Report of the Sixty-Sixth Pari-Mutuel Wagering Season 2014 January 1, 2014 – December 31, 2014 2.

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Division of Racing Events



COLORADO Department of Revenue





Enforcement Division - Racing

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Honorable John J. Hickenlooper Governor of the State of Colorado

Honorable Members of the General Assembly State of Colorado

Dear Governor Hickenlooper and Honorable Members of the House and Senate:

It is with distinct pleasure that we provide you with the following Report of the 65th pari-mutuel wagering season, pursuant to Section 12-60-302(2), C.R.S. 1985-replacement volume 5. Included within this report are detailed figures and statements covering the 2014 racing calendar year.

We trust that this material proves to be informative and indicative of the benefits that properly regulated pari-mutuel wagering provides to the State of Colorado. The 38 live days and 363 horse and greyhound simulcast days in 2014 resulted in \$81,539,657.60 wagered in total, with \$611,547.43 in pari-mutuel taxes being deposited in the General Fund of the State of Colorado. Arapahoe Park's live race meet took place from May 24, 2014 through August 17, 2014. (Although the Colorado Racing Commision granted approval for Arapahoe Park to offer 39 days of live racing, one day of racing was canceled due to inclement weather.)

The Department of Revenue is required to report any information that may be related to taxes in aggregate form only. Therefore, we have grouped our data into "greyhound" and "horse" totals. Please note that this report does not intend to reflect profits or losses from any racetrack.

The Division expresses appreciation for the cooperation and service rendered by the Governor, the State Legislature, the Executive Director of the Department of Revenue and other public officials, as well as the various track and simulcast facility operators, the law enforcement agencies of Colorado, the press and the Division staff.

Respectfully, For the Division of Racing Events

Daniel J. Hartman Division Director

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Barbara J. Brohl Executive Director

Department of Revenue

Mary Sharon Wells Chair Colorado Racing Commission

Sean Beirne

Vice-Chair Colorado Racing Commission

Daniel J. Hartman Division Director Division of Racing Events

Mission Statement

To promote and foster public confidence in the pari-mutuel industry, protect the welfare of the participants through fair, consistent, proactive enforcement of appropriate policies, statutes and Colorado Racing Commission rules

History of the Commission and Division of Racing Events

The Colorado Racing Commission was established in 1949 to supervise pari-mutuel wagering in Colorado. Years later, the Division of Racing Events was created as an agency within the Department of Regulatory Agencies. In 1992, the Division of Racing Events and the Colorado Racing Commission were transferred into the Department of Revenue. Today, these associated entities function in tandem to oversee all facets of pari-mutuel regulation.

The Division of Racing Events is a regulatory, enforcement and pari-mutuel tax collecting agency of State Government. It is responsible for regulating all aspects of pari-mutuel horse and greyhound racing through licensing, on-site monitoring and enforcement. The major functions of the Division are to promote racing and the recreational, entertainment and commercial benefits derived from it, to establish high standards of sport and fair-play, to promote the health and safety of the animals involved in racing and to foster honesty and fair-dealing in the industry.

The Division has a five-member Commission of persons appointed by the Governor of Colorado and confirmed by the Senate to serve four-year terms. A Commission member may be re-appointed to serve no more than two consecutive terms. The statutorily mandated composition of the Commission requires that all members be citizens of the United States and residents of this state for the past five years; that none should have been convicted of a felony or gambling-related offense; that no more than three of the five members shall be affiliated with the same political party and no more than two shall be from the same congressional district and that one shall be from west of the continental divide; and, further, that two members shall have been previously engaged in the racing industry for a minimum of five years; that one member shall be a practicing veterinarian who is currently licensed in the state and has been so licensed for at least five years; that one member shall have been engaged in business in a management-level capacity for a minimum of five years; and that one member shall be a registered elector of the state who is not employed in any profession or industry described above.

In 2014, seven Commission meetings were held. The Commission conducted a 2015 race dates hearing and a renewal application hearing for the one major horse race meet. Additionally, numerous disciplinary, administrative and appeal hearings were held as were rule-making hearings related to the adoption of various horse, pari-mutuel and racing rules. Pursuant to its statutory obligation and mandate, the Commission continued its official regulatory, supervisory and enforcement control of pari-mutuel wagering.

Members of the Colorado Racing Commission

Mary Sharon Wells, (Democrat - Seventh Congressional District; Senate District 20/House District 23) Ms. Wells is the current Chair of the Commission. On September 22, 2008, Mary Sharon Wells was appointed to serve as a representative of the general public to the Colorado Racing Commission. Ms. Wells' completed her first term of service in 2012 and was re-appointed for a second term that will remain in effect until 2016. Ms. Wells possesses a wealth of varied employment, volunteer and community service experience. She taught music in the Denver Public Schools for approximately ten years; then, served in numerous capacities in state and county government. She worked for twenty-six years with the Colorado Legislature as both a lobbyist and an employee. She held the position of Executive Director of Governmental Relations for the Jefferson County Public Schools. Ms. Wells distinguished herself at the State House and gained a reputation for integrity, fairness and commitment. Her community service has included, but is not limited to, being the chair and an advisory board member for the Colorado Criminal Justice Commission's Build a Generation program, being a community activist in Jefferson County and working for the betterment of neighborhoods, schools and the environment there.

Sean Beirne, (Republican - Fourth Congressional District, Senate District 28/House District 41) Mr. Beirne is the current Vice-Chair of the Commission. In October 2010, he was appointed by then Governor Ritter to serve as a racing industry representative to the Colorado Racing Commission. Mr. Beirne's began his second term of service in 2014. This term will remain in effect until 2018. By virtue of Mr. Beirne's twenty years of experience in all facets of the racing business, including but not limited to, holding management positions at several renown horse racecourses in various states, and, most recently, serving as a Regional Sales Representative for Roberts Communications Network (RCN) at which, among his numerous responsibilities, is the coordination of decoder assignments and schedules for over 200 sites, he demonstrates that he is well qualified to serve as a member of the Commission. Additionally, Mr. Beirne is a highly motivated professional who has ably utilized his skills in simulcasting, marketing, public relations and racing operations.

Charles D. Vail, DVM, (Republican - Sixth Congressional District; Senate District 26/House District 37) Dr. Vail, a representative who is a practicing veterinarian, was initially appointed to the Commission on November 20, 2007 for a four-year term through July 1, 2011. In 2011, the Senate confirmed the re-appointment of Dr. Charles Vail to serve a second term on the Commission. His term will remain in effect until July 1, 2015. Dr. Vail has had a long and distinguished career in veterinary medicine, which has included serving as an Assistant Veterinarian at the 1958 and 1959 summer race meets at Centennial Racetrack and Brush, Colorado. Upon graduation from the Colorado State University College of Veterinary Medicine in 1960, Dr. Vail entered private equine practice in Littleton, Colorado. In 1962 and 1963, Dr. Vail served as the Track Veterinarian at Centennial Racetrack. Following the 1963 season at Centennial, Dr. Vail accepted the position of Senior Partner in the Littleton Large Animal Clinic, one that he continues to hold. He is now a Partner and Owner of the Littleton Large Animal Clinic. During his career, Dr. Vail has been affiliated with and held offices in numerous professional associations and societies. In 1987, the Colorado Veterinary Medical Association selected Dr. Vail as its Veterinarian of the Year.

