STARTS		MOST WINS		MOST EARNINGS	
1	Kings River Ranch 11	1	Daehling, Joe and Evans, Holly 2	1	Daehling, Joe and Evans, Holly \$37,740
2	Joseph P. Morey, Jr. Revocable Trust ... 8	1	Charles, Ronald L. and Gordon, Samuel 2	2	Charles, Ronald L. and Gordon, Samuel \$27,600
2	Steve Moger 8	1	Gray, Jill and Dr. William T. 2	3	Hollendorfer, Janet and Todaro, George \$22,865
4	Lanning, Curt and Lila 7	1	Lanning, Curt and Lila 2	4	Gray, Jill and Dr. William T. \$22,600
5	Gray, Jill and Dr. William T. 6		Multiple owners with 1 win	5	Malibu Valley Farms, Inc. \$21,165
5	Rozamund Barclay 6				

Data from Equibase

LEADING OWNERS FROM THE LACF at LOS ALAMITOS MEET — September 10-25, 2015

MOST STARTS		MOST WINS		MOST EARNINGS	
1	Tommy Town Thoroughbreds LLC. 11	1	Tommy Town Thoroughbreds LLC. 3	1	Watson, Karl, Pegram, Michael E. and Weitman, Paul \$88,500
2	Reddam Racing LLC 10	2	Watson, Karl, Pegram, Michael E. and Weitman, Paul 2	2	Pamela C. Ziebarth \$82,500
2	Rafael DeLeon 10	2	Pamela C. Ziebarth 2	3	Tommy Town Thoroughbreds LLC \$69,460
4	Bobby Wayne Grayson 9	2	Reddam Racing LLC 2	4	CT R Stables LLC \$69,000
5	Kings River Ranch 8	2	Robison, J. Kirk and Judy 2	5	Reddam Racing LLC \$62,310
		2	Kings River Ranch 2		
		2	Howard and Janet Siegel Racing LLC 2		

Data from Equibase

LEGISLATIVE UPDATE

The most recent Legislative session finally produced a vote on Internet poker in both policy and fiscal committees. AB 431 by Assemblyman Adam Gray was supported by TOC and the Amaya coalition of tribes and card rooms. It was opposed by some of the state's most powerful tribes. Working very closely with the coalition, we were able to pass the bill out of both committees. The bill awaits action on the Assembly floor early next year, and we will continue to work with the Amaya card room Tribal coalition to pass it. Since then, some very significant developments have occurred.

Assemblyman Gray introduced two new gaming bills that could impact racing. AB 1441, the California Interactive Sports Wagering Consumer Protection Act, would authorize card rooms, Tribal governments and racing associations to accept and facilitate wagering on sports events. The bill allows execution and acceptance of wagers to be made only on an electronic device. It would still require federal action before allowing California to participate, but recent support for sports wagering is gaining support with the public.

Assembly Bill 1437 (Gray) would enact the Internet Fantasy Sports Games Consumer Protection Act. Current law allows Fantasy Sports an exemption from the federal Unlawful Internet Gaming Enforcement Act (UIGEA) based on a game of skill. Recent issues including allegations of insider trading prompted Gray and others to call for state oversight of the increasingly popular daily fantasy games. It is estimated that 57 million people are playing fantasy sports today with no legal framework or consumer protections in place. The bill would allow a license for anyone who qualifies, which will certainly provide for intense discussions with the state's licensed gaming entities.

Finally, there are two other significant changes on Internet poker and Internet gaming. In October, the New Jersey Division of Gaming Enforcement finally gave the green light to Amaya to offer Internet gambling under the PokerStars and Full Tilt brands. The powerful California tribes opposing the Gray bill because of the "bad actor" provisions and the inclusion of horse racing were dealt a serious setback as the biggest player in I-poker can now legally allow play in the U.S. Given all that's at stake with eSports and I-gaming, we need to engage more than ever to protect horse racing, create new revenue and expand our fan base.

PURSE COMPARISON

Condition	Del Mar 15	Santa Anita 15	Belmont 15
MSW (short)	\$52,000	\$52,000	\$75,000
NW1X	\$53,000	\$53,000	\$77,000
NW2X	\$55,000	\$55,000	\$80,000
\$25K Claiming	\$29,000	\$29,000	\$47,000

Condition	Keeneland 15	Golden Gate 15	Turf Paradise 15
MSW (short)	\$56,000	\$26,000	N/A
NW1X	\$58,000	\$27,000	\$15,000
NW2X	\$60,000	\$29,000	\$17,500
\$25K Claiming	\$29,000	\$12,000	\$9,700

Data from Equibase condition books.

Keeneland purses include monies from KTDf for all races except claiming.

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PRESIDENT'S REPORT



This is my last report as President of the TOC. As most of you have heard, I am going back to racetrack management as Senior Vice President of West Coast Operations for the Stronach Group. The good news is I will still be working with all of you. As many of you have done over the last two and a half years, please feel free to call me with any racetrack concerns. The tracks and owners need to continue to work as partners to keep our industry moving forward.

I am confident that my replacement will work hard representing the TOC. Nick Coukos has been working with horse owners since 2001 – first as Executive Director of the Ontario HBPA and then as Vice President of Racing and Corporate Affairs for a track in Ontario. He is well versed in the Thoroughbred industry, and he is well equipped to step in and keep the TOC in its leadership role in California. Nick will be stepping into his new role in November, and I encourage you to get to know him.

It has been a pleasure serving all California owners as President of the TOC, and I am excited to continue to work in the California racing industry. If you ever have any questions or comments, please feel free to call the TOC office at (626) 574-6620 or my cell phone (859) 621-8286.

Sincerely,

Joe Morris

IMPORTANT DATES

Nov. 14, 2015: TOC Northern California Annual Meeting at Golden Gate Fields.

Dec. 12, 2015: Open Forum at Los Alamitos.

Feb. 1, 2016: Nomination deadline for TOC 2016 board election.

For information on these and other TOC events visit www.toconline.com or call (626) 574-6620.