THE COMMONWEALTH OF MASSACHUSETTS

Deval L. Patrick, Governor

MASSACHUSETTS GAMING COMMISSION

Stephen Crosby, Chairman, Gayle Cameron, Commissioner James McHugh, Commissioner Bruce Stebbins, Commissioner Enrique Zuniga, Commissioner

SEVENTY-EIGHTH ANNUAL REPORT of the Massachusetts State Racing Commission

YEAR ENDING DECEMBER 31, 2012

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INTRODUCTION

The Mission Statement of the Massachusetts Gaming Commission is to create a fair, transparent and participatory process for implementing the expanded gaming law passed in November 2011. In creating that process, the Commission will strive to ensure that its decision-making and regulatory systems engender the confidence of the public and participants, and that they provide the greatest possible economic development benefits and revenues to the people of the Commonwealth, reduce to the maximum extent possible the potentially negative or unintended consequences of the new legislation, and allow an appropriate return on investment for gaming providers that assures the operation of casino-resorts of the highest quality.

The Massachusetts State Racing Commission ("SRC") was a predecessor agency created by an act of the General Court in 1934. The State Racing Commission, pursuant to Chapter 4 of the Acts of 2009, had been transferred to the Division of Professional Licensure, on January 1, 2010. Effective May 20, 2012, all State Racing Commission functions were further transferred to the Massachusetts Gaming Commission, pursuant to Section 89 of Chapter 194 of the Acts of 2011. The Division of Professional Licensure continued to manage all racing operations through an inter-agency service agreement through the end of calendar year 2012.

RACING OPERATIONS, prior to May 20, 2012

In 2012, the State Racing Commission regulated one thoroughbred track at Suffolk Downs, one harness track at Plainridge and two simulcasting licensees. One simulcasting facility is located at the former greyhound track in Raynham/Taunton.¹ The other is currently operating under agreement at Suffolk Downs. As a result of Chapter 388 of the Acts of 2008, live racing of greyhounds ceased at the conclusion of 2009. Simulcasting and betting on greyhound races outside of the Commonwealth is still being conducted.

The day-to-day operations and general administration of the SRC, including all administrative functions and actions not expressly required by statute or regulation to be carried out by the SRC itself, were at the direction and under the control of the Director of the Division of Professional Licensure, under the

¹ Raynham/Taunton is also referred to as Massasoit Greyhound Association.

supervision of an executive director, appointed by the Director of the Division of Professional Licensure, with the approval of the Director of Consumer Affairs and Business Regulation. This included, but was not limited to, all budgetary and personnel activities for the agency. These efforts were supported by the following operating sections of the Commission: Administrative Office, Racing Commission Inspectors, Accountants, Laboratory Personnel, Veterinarians, Judges/Stewards and State Police Investigators. This report reviews each of these areas and the business they conduct.

RACING OPERATIONS, May 20 – December 31, 2012

On May 20, 2012, the Massachusetts Gaming Commission entered into an Interdepartmental Service Agreement with the Division of Professional Licensure (ISA) to continue all racing financial and operational activities. This ISA continued in full force and effect through December 31, 2012.

RACING OPERATIONS, subsequent to December 31, 2012

The Racing Division of the Massachusetts Gaming Commission assumed control of the fiscal and operational activities of the old State Racing Commission upon the expiration of the ISA with the Division of Professional Licensure.

STATE RACING COMMISSION

ADMINISTRATIVE OFFICE

Acting Director of Racing and Chief State Veterinarian

Alexandra Lightbown, D.V.M.

Acting Financial Officer and Transition Coordinator

Douglas A. O'Donnell

Auditor III

Marta M. Ferreira

Program Coordinator II

John E. Hill, Jr.

LICENSING

One of the Commission's foremost responsibilities is the issuance of occupational licenses to every person who participates in racing, and the issuance of licenses to associations who operate the Commonwealth's racetracks and simulcast facilities.