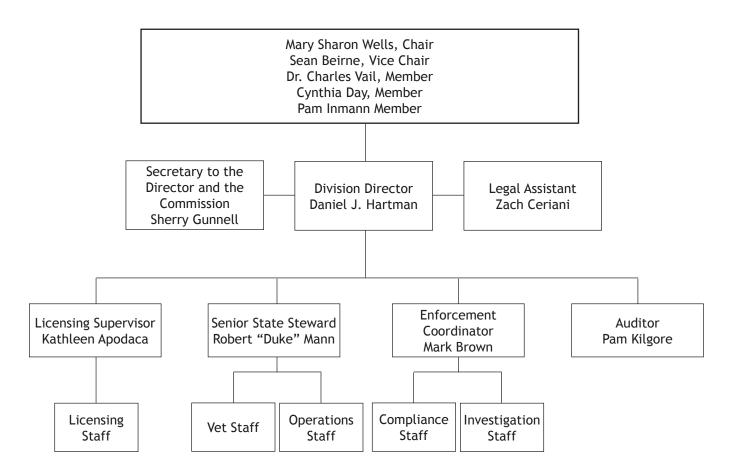
Daniel J. Kester, (Democrat - First Congressional District; Senate District 34/House District 5) In June, 2009, Governor Ritter appointed Daniel J. Kester to serve as the business representative to the Colorado Racing Commission. His initial term of service concluded on June 30, 2013 and he declined to be re-appointed. We wish to express our appreciation to Mr. Kester for his outstanding service to the Commission and the citizens of Colorado. Mr. Kester's thirty years of business experience, his demonstrated competency and recognized acumen were of great value to the Commission.

Members of the Colorado Racing Commission, Cont'd

Pam Oldham Inmann, (Republican - Fourth Congressional District; Senate District 4/House District 45) and the former Executive Director of the Western Governors' Association, was appointed to succeed Mr. Kester on November 26, 2013. Ms. Inmann's term will remain in effect until July 1, 2017. Ms. Pam Oldham Inmann serves as the business representative to the Colorado Racing Commission, which requires that the Commission member have five or more years of business experience in a management-level capacity. Ms. Inmann's first term of service will remain in effect until July 2017. Her professional management background is very extensive and diverse. It includes government service as the Executive Director of the Western Governors' Association, a position that she held for approximately eight years. Additionally, she has been employed in positions in the private sector, including that of Director of State Government Affairs/Western District for Altria Corporate Services, Inc. for approximately thirteen years and, prior to that, serving as Director of Special Projects for the Rocky Mountain Oil and Gas Association for approximately ten years.

Cynthia Jane Day, (Democrat - Third Congressional District; Senate District 7/House District 55) On November 15, 2012, Governor Hickenlooper appointed Cynthia Jane Day to the Colorado Racing Commission as a representative who has been previously engaged in the racing industry for at least five years. Ms. Day's term of service will remain in effect until 2016. Ms. Day, who resides in Grand Junction, also represents the Western Slope. Ms. Day, a realtor with RE/MAX 4000, Inc., achieved Hall of Fame status in her profession in 2011. She has been a real estate agent since 2000. Ms. Day was employed with the Clifton Water District (1992-2000) and worked in the newspaper industry in both Colorado and Arizona from 1977-1987. From 1975 until 1983, she held various positions in the racing industry, serving at Centennial Racetrack (Littleton, Colorado), Balmoral and Arlington racecourses (Illinois) and Turf Paradise (Arizona). Ms. Day received both an Associate of Applied Science Degree in Business Administration and a Bachelor of Business Administration Degree from Mesa State College (now, Colorado Mesa University) in Grand Junction. Her special interests include education, animal welfare and travel. Her expressed objective as a Racing Commissioner is to work as a member of a team to strengthen the Colorado racing industry.

Colorado Racing Commission and Division of Enforcement Organizational Chart



Responsibilities of the Colorado Racing Commission

The Commission's roles, as broadly defined by statute and supported by rule, are to:

- License racetracks.
- Allocate race dates in accordance with statutory provisions.
- Conduct hearings and, if necessary, impose penalties, such as fines and license suspensions.
- Ensure that all pari-mutuel wagering activity is performed in accordance with statutory provisions and, if violations occur, take necessary disciplinary action.
- Serve as a rule-making and policy-setting body for the State agency.
- Approve distribution of monies accrued in the Owner' and Breeder's Awards and Supplemental Purse Fund and the recently formed Greyhound Purse, Welfare, Adoption and Greyhound Racing Promotion Fund

The Division of Racing Events is required to:

- License all business and simulcast facilities.
- License all persons who are employed in any occupation at the racetracks and simulcast sites.
- Perform inspections of all licensed racetracks, simulcast facilities, stables/kennels and training locations to ensure that proper care, treatment and safety of any racing animals is being maintained and that health and cleanliness standards are being met.
- Supervise the conduct of all races/race meets, monitor the health and safety of the racing animals, and conduct drug tests to ensure that the animals race without prohibited substances.
- Oversee all pari-mutuel wagering activity, approve simulcasts, test and audit the performance of the totalisator equipment, and verify to ensure the proper allocation and distribution of revenue generated by pari-mutuel wagering.
- Enforce rules relating to and investigate any evidence of misconduct by licensees.

Specific Functions of the Division of Racing Events' Staff Members:

The Division of Racing Events is statutorily mandated to regulate the greyhound and horse racing industries in Colorado, although since 2008, there has been no live greyhound racing conducted in the state. The Division is responsible for ensuring honesty and integrity in racing and racing-related activities, such as simulcasting, and for protecting the citizens of the state from corrupt practices. In order to fulfill its mission and its obligations to the people of the state, the Division performs the following functions: Enforcement: Staff members engaged in the enforcement realm conduct various types of investigations. They are charged with the responsibility for ensuring that proper actions are taken in the event of violations of rules or of the Racing Statute. Additionally, Division enforcement personnel conduct stable inspections, perform off-track wagering facility inspections and inspections of greyhound welfare and adoption facilities. They may be assigned to inspect the remaining greyhound kennels that have continued to engage in breeding dogs for racing and breeding purposes since these facilities must be licensed by the Division. As needed, staff performing enforcement-related duties prepare and defend adoption of new or modified rule proposals before the Commission and implement policies and procedures to support them. They assist the Division's veterinary group in the enforcement of its policies and procedures, such as state and federal laws requiring vaccinations and presentation of current health certificates for racing animals coming into Colorado.

Licensing, racing operations and animal welfare: The Division licenses all racing participants, oversees operations at racetrack and simulcast venues and ensures the safety and welfare of animals racing in Colorado. It is also responsible for maintaining up-to-date rules, policies and procedures to carry out its regulatory roles. All staff members are charged with the responsibility for ensuring honesty and integrity in racing as well as protecting the health and safety of animals racing in the state. Several approaches are used to achieve this goal, such as multiple inspections of animals, human and animal drug-testing programs and injury tracking. A comprehensive drug-testing program, which is overseen by animal welfare specialists, is used to monitor drug administration in racing animals.

Financial oversight: In order to determine compliance with statutory requirements, the financial services staff conduct audits and calculate pari-mutuel taxes due and paid, minimum purse amounts, payments to and proposed distribution amounts from the Horse Owners' and Breeders' Awards and Supplemental Purse Fund and the Greyhound Promotion and Welfare Fund, payments to the Colorado State University School of Veterinary Medicine for equine research, uncashed ticket monies, pre-meet tests, price tests and revenue audits. The staff reviews all racing association financial statements and makes observations and recommendations to the Commission regarding the acceptability of each fiscal report. The Division also maintains statistical information regarding all pari-mutuel wagering in Colorado. It continues to ensure totalisator compliance by means of regular performance audits.

Licensed Racetracks

Horse Tracks

Arapahoe Park Bruce Seymore, General Manager 26000 East Quincy Avenue Aurora CO 80016 (303) 690-2400

Licensed OTBs

Havana Park

Cassi Doherty, OTB Manager 10750 East Iliff Avenue Aurora, CO 80014 (303) 751-5918 Licensee: Arapahoe Park

Red and Jerry's

Karen Cloud, OTB Manager 1840 West Oxford Avenue Sheridan, CO 80110 (303) 783-0655 Licensee: Arapahoe Park

Southern Colorado Gaming & Event Center

Tiffany Moruzzi, OTB Manager 3215 Lake Avenue Pueblo, CO 81005 (719) 561-8926 Licensee: Arapahoe Park

Celtic Tavern OTB

Noel Hickey, OTB Manager 1801 Blake Street Denver, CO 80202 (303) 308-1975 Licensee: Arapahoe Park

Post Time

Danny Talton, OTB Manager 3570 N. Academy Blvd. Colorado Springs, CO 80915

Post Time at Country Bar (Opened 10/14)

606 S. Santa Fe Ave. Fountain, CO 80817

Post Time at Monte Cristo Bar (Closed 6/15)

124 Santa Fe Trail Trinidad, CO 81082

Softball Country

Larry Gentry, OTB Manager 2101 W 64th Avenue Denver, CO 80221 ((303) 428-3518 Licensee: Arapahoe Park

Bank 8 Billiards

John Hynes, OTB Manager 2460 Patterson #3 Grand Junction, CO 81505 (970) 255-8808 Licensee: Arapahoe Park

Sundance Steakhouse

Mike Poppenwimer, OTB Manager 2716 E Mulberry St Fort Collins, CO 80524 (970) 484-1600 Licensee: Arapahoe Park

Big D's OTB

Justin Tuttle, OTB Manager 618 25th Street Garden City, CO 80631 (970) 234-7729 Licensee: Arapahoe Park

 Year	Total Days	Pari- Mutuel Handle	Percent (compared to previous year)	Total Breakage	State Commission	Total Divisional Receipts
2008 ^f	543 ^d	90,756,248	-28.59	290,518.85	1,568,600.28	1,612,516.59
2009 ^f	565 ^d	64,216,527	-29.24	209,218.30	470,858.84	492,060.99
2010 ^f	870 ^d	77,435,356	20.58	204,722.97	562,299.87	591,740.22
2011 ^f	879 ^d	82,280,244	6.26	243,683.89	598,122.42	652,067.14
2012 ^f	769 ^d	82,734,441	.55	261,185.66	600,262.66	617,435.21
2013 ^f	765 ^d	84,623,181	2.28	268,267.98	608,944.90	633,443.40
2014 ^f	765 ^d	84,713,680	1.07	247,481.57	611,547.43	672,844.20

Cumulative Data

Footnotes

d Includes handle wagered from out-of-state sources on in-state races.

f Both live and simulcast days are included in this calculation.

2014 Performance Measures

	Sum of Average Percentage
Number of Horse Race Days	38
Number of Business/Occupational Licenses Issued	752
Total Licensee Population	1,084
Number of Denied/Issued Conditionally	0
Number of Rulings Issued Resulting in Fines/Suspensions	27
Number of Commission Disciplinary Hearings	3
Number of Horse Drug Tests	659
Percent of Horse Drug Tests in Compliance	88%
Number of Horse Injuries Reported	33
Number of Tote Tests Conducted	2
Percent of Race Meet Audits Completed Within Ninety (90) Days	100%
Total Handle Wagered	\$81,539,657.60
Number of Kennel/Stable Inspections Conducted	126
Number of Simulcast Routine Checks Conducted	39
Number of Investigations Completed	25
Percent of Investigations Resulting in Criminal/Administrative Charges	88%
Percent of Investigations Completed within 60 Days	95%

Greyhound Number Tracks **Owners**/ Number State City Handle of Days of Races Revenue Revenue Revenue **Breeders Fund** Simulcast Total 33,772,569.80 N/A 363 64,617 245,794.27 N/A 6,793,101.63 Total 363 64,617 33,772,569.80 245,794.27 N/A 6,793,101.63 N/A Horse Simulcast Total 363 51,549 45,584,125.80 349,380.94 N/A 8,106,194.74 1,037,954.94 Live 38 349 2,182,962.00 16,372.22 N/A 1,184,382.63 27,120.65 Total 401 51,898 47,767,087.80 365,753.16 N/A 9,290,577.37 1,065,075.59 Grand Total 116,515 \$81,539,657.60 \$611,547.43 N/A \$16,083,679.00 \$1,065,075.59 764

2014 Racing Season – Comparative Data

Note: Do not compare the horse numbers to previous years, as the calculation method has changed to show the difference between live and simulcast days.

2014 Racing Season - Comparative Data

Greyhound

	Greyhound Welfare	Breakage	Pay to Public	Average Daily Handle
Simulcast Total	77,979.50	56,862.07	24,630,849.51	93,037.38
Total	77,979.50	56,862.07	24,630,849.51	93,037.38
Horse				
	CSU Fund			
Simulcast Total	82,807.29	187,568.23	33,845,962.25	128,330.93
Live	3,557.53	3,051.27	4,514,681.18	55,973.38
Total	86,364.82	190,619.50	38,360,643.43	121,311.16
Grand Total	164,344.32	247,481.57	62,991,492.94	106,587.79

Horse Breeders and Owners Awards and Supplemental Purse Fund

12-60-704, C.R.S. as amended, June 6, 1993 provides for the Horse Breeders and Owners Awards and Supplemental Purse Fund program. The fund consists of 0.5% of the mutuel handle on win, place and show wagers and 1.5% of the mutuel handle on all other wagers from all horse meets, including simulcast programs, plus uncashed ticket money from previous years.

The following accounting of the Owners'/Breeders' Awards and Supplemental Purse Fund money to be distributed to the various breed organizations is summarized for the calendar year 2013 as follows:

Less Bank Fees	\$(3,850.00)
Interest in 2014	\$0
Earned from 2013 uncashed tickets	\$244,946.86
Earned from wagering in 2014	\$1,065,085.86

Following is the approved Owners and Breeders Awards and Supplemental Purse Funds distribution amounts for calendar year 2014 submitted for approval at the February 2015 Commission meeting:

Thoroughbreds	\$888,946.19
Quarterhorse	\$200,269.61
Arabian	\$31,390.51
Paint	\$292.60
Appaloosa	\$96.27
Harness	\$29,005.63
Mule	\$181.91
Total	\$1,150,182.72

The difference in the two amounts is the result of the \$156,000 advance granted by the Commission to the Thoroughbred organization.

Escrow Account Update

In 2008, the Commission released the funds in the Appaloosa escrow account to the Appaloosa Breed Organization. In 2008, 2009 and 2010, Arapahoe Park took Mule races from California, so an escrow account was established for that breed until such time as a Mule Breed organization in Colorado is recognized by the Commission to receive those funds. In 2009, a distribution of \$172,000 was made to Arapahoe Park pursuant to C.R.S. 12-60-704(5). Distributions were made to Arapahoe Park for purses in subsequent years as follows: in 2011, \$44,327.24; in 2012, \$44,616.13; in 2013, \$15,491.17; and in 2014, \$12,802.10, all pursuant to 12-60-704(5).

	2012 Award	2013 Award	2014 Award	2014 Payment to Arapahoe	2014 Balance
Harness	\$9.722.41	\$12,114.55	\$29,005.62	\$(12,496.68)	\$9,722.41
Mule			\$181.91	\$(305.48)	
Appaloosa					
	\$9,722.41	\$12,114.55	\$29,187.53	\$(12,802.16)	\$9,722.41

Explanation Of Calculations For The Owners' and Breeders Fund

The total amount due to each breed organization is computed by using:

- 1) The current year's percentages from wagering on live race days applied to the funds accumulated from all wagering on live and simulcast races during the year as specified in Rule #9.316.
- The prior year's percentages from wagering on all live races during that year applied to the uncashed simulcast ticket proceeds from that same prior year

as specified in Rule #9.318. For calendar year 2014, these uncashed tickets are from the 2013 simulcast meet held by Arapahoe Park.

3) The applicable live wagering percentages for any association's uncashed ticket proceeds from the prior year's live race meet as specified in Rule #9.318. For the calendar year 2014, these uncashed tickets are from the 2013 live race meet held at Arapahoe Park.

Division Receipts And Disbursements

Receipts

State Commission on Pari-Mutuel Handle:	
Horse	\$365,753.16
Greyhound	245,794.27
Total Commission	\$611,547.43

Occupational Licenses

	Number Issued	Received
Horse	1,084	\$15,565.70
Greyhound	0	0
Total Licenses	1,084	\$15,565.70
Fines and Penalties Collected		18,300.00
Investigation Fees Collected		27,169.62
Printing Fees Collected		261.45
Total Fees & Fines		\$45,731.07
Total Receipts		\$672,844.20

Disbursements

Personal Services	\$924.718.28
Operating Expenses	103,598.28
Laboratory Services	98,146.93
Legal Services	22,447.51
Total Disbursements	\$1,148,911.00

Note: We have modified this report. Therefore, the reporting categories (and net balance) should not be compared to previous years.