3,137 APPLICATIONS FOR LICENSURE PROCESSED IN 2012

The licensing process requires that every person who participates in racing complete an application, and that all questions must be answered truthfully. The application is reviewed for completeness by Commission Inspectors who then forward the application to the Massachusetts State Police Racing Commission Unit, who conduct a background check of the applicant. Once the background check is completed, the application is sent to the Board of Stewards/Judges at each track. The Board reviews the application and may interview the applicant. The Stewards/Judges determine if the applicant has the required integrity, ability, and the eligibility for the license for which the applicant has applied. The Commission also has access to the Association of Racing Commissioners' International (ARCI) files in Lexington, Kentucky. These files maintain a record of every racing related offense attributed to an applicant anywhere in the country. The Commission provides reciprocity to other jurisdictions and their licensing decisions.

If the Stewards/Judges recommend licensing an applicant, the Inspectors collect the required fee and enter the appropriate information in the Commission's computer network. The applicant is issued a license card that entitles him to a photo identification badge. No person may enter any restricted area of a racetrack without a photo identification badge. During 2012, the Racing Commission issued 3,137 occupational licenses to persons participating in horse racing in the State. Occupations licensed include jockeys, drivers, trainers, assistant trainers, owners of racing animals, blacksmiths, racing officials, vendors, stable employees and pari-mutuel clerks.

2 ASSOCIATION LICENSES ISSUED

Consistent with the Massachusetts General Laws, the Commission held public hearings in the fall of 2011 on applications for two licenses to conduct running horse and harness racing meetings during 2012. Public hearings were held in Boston and Plainville, Massachusetts.

The Racing Commission issued a running horse racing license to Sterling Suffolk Racecourse, LLC, located in East Boston, to conduct thoroughbred racing in

calendar year 2012 at a facility known as Suffolk Downs. The Commission also issued a harness horse racing license to Ourway Realty, LLC, located in Plainville, to conduct standardbred racing in calendar year 2012 at a facility known as Plainridge Racecourse.

In the fall of 2012, the Commission held public hearings on two applications to conduct racing in 2013. Public hearings were held in Boston and Plainville, Massachusetts, resulting in the issuance of a running horse racing license for 2013 to Sterling Suffolk Racecourse and a harness horse racing license for 2013 to Ourway Realty, LLC to be conducted at their respective facilities.

INSPECTORS

Racing Inspectors

George E. Carifio, Racing Inspector II Jeffrey Bothwell, Racing Inspector II Richard J. Ford, Racing Inspector II

Racing Inspectors supervise the operation of the Commission's field offices located at Suffolk Downs, Raynham Park, and Plainridge Racecourse. These individuals must possess a thorough knowledge of the rules and regulations of the racing industry, and the ability to interpret them. Additionally, Racing Inspectors maintain a close liaison with the Stewards, Judges, Racing Officials, Track Security, State Police, and the Racing Commission to ensure that operations at each track are efficient and effective.

PROCESS OCCUPATIONAL LICENSES

Inspectors review and process all license applications. In 2012, the Inspectors processed 3,137 applications and collected \$75,660 in license fees and \$9,610 in badge fees. They also collected \$6,750 in fines. Occupational licenses expire annually on December 31.

RESOLVE COMPLAINTS

The Commission Inspector is the most accessible and visible Commission representative at the track. Complaints and disputes are usually initiated with the Inspectors. Complaints and disputes that cannot be resolved at the field level are then reported to the Commission Office for further action.

SUPERVISE TESTING AREA

A State Inspector supervises the testing areas at each track in order to ensure proper collection and continuity of evidence for blood and urine samples obtained from racing animals. Testing Assistants who are employed for each program are trained, scheduled and supervised in their activities by the Inspectors in compliance with established procedures. In 2012, Commission Veterinarians collected 729 blood samples. Commission Testing Assistants collected 1,888 urine samples from horses that participated at Massachusetts racetracks. The samples were tested at the Racing Commission Laboratory for prohibited drugs and medications that could affect the performance of a racing animal. Out of 2,617 samples collected, 6 samples tested positive for prohibited substances. These findings are reported to the Stewards/Judges for appropriate disciplinary action.