The History of the Colorado Racing Commission and the Division of Racing Events

1948: Horse and greyhound racing, as well as parimutuel wagering on such races, became legal in Colorado in November 1948 by way of a General Assembly-referred measure. The referendum created a three-member, Governor-appointed racing commission (Commission) and established license fees for drivers, jockeys and trainers at \$10 per year, and apprentice jockeys at \$1.00 per year.

The 1948 referendum also limited race meets to no more than twenty days and prohibited a licensee from holding more than two race meets per year. The cost of a race meet license was set at five percent of the parimutuel handle, with an additional five percent of the pari-mutuel handle going to the state, Äôs General Fund. The referendum permitted the Commission to retain up to twenty percent of all revenues collected to cover the costs of regulation.

1949: Live racing began in Colorado.

1967: The number of categories of individuals and entities requiring licensure was expanded. License fees were removed from statute, and the Commission was granted the authority to establish such fees by rule.

1968: With the passage of the Administrative Reorganization Act this year, the Commission was transferred to the Department of Regulatory Agencies (DORA) as a Type I agency.

1973: Extensive modification was made to the Racing Statute.

1974: This was the first year that harness horse racing was conducted by the Colorado Harness Racing Association at Centennial Turf Club. Inc. (On August 2, 1977, the Colorado Racing Commission voted unanimously to vacate Colorado Harness Racing Association's 1977 race dates based upon the enormous financial loss that this Association had sustained for the previous three years. This was, in part, due to the reluctance of the general public to accept the sport.)

1975: In the 1975 session of the Legislature, House Bill 75-1519 concerning the establishment of a Horse Breeder's Award and Supplemental Purse Fund was passed. It was fully implemented in January 1976. House Bill 75-1519 also allowed the seven active Fair Circuit horse racetracks to retain 4% of their handle that was allocated to purses for the horsemen. This, in part, accounted for the increase in number and quality of racehorses running at Fair Circuit meets. (Fair Circuit meets were race meets of limited duration conducted in relatively small communities outside of the metropolitan Denver area.)

1977: During this legislative session, several bills of significance were passed. Senate Bill 77-508 was passed. This bill provided for a complete update of the Racing Act in compliance with the most recent sunset performance audit. Within this legislation, the number of licensed horse race meets being conducted on any one track in any single year was increased from three to four, thus allowing Colorado's commercial racetrack, Centennial Racetrack, Inc., to conduct an additional thirty days of racing. Also, House Bill 77-1115 was enacted. It provided for an additional ten race days (two existing thirtyday race meets were extended to thirty-five day race meets) for animals other than horses in any one county in any single year. This legislation also provided for a special partial race meet during calendar year 1977 not to exceed twenty race days to be held at any racetrack located in Arapahoe County (Interstate Kennel Club, Byers). House Bill 77-1516, which became effective on May 10, 1977, established a supplemental purse fund to increase the purses paid to horsemen.

1983: The General Assembly created the Division of Racing Events (Division), in DORA. The responsibility for most of the day-to-day regulatory matters previously managed by the Commission was transferred to the Division.

1991: On June 6th, Governor Roy Romer signed into law Senate Bill 91-99. This was the most far-reaching piece of legislation for the racing industry in Colorado since the empowerment of the Racing Commission in 1949. This bill expanded the potential racing picture to include interstate simulcasting of horse races, off-track wagering facilities, the expansion of the amount of live greyhound racing and incentives for the return of live horse racing.

In October 1991, the Commission conducted a hearing in the matter of the proposed re-opening of the Arapahoe Park facility by United Track Racing, Inc. The Commission granted a conditional license and approved pre-meet simulcasting at Arapahoe Park, a re-opener track pursuant to Senate Bill 91-99. This year, the first full year of United Track Racing, Inc.'s racing operations at Mile High Greyhound Park, Pueblo Kennel Association and Interstate Kennel Club, proved to be a financial success.

1992: On May 16, 1992, Arapahoe Park reopened and conducted 64 live race days through September 7, 1992. The first day attracted 11,974 patrons. The handle for the inaugural performance was \$503,770. Since the track had not been open since 1984, this was a milestone in major horse racing in Colorado. The meet proved to be successful.

The History of the Colorado Racing Commission and the Division of Racing Events–Cont'd

1992: DORA conducted a sunset review of the Commission and the Division.

1992: The enactment of House Bill 92-1206 resulted in significant statutory changes, including the transfer of the Commission and Division from the Department of Regulatory Agencies to the Department of Revenue and expanded Commission membership from three to five members. The Commission was designated a Type II board. The statutorily mandated composition criteria for Commission membership were retained.

1993: As a result of sunset legislation, House Bill 93-1034, several of DORA's sunset recommendations were implemented, including transferring the Commission and the Division from DORA to the Department of Revenue and continuing each, as well as the regulation of horse and greyhound racing, until 1999. Additionally, House Bill 93-1034 granted the Commission subpoena powers and authorized the Commission to take disciplinary action against a licensee who had been subject to any form of discipline in another jurisdiction if the basis for such discipline would have constituted a violation of Colorado law. Previously, this had been allowed only if the disciplinary action in the other jurisdiction had resulted in the suspension or revocation of the license. Finally, House Bill 93-1034, redefined "licensee" as being anyone holding a license or registration issued by the Commission, and directed the Commission to determine which occupations should be licensed and which should merely be registered. At that time, agency staffing decreased from 59 mostly contract employees to 38.5 full-time and part-time employees.

1994 & 1995: Relatively minor changes were made to the Racing Statute.

1996: The General Assembly passed two separate pieces of legislation this year that impacted racing and the operations of the Commission and the Division. Senate Bill 96-176 defined, for the first time, pari-mutuel wagering and placed on all Division employees, the same conflict of interest prohibitions as had previously applied only to the Division Director and the Commission members. Finally, Senate Bill 96-176 elevated the Division's investigators to the same peace officer status more in line with other Department of Revenue and State investigators.

The second bill that passed in 1996, House Bill 96-1308, more directly impacted the racing industry in that, for the first time, simulcasting of horse racing was permitted with a minimum of thirty days of live racing. However, it put conditions on a simulcast facility receiving out-ofstate horse racing simulcast signals on any day that any Colorado-licensed horse track within fifty miles of the simulcast facility ran live horse races. Additionally, each licensed horse track was limited to no more than 250 simulcast days each year.

Finally, new limitations were placed on the disbursement of funds from the Horse Breeders' and Owners' Awards and Supplemental Purse Fund (Breeders'Fund) in that funds distributed from the Breeders' Fund to the various breed associations had to be distributed by the breed associations according to the by-laws of these associations. In effect, if a breed association desired to receive its share of Breeders'Fund dollars, that breed association now had to adopt by-laws outlining how the Breeders' Fund dollars distributed to that breed association would be further distributed. Failure to adopt such by-laws rendered such a breed association ineligible to receive Breeders' Fund dollars.

1998: Four separate bills were passed, three of which made substantive changes to the Racing Statute. Senate Bill 98-174 required, as part of a race meet license application, the submission of a written agreement between the association sponsoring the race meet and an organization representing a majority of the greyhound kennel owners pertaining to the purse structure to be used at that race meet.

1998: Senate Bill 98-192 adjusted the maximum allowable takeout rate on greyhound races up from 17.5 percent to 19.5 percent of the gross handle. Additionally, this bill increased the mandatory contribution to greyhound purses by the association sponsoring the race meet from four percent to five percent of the gross handle.

1998: The final bill of that year, House Bill 98-1017, authorized the Commission to test on a random basis any occupational licensee or registrant for drugs or alcohol and authorized the Division to issue conditional and temporary licenses.

1999: During the 1999 legislative session, two bills pertaining to implementation of the recommendations made in the Sunset Report were introduced. Senate Bill 99-066, which was enacted by signature of Governor William Owens, extended the regulatory powers of the Division of Racing Events until 2008. Senate Bill 99-081 amended the Racing Statute in accordance with the findings in the Sunset Report.

The History of the Colorado Racing Commission and the Division of Racing Events—Cont'd

2000: House Bill 00-1216, which extended the authority of Division personnel to conduct off-site inspections and investigations, was enacted. The Division's staff was again reduced by 5.2 FTE (2 clerical staff members and 3.2 investigators) that resulted in a savings of \$239,789. Also, in the FY 2000 Long Bill, the Division staffing (1.3 FTE) and funding (\$88,234) was reduced for Fair Circuit racing due to the fact that no Fair Circuit meets had been conducted for four years.

Between FY 2000 and FY 2002, internal reorganization resulted in an additional 2.5 reduction in Racing Division staff.

2003: House Bill 03-1123 cash funded the Division of Racing Events. The Division staff was decreased by 2.8 FTE and \$182,000 due to a reduction of racing in the Southern Greyhound Circuit.

2006: House Bill 06-1409 amended the statute to allow for the continuation of simulcasting in areas of the state where live racing was no longer economically feasible. This legislation was intended to provide some relief to the industry.

2007: Senate Bill 07-119, the Division's Sunset Bill, as introduced, included a new approach to taxation. It sought to bring conformity to the racing and gaming industries by implementing a tax structure like limited stakes gaming using a tax based on a percentage of net proceeds rather than on a percentage of gross money wagered. Other provisions of the measure included, not only the continuation of the Colorado Racing Commission and the Division of Racing Events until July 1, 2016 unless live racing ceased, but elimination of the requirement that the director submit a proposed budget to the Commission, reduction in the required number of Commission meetings, elimination of the north/south greyhound racing circuits, reduction in the amount of adjusted gross receipts and the amount of breakage that a greyhound race meet could retain, elimination of the ability of an in-state simulcast facility to retain breakage on any simulcast greyhound or horse race received by the facility, required that any remaining monies in the horse owners/breeders awards and supplemental purse fund that had not been distributed in the previous three years be transferred to the racing cash fund, and mandated that associations receiving monies from this fund annually report to the Commission on how those funds were spent and to whom the money was distributed. The measure was significantly amended as a result of final senatorial consideration and, in its final form, the measure retained only the 2016 Sunset date for the Commission and the Division of Racing Events.

2008: Efforts were made to prepare a legislative proposal designed to provide some financial relief to the greyhound racetracks and the racing industry in general. Because a consensus on a final solution could not be reached, the attempt was not successful. However, Senate Bill 08-176, a bill designed to extend the period Arapahoe Park could conduct thirty rather than sixty days of live racing each year for two years was signed by Governor Ritter and enacted.

2007-08: Cloverleaf Kennel Club discontinued live racing after its 2006 meet. Although it appeared that Cloverleaf might request the ability to resume live racing at some future time, the Board of Directors elected to sell the property and equipment in 2008.

2008: After sixty years of continuous operation, Mile High Greyhound Park ceased live greyhound racing.

2009: Senate Bill 09-174 modified certain provisions in the Racing Statute relating to horse and greyhound racing and pari-mutuel wagering on horse and greyhound races. Additionally, it eliminated the relationship between the number of simulcast days and the number of live race days conducted annually. The measure allowed for the creation of the Colorado Greyhound Purse, Welfare, Adoption and Greyhound Racing Promotion Fund. On May 21, 2009, Governor Bill Ritter signed the measure into law. This Bill has allowed for the possible re-opening of additional simulcast facilities. On December 9, 2009, an additional facility opened in Pueblo to a large and enthusiastic crowd.

2009: The Colorado Horsemen's Legislative Coalition produced House Bill 09-1152, which, if enacted, would have authorized two new methods of conducting parimutuel wagering on horse races, advance deposit account wagering and historical horse racing. However, the measure was defeated.

2009: House Bill 09-1094 was a measure supported by the Colorado Greyhound Kennel Operators. This Bill proposed cutting the pari-mutuel tax and remaining restrictions on simulcasting. This measure was defeated.

2010: House Bill 10-1134 was enacted for the purposes of implementing measures to prevent illegal interstate pari-mutuel wagering on racing, authorizing entry into interstate compacts governing racing and to provide for the collection of source market fees from out-of-state simulcast activity. This measure became effective on April 29, 2010.

The History of the Colorado Racing Commission and the Division of Racing Events—Cont'd

2010: Senate Bill 10-037, effective upon the Governor's signature, provides for an increase in the amounts payable from the Horse Breeders' and Owners' Awards and Supplemental Purse Fund for costs of administration. This bill was enacted and became effective on August 11, 2010.

2010: Another simulcast facility was opened in Grand Junction.

2011: On April 1, 2011, Mr. Don Burmania, formerly affiliated with the Division of Gaming, was appointed Director of the Division of Racing Events. Mr. Dan Hartman assumed the position of Director of the Division of Medical Marijuana Enforcement. In November, 2011, Mr. Dan Hartman resumed his position as Director of the Division of Racing Events.

2011: Senate Bill 11-233 — Concerning regulation by the State Lottery Division and, in connection therewith, authorizing the installation of video lottery terminals under the control of the [Lottery] Division, was introduced in the Senate on April 7, 2011, then, assigned to the Business, Labor and Technology Committee where, on May 9, 2011, it was postponed indefinitely.

2012: On November 20, 2012, the demolition of Mile High Greyhound Park in Commerce City began with the destruction of the club entrance to the racetrack. A report in the Denver Post stated that approximately 80 people gathered in the racetrack parking lot to exchange favorite memories about their experiences at Mile High. According to the newspaper article, Commerce City officials held a demolition event. The ceremony marked the beginning of a three-month demolition project to bring down the racetrack. At this time, plans for mixeduse development on the 65-acre site are indefinite with the only known partner with Commerce City being the Boys & Girls Clubs. These organizations intend to build a new facility on the site. **2013:** Senate Bill 179 – Concerning the authority to continue to simulcast greyhound races after June 30, 2014 was enacted and became effective upon the Governor's signature. Additionally, this initiative included the elimination of any reference to greyhound promotions previously contained in the Colorado Greyhound Purse, Welfare, Adoption and Greyhound Racing Promotion Fund. The Fund monies are to be distributed solely to organizations engaged in welfare and adoption activities and is designated as the Colorado Greyhound Welfare and Adoption Fund.

2014: House Bill 14-1146, enacted on March 10, 2014, prohibits live greyhound racing, but continues to allow the acceptance of wagers on out-of-state greyhound races that are simultaneously broadcast at racetracks/ simulcast venues in Colorado.

2014: Ballot initiative 68, a proposal to erect a casino on the premises of Arapahoe Park racetrack, was defeated by voters.

National Organizational Affiliation

The Division had been affiliated with the Association of Racing Commissioners International (ARCI) for many years, but, over time, the Division began to recognize that, by affiliating with another organization, it could potentially realize some additional benefits for the racing industry in Colorado. In 2002, the Division of Racing Events joined the North American Pari-Mutuel Regulators Association (NAPRA), based upon its philosophy and its focus on re-invigorating the relationship between the national organization and the member racing jurisdictions.

In 2006, a merger of these two racing-related organizations, NAPRA and the ARCI, took place. This has proved to be extremely beneficial to the racing industry in numerous ways. The ARCI is nationally and internationally recognized. Its membership is comprised of Commissioners, Executive Directors and Executive Secretaries of racing jurisdictions throughout the United States, Canada, Mexico, Puerto Rico and certain Caribbean island nations. It provides a forum by which member racing jurisdictions are afforded the opportunity to bring forward issues and concerns, as well as, rule and policy proposals relating to the pari-mutuel industry. As a member of this prestigious organization, the Division of Racing Events is able to remain abreast of trends in the pari-mutuel industry, to access its master licensing database, to participate in conferences and model rules review sessions relating to both horse and greyhound racing, to play a significant role in the establishment of rules, protocols and drug classifications and to be made continuously aware of national trends affecting the industry.