AUDITORS

Acting Auditor/Chief Financial Officer

Douglas O'Donnell

<u>Auditors</u>

Marta M. Ferreira, Auditor III Frank Sclafani, Auditor III

Paul M. Buttner, Auditor II Robert Hickman, Auditor II Maryanne M. Regnetta, Auditor II

PARI-MUTUEL OPERATIONS -- COMPLIANCE ENSURED

Pari-mutuel responsibilities include overseeing the proper distribution of the handle. The handle is the total amount of money wagered at each performance and the percentage or take-out of the handle is determined by statute. Proceeds from the handle are distributed to specific categories from purse accounts to Capital and Promotional Trust Funds.

SAFEGUARDS

All money wagered at each racetrack is logged into a cash/sell totalizator (tote) system. At the start of each live race, the Commission Steward/Judge locks the wagers into the computer. For simulcast races, standard industry protocol is

used to stop betting. Printouts from the tote system are audited by the Racing Commission Auditors for accuracy and compliance with current statutes.

DAILY AUDIT

A summary sheet, detailing the breakdown of the statutory take-out is prepared by Commission Auditors for each individual racing performance. For live racing, the information is provided by the on-site tote system. For signal received simulcast races, a report from the host track is faxed to the guest track. This report is used in conjunction with on-track reports to complete the summary sheet. This activity ensures that the public, the Commonwealth, purse accounts, and all designated trust funds are properly funded. The Commission Auditors prepare a handle reconciliation report on a daily basis. This report shows the handle broken down as to live, signal sent and signal received. Further, the balance of all current unclaimed winning tickets and the liquidity of the mutuel department are audited on a daily basis by the Commission Auditors.

ANNUAL AUDIT

Racing Commission Auditors conduct annual audits with the racetracks. An annual audit of the purse accounts is conducted to ensure that appropriate funds are deposited in the appropriate accounts as required by statute and that the funds are used appropriately when withdrawn from the accounts.

MASSACHUSETTS STATE POLICE INVESTIGATIVE UNIT

Sergeant

Michael Scanlan

Troopers

Robert Miller Winifred Rennie Joseph Sinkevich

The Commission's goals of protecting racing participants and the wagering public as well as maintaining the public's confidence in pari-mutuel wagering are achieved through the Commission's licensing, revenue collection and investigative activities. The State Police Investigative Unit plays a vital role in achieving the goals of the Commission.

M.G.L. CHAPTER 128A, SECTION 8

The Racing Commission applies to the Department of Public Safety for an assignment of a complement of police officers. The Commission assigns State Police officers to guard the property and protect the lives and safety of the public and animals at the racing meets at the two race tracks. In the performance of their duties, the State Police Investigative Unit investigates violations of the rules of racing and the Massachusetts General Laws. The Investigative Unit's extensive responsibilities and activities have resulted in a major improvement in the Commission's regulatory/policing functions.

STABLE INSPECTIONS

Stable inspections focus on the detection of safety violations, the presence of unlicensed persons in restricted areas and the possession of illegal medications, drugs and syringes. These inspections are conducted by officers assigned to the State Police Unit and aid in preserving the integrity of racing.

6 POSITIVE DRUG TESTS – 0 CONTROLLED MEDICATION VIOLATIONS

Protecting the integrity of racing involves animals racing free of prohibited drugs and medications. The State Police Investigative Unit is responsible for ensuring that the testing areas where samples are collected are secure and that the continuity of evidence is maintained with all samples. The State Police Unit investigates each positive drug test reported by the Racing Commission Laboratory, and interviews the trainers, veterinarians and other persons responsible. In 2012 there were 6 positive drug tests and 0 controlled medication violations.

26 EJECTIONS - 62 INVESTIGATIONS - 9 ARRESTS

In 2012, the State Police Investigative Unit conducted 62 investigations including hidden ownership of racehorses, larceny, and counterfeit money that resulted in 9 arrests and 26 ejections from Massachusetts racetracks of persons determined to be detrimental to racing.