The ARCI also affords auditors and investigators the opportunity to participate in conferences and discussion sessions each year. In this way, they meet and engage in constructive interchanges regarding developments and activities in their respective racing jurisdictions. Attendance is contingent upon budgetary constraints within each jurisdiction, but, whenever possible, it has proved beneficial for auditors and investigators to be given the ability to participate in these events.

During its 2009 annual conference, the membership of the ARCI elected the Director of the Colorado Division of Racing Events to serve as its Vice-Chairman for 2009-10 and as its Chairman in 2010-11. During his tenure, he participated in numerous regional meetings, teleconferences and annual meetings. Since then, he has continued to participate in the ARCI Model Rules Workshops and its Board of Directors' meetings and regularly communicates with associates in the ARCI regarding issues of concern to every racing jurisdiction.

Organizational Structure of the Division

During the past two decades, the Division has streamlined many of its procedures, policies and rules in its ongoing efforts to serve the citizens of Colorado. Throughout this period, the Division has undertaken and completed technological upgrades in an effort to facilitate its internal communications (2000-2005-ongoing); joined the North American Pari-Mutuel Regulators' Association (NAPRA) by which the Division gained access to the NAPRA database to monitor the backgrounds of licensees and exchange important regulatory and industry information with other racing jurisdictions (2002), implemented a new licensing database and refined its licensing protocols for clarity and simplicity (2003-ongoing), expanded its Human Drug and Alcohol Testing program at all racing facilities (2002-ongoing), adopted the National Uniform Model Rules for Drug and Alcohol Testing (2005), adopted new rules for the protection of the health of jockeys and established a Race Review Committee protocol (2005). In 2011, an initial guideline containing estimated

withdrawal times for therapeutic medications was published. In 2012, the Commission directed the Division to revise the 2011 document, which was then approved. Also in 2012, the Commission developed a new program whereby an owner could elect to have a horse that is entered to race pre-tested, either by the Division veterinarian or a practicing veterinarian, to ascertain whether the horse has any unauthorized medication in its system and, if so, the horse could then be withdrawn from its race without penalty. In 2013, the number of simulcast venues rose throughout the state. Wagering on simulcasts of greyhound and horse races continues to be very popular in Colorado. The Division is hopeful that new and innovative products will emerge and that this resurgence in the popularity of the sport does not diminish. New simulcast facilities have been bringing on new or dormant markets and this has definitely been a stimulus for the Colorado wagering public.

Budget and Finance

The Division is a cash-funded agency and its operations are funded through occupational and racetrack license fees. Taxes and fines derived from all pari-mutuel wagering activity are deposited in the General Fund.

In October 2004, Mr. Dan Hartman, formerly the Division Manager of Racing Operations, was appointed to the Directorship of the Division of Racing Events. From July 2010 until April 2011, Mr. Hartman served in dual capacities. He held the position of Director of the Division of Racing Events and, also, facilitated the creation and building of the Department of Revenue's Medical Marijuana Enforcement Division. In November 2011, Mr. Dan Hartman was again designated to be the For Fiscal Year 2014-15, the Division has a spending authority appropriation of approximately \$1.4 million.

Leadership

Director of the Division of Racing Events. The Division's workforce is comprised of several different professional categories, including its director, an auditor, criminal investigators, veterinarians, a racing coordinator, licensing staff and administrative personnel. Additionally, the Division employs seasonal racing officials, (stewards, veterinarians and veterinary technicians) to supervise the activities at Arapahoe Park, Colorado's only licensed horse racetrack.

Service Populations

The Division of Racing Events has multiple customers. We have a wagering public, horse and greyhound associations, individual owners, breeders and other occupational licensees/license applicants as well as the owner and operator of the horse racetrack. Additionally, to a certain extent, other racing jurisdictions around the country and the world, along with other racetracks outside of Colorado, are our customers as well.

Because the Division of Racing Events oversees a gaming/ wagering business, it must deal with its customers in a very sensitive way. Since most of our customers have monetary interests in the industry, either via investment in wagering or investment in racing animal(s) on-site everyday during the conduct of a race meet, the Division needs to be cognizant of the financial and personal commitment that our customers have made to the racing industry. We must be especially conscious of the involvement of our customers in the racing industry as we handle complaints and/or conduct day-to-day business.

The patrons (the wagering public) desire confidence in the integrity of the pari-mutuel racing offered in Colorado. These individuals supply the revenue that drives the industry; therefore, they deserve pari-mutuel wagering activity that is free from manipulation, and races that are conducted fairly and honestly. Although on-track attendance declined significantly for many years, in the past two years (2012-2013), it has shown some improvement. It is unclear whether this trend will continue. The breeders of racing animals seek an active industry in Colorado. Like the occupational licensees, they make their living through affiliation with and participation in pari-mutuel racing. Racing participants work long hours at the state's racetrack. These individuals demonstrate an impressive and passionate commitment to racing as they work hard to reap the rewards of an interesting and unique industry.

The association (licensed racetrack) provides the arena for the racing and wagering – the racetrack facility.

The citizens of Colorado profit from the tax dollars and overall economic benefits derived from pari-mutuel racing. Although the amount of direct revenue to the state treasury from pari-mutuel wagering is a small part of the state's total revenues, the public relies upon the Division and Commission to regulate the industry in a manner that secures that tax collection. Because racing is a strictly regulated pari-mutuel industry, the public can have the necessary confidence to invest in pari-mutuel racing through wagering and race animal ownership due to the integrity, safety and fairness that is ensured by our Division and Commission.

The customer whom we represent prominently is the one that is unable to speak for itself. That customer is the racing athlete - the racehorse and, via the welfare and adoption organizations, the greyhound. Although the animals are not a "service population" in the traditional sense, the Division and Commission recognize their responsibilities to protect the health and safety of these animal athletes. Our Animal Welfare Section with licensed veterinarians to protect the racing animals as well as our Enforcement Unit with investigators on duty at active racetracks is charged with the responsibility for watching out for the welfare of racing animals. By watching out for the safety and welfare of the animal, the Division is also watching out for the welfare of the wagering public.

Other Affected Populations

Racing is a labor-intensive industry, both on and offtrack. It provides jobs in farming, ranching, veterinary medicine, transportation, information technology, the service economy and tourism.

In addition to the directly impacted service populations, the Division and Commission's activities affect other populations. These include the following:

- Racing-related businesses, such as hay suppliers, tack vendors and food service businesses, provide products or services either to the association or to the occupational licensees.
- Other racing jurisdictions rely on the profitability of their own racetracks, which are affected by Racing Division and Commission decisions on race

dates and simulcasting. Additionally, neighboring racing jurisdictions often license many of the same occupational licensees, as does Colorado's Racing Division, and these jurisdictions seek to exchange licensing and enforcement information with our agency.

- The racing industry and its regulatory process may affect other Colorado governmental entities, including the judicial system and local law enforcement.
- Law enforcement agencies rely on Division investigators to share information regarding licensees and to assist with arrests when necessary.

External Factors Affecting the Racing Industry

Certain external factors have affected the racing industry in Colorado and are expected to continue to do so in the future. They are:

- 1) Gaming and lottery activity in Colorado;
- 2) Racing and gaming activity in neighboring states;
- Accelerated rate of technological change adopted by totalisator companies is challenging the ability of our agency to respond in ways that maintain the integrity of the wagering system;
- 4) The nature of the racing industry itself encourages participants – owners, trainers, jockeys – to compete in multiple states and transport their best animals across state lines on a regular basis. This challenges our agency to respond to the changing climate by adopting national standards for licensing, physical facilities, training methods and drug testing protocols;
- 5) The current economic environment that may or may not be conducive to a strong resurgence in the popularity of racing. However, the number of simulcast facilities has continued to increase in the past few years and, as previously noted, they remain popular.; and
- 6) The Division needs to be ever vigilant because of the close scrutiny of racing activity by animal rights groups and coalitions.

The Division of Racing Events and the Colorado Racing Commission were especially encouraged by the positive outcome of both the thirty-eight (38) day live race meet at Arapahoe Park in 2010, the forty (40) day live race meet at Arapahoe Park in 2011 and the thirty-nine (39) day live race meets in both 2012 and 2013. The total pari-mutuel handle for the 2010 season was \$21,804,751, an increase from 2009. The total handle for the 2011 season was \$22,839,967. The total handle for 2012 was \$20,940,799. In 2013, the total pari-mutuel handle rose to \$21,037,027. The total pari-mutuel handle for 2014 was \$20,851,014. Arapahoe Park's management submitted a race date request for 2015, which the Commission approved, The Division is hopeful that the upward trend in wagering will continue and that the positive fiscal effect that live racing and both in-state and out-of-state simulcasting have been having will ensure the racing industry's viability in Colorado.

2014 Events

Commission News:

During the 2014 legislative session, the Senate confirmed the appointment of Ms. Pam Inmann to serve a four-year term on the Commission as the representative engaged in business in a management-level capacity for at least five years. Her term will remain in effect until July 1, 2017.

Commissioner Sean Beirne was re-appointed by Governor Hickenlooper to serve as Commission member for a second four-tear term. This term will expire on July 1, 2018.

Commissioner Mary Sharon Wells was re-appointed to serve as the Chair of the Commission. Commissioner Sean Beirne was re-appointed to serve as the Vice-Chair of the Commission.

In November 2014, the Department of Regulatory Agencies Office of Policy and Research commenced its Sunset Review of the Division of Racing Events. Once the review process is completed in 2015, a report will be prepared for presentation to the Legislature in 2016 relating to the Division's need to exist, the quality of its performance of its functions and the satisfaction of its mission.

Legislation:

Enacted Senate Bill 14-1146, which prohibits live greyhound racing in Colorado, but continues to allow the practice of accepting wagers on greyhound races that are held at racetracks in other state and are simultaneously broadcast at racetracks/simulcast venues in Colorado was signed into law by Governor Hickenlooper on March 10, 2014.

During the mid-term election, Constitutional Amendment 68, a proposal to erect a casino on the premises of Arapahoe Park racetrack, was defeated by Colorado voters. Based upon the results of the vote, the Division of Racing Events.

2015 Approved Race Dates

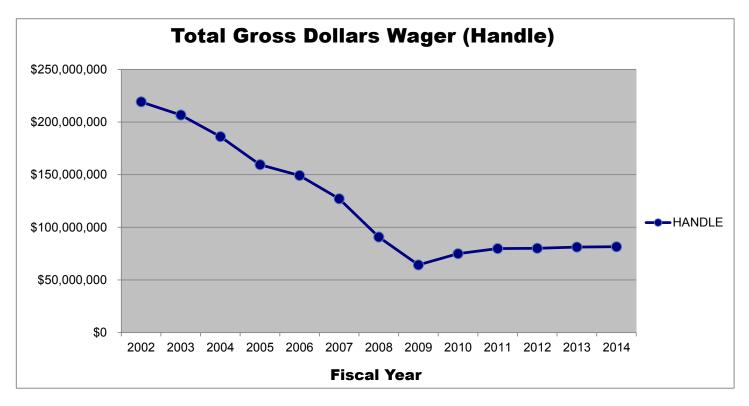
Horse

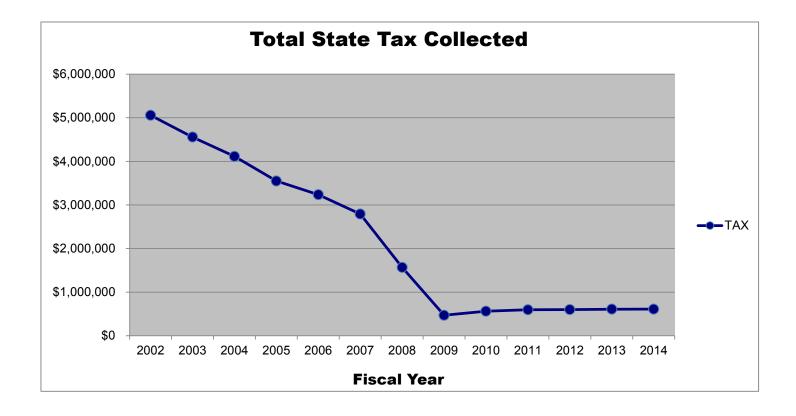
Arapahoe Park

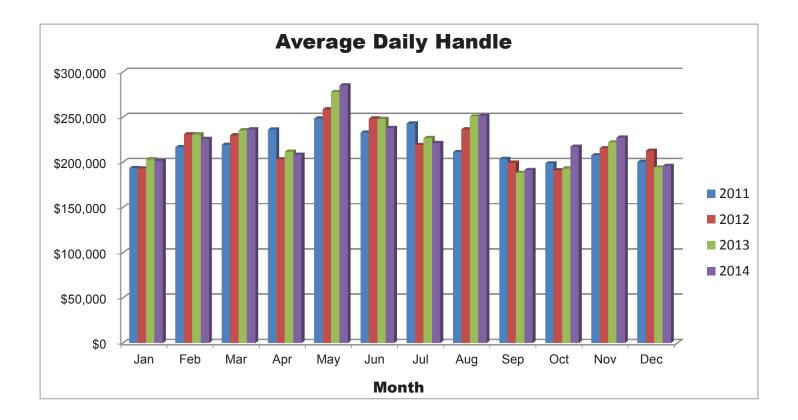
May 22 — August 16, 2015, Friday, Saturday and Sunday (total of 39 unspecified race days) (Unincorporated Arapahoe County)

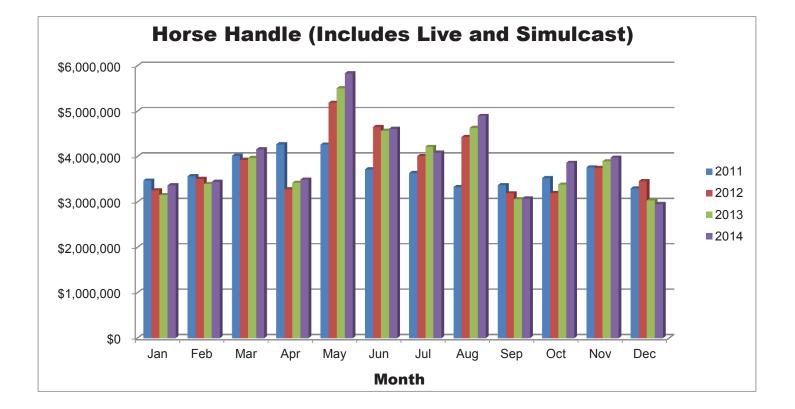
Approval granted subject to availability of division funding and staffing