UNIFORMED STATE POLICE DETAILS

The State Police Investigative Unit oversees and assists the uniformed State Police detail in the test area of the horse tracks. These details are responsible for witnessing the collection of samples, ensuring the continuity of evidence for samples, and transporting samples collected in the testing area to the Racing Commission Laboratory. State Police training ensures the integrity of samples and provides expert testimony at administrative and court proceedings.

SPECIAL INVESTIGATIONS

The State Police Investigative Unit conducted investigations into the background of each individual who was a party to the application for a racetrack license in Massachusetts. The State Police Unit also conducted several special investigations with other agencies and units within the State Police concerning ten per center activity, identity investigations and drug activity.

3,137 BACKGROUND INVESTIGATIONS

The State Police Investigative Unit conducted 3,137 background investigations on Racing Commission employees, racing officials and occupational licensees who participate at Massachusetts racetracks.

THOROUGHBRED-STANDARDBRED RACING

Suffolk Downs and Plainridge Racecourse were required to schedule a minimum of 80 calendar days of live racing in 2012. Previously 100 calendar days of racing were required; the amendment was made in Chapter 230 of the Acts of 2012.

The State Police Unit committed itself to maintain a constant presence at each racetrack, especially during live racing, working closely with the Stewards/Judges and other Commission and racing officials to help ensure that each track operated honestly and credibly.

LABORATORY

Chief State Veterinarian

Alexandra Lightbown, D.V.M.

Chief of Laboratory

Vacant

Senior Chemist

Vacant

Assistant Chemists

Lucille Saccardo – B.S., Animal Science. Chemist II Melchor S. Layon - A.S., Chemist II

The State Racing Commission Laboratory is an important link in the Racing Commission's effort to ensure that quality racing exists within the Commonwealth. The primary function of the Commission Laboratory is to analyze samples of urine and blood for the presence of any drug that is of such character as could affect the racing condition of the animal. Samples are taken from every winning horse and any other horse(s) designated by Commission officials. A specially trained staff performs testing at facilities located within the State Laboratory Institute in Jamaica Plain.

INTEGRITY OF SAMPLES ENSURED

Special precautions are taken at all Massachusetts racetracks when post-race blood and urine samples are collected to ensure that no tampering can take place. In order to assure the continuity of evidence, every winning horse and all designated horses are under the surveillance of a uniformed State Police officer and/or Racing Commission employee from the finish of the race until the specimens are obtained. Samples are properly identified and transported immediately after the close of each racing day by a uniformed State Police officer to the Commission Laboratory in Jamaica Plain and placed in a locked laboratory locker for analysis the following day. Racing Commission Laboratory personnel assume responsibility for custody of the samples once the samples are placed in the laboratory locker. To avoid any bias, the chemist identifies the sample by number only. Any positive results are reported directly to the Racing Commission.

1,888 URINE SAMPLES – 729 BLOOD SAMPLES ANALYZED

Despite a heavy workload, the Racing Commission's Laboratory provides high quality results. The Commission Laboratory screened approximately 2,617 biological samples for the presence of illegal drugs and prohibited medications. Many other items confiscated in the course of investigations are also submitted for analysis. These items may include feed preparations, vitamins, liniments, antibiotics, other pharmaceuticals and medical devices such as needles and syringes.

UNIFORM TESTING / SOPHISTICATED INSTRUMENTS

Each blood and urine sample received by the Commission Laboratory is screened by specialized tests to comply with ARCI-QAP guidelines for drug detection. These tests include specific extraction procedures, Thin Layer Chromatography (TLC), and Enzyme-Linked Immunosorbent Assays (ELISA).

Massachusetts allows the use of phenylbutazone ("bute") and furosemide, with conditions, under the direction of the Controlled Medication Program and the Bleeder Medication Program. The Commission Laboratory monitors these two drugs in all equine samples received.

6 DRUG FINDINGS - 0 MEDICATION PROGRAM VIOLATIONS

Upon positive confirmation of a drug finding, the Commission Laboratory contacts the Racing Commission office in Boston, and reports the name of the drug found, track name, date of the race, and the sample identification number. Only at this time does the Racing Commission supply the Commission Laboratory with the race number, animal's name and trainer's name for inclusion in an official report. The report is directed to the State Racing Commission, with a copy to the Racing Commission State Police Investigative Unit and a copy to the respective track Judge or Steward for additional investigation and subsequent prosecution and/or other action.