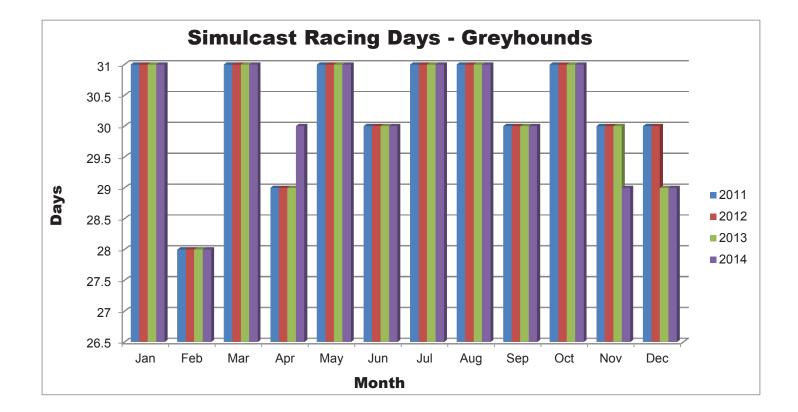
Charts and Graphs

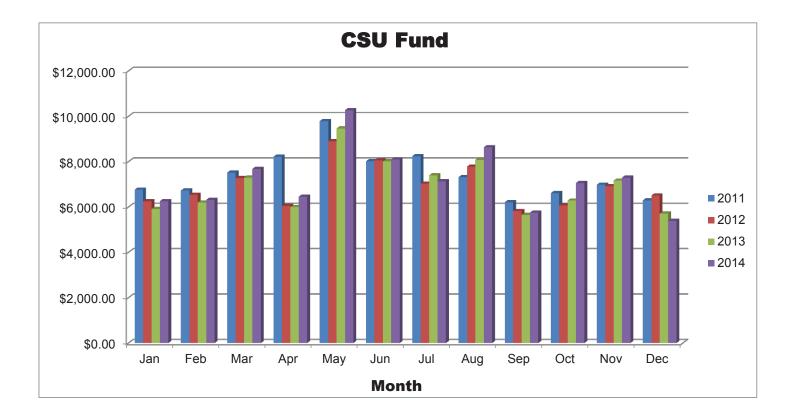


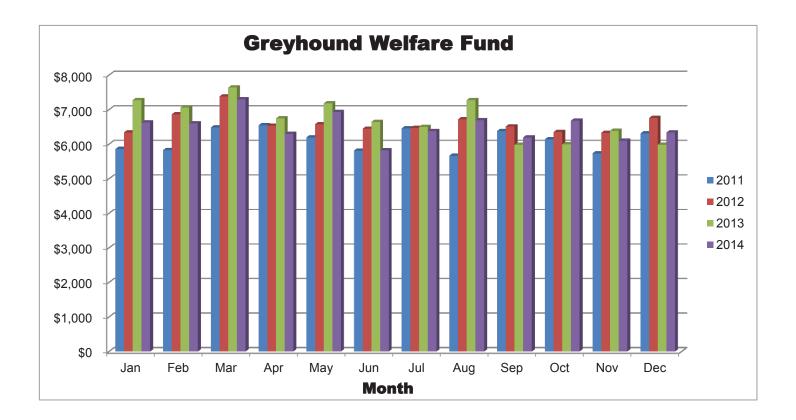


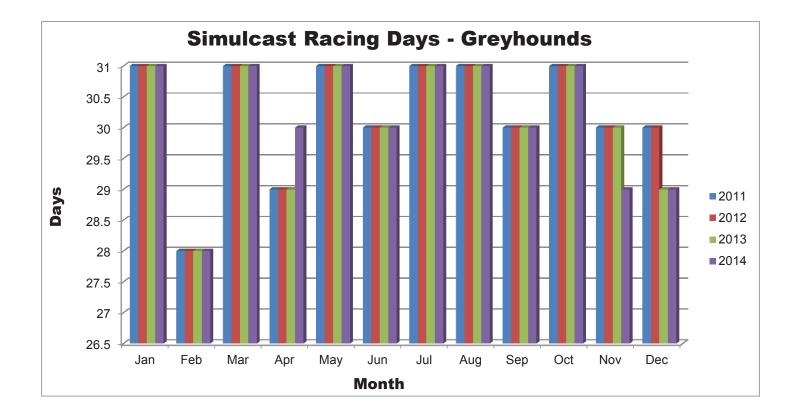


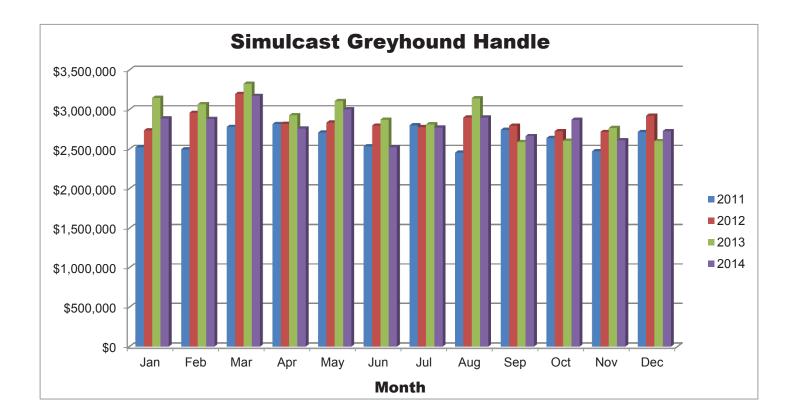


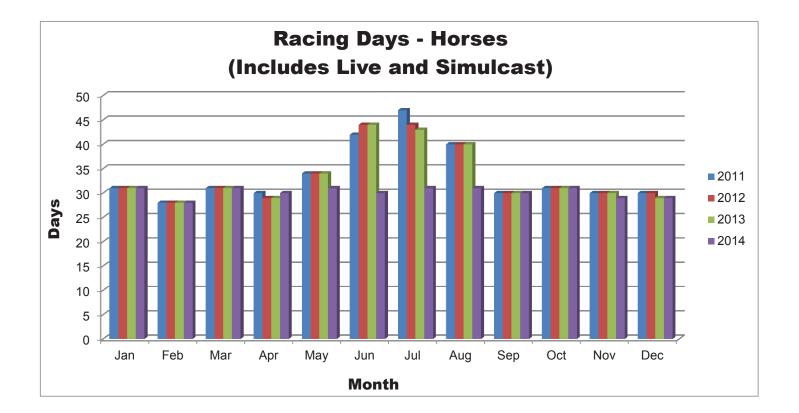


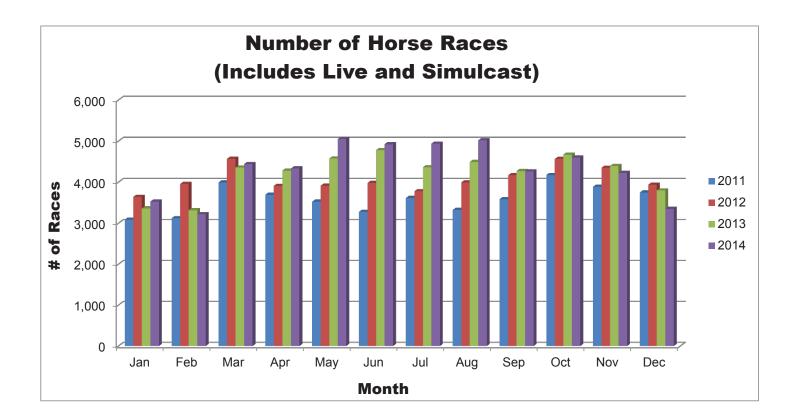


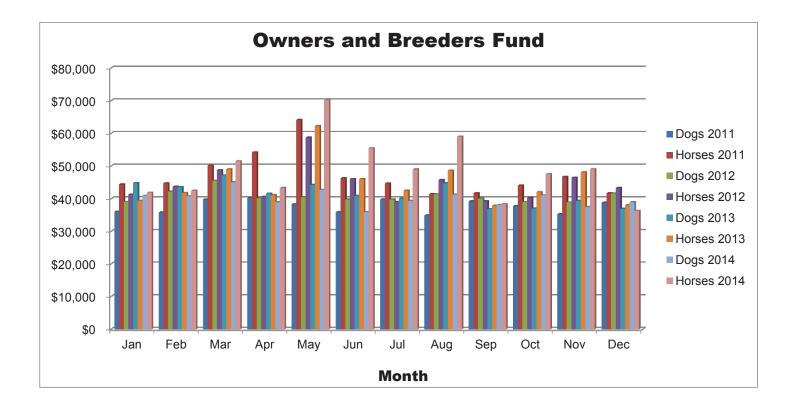














Struggler's Legend (pictured on the cover) is in his second career as a show horse, and is successful in both hunters and jumpers. Owned by Katie Gardner of Otteridge Farm, LLC., he competes under the name Frankly My Dear and is a fixture at the Thoroughbred Celebration Horse Shows, the only three day all-Thoroughbred horse shows in the nation. "Frank" was a giveaway from the track and as such, he is a classic

example of what happens when these incredibly versatile athletes are given a second chance to shine.



Photo: Danny Young