During 2012, the Racing Commission Laboratory confirmed 6 drug findings and 0 medication program violations

VETERINARIANS

Chief State Veterinarian

Alexandra Lightbown, D.V.M.

Contract Veterinarians

Kristin Esterbrook, D.V.M. Kevin Lightbown, D.V.M. Lorraine O'Connor, D.V.M.

The Commission Veterinarians play an indispensable function in ensuring that the quality and integrity of racing within the Commonwealth remains strong by protecting the health and welfare of the equine athletes in Massachusetts.

SUPERVISE THE STATE RACING COMMISSION LABORATORY

The Chief Veterinarian works with the Commission Laboratory to ensure drug testing remains current and of high quality. One method used to test the laboratory is through the use of double blind drug testing.

SUPERVISE EQUINE DRUG TESTING AREA

A Commission Veterinarian supervises the testing areas in order to ensure proper collection and continuity of evidence for blood and urine samples collected from the racing animals.

TESTIFY AT COMMISSION HEARINGS/MEETINGS

Commission Veterinarians testify at hearings on medication use, drug violations, animal care, new policies and procedures, etc.

STEWARDS/JUDGES

Enforcement of the rules and regulations of racing begins with the prosecution of violators by the Board of three Stewards/Judges at the racetrack. One Steward/Judge is appointed by the racetrack and must be approved by the Racing Commission and licensed as a racing official. Two Stewards/Judges are appointed by the Racing Commission.

RESPONSIBILITIES

The Stewards and Judges are responsible for reviewing all occupational license applications and recommending or not recommending the applicant for a license. The Stewards and Judges are present at the racetrack each day on which there is live racing and they oversee everything from drawing of post positions to making official the results of every race. In addition, the Stewards/Judges preside over all hearings conducted at the track and report their rulings and findings to the Racing Commission.

Before post time of the first race, the Stewards/Judges review the daily program of races to note any changes or errors. Changes are reported to each department that might be affected by the change (i.e., mutuels, paddock judges, patrol judges, starters, clerk of the course, clerk of scales, program director and announcer). All changes are also reported promptly to the wagering public.

After observing every live race, both live and on television monitors, the Stewards/Judges mark the order of finish as the horses cross the finish line. They give the first four unofficial finishers to the Mutuel Department, post an inquiry, review an objection and request a photo finish when necessary. If there is an apparent violation of the rules, the Stewards/Judges review the videotape and then make a decision before making the results of the race official.

ENFORCEMENT OF RULES AND REGULATIONS

The most significant responsibility of the Commission is the enforcement of the rules and regulations of racing. It is only as a result of conscientious, consistent and aggressive enforcement of the rules and regulations that we are able to ensure honest racing.

122 RULINGS

If a violation of the rules occurs, the judges notify all the parties involved of a scheduled hearing. After conducting the hearing, the Stewards/Judges

determine if any penalty such as a fine or suspension, purse redistribution, or other sanction should be imposed. Violators are advised of their right of appeal to the Racing Commission. 122 separate rulings were written by the Boards of Stewards/Judges at Massachusetts racetracks in 2012.

APPEALS

The Racing Commission reviews the Stewards/Judges' decisions. If any licensee disagrees with a decision of the Stewards/Judges, they may appeal to the Commission. The Commission affords appellants adjudicatory hearings on the merits of their appeals. If appellants are dissatisfied with the decision of the Racing Commission, they may appeal to the Superior Court of the Commonwealth in accordance with Chapter 30A of the General Laws.

<u>Hearings</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Board of Judges/Stewards	134	135	85	122
Racing Commission	31	23	12	11
Sanctions				
Fines	84	78	60	76
Suspensions	25	44	15	44

RACING FINANCIALS

FISCAL YEAR 2012 -- JULY 1, 2011 TO JUNE 30, 2012

RECEIPTS

0131	Commission	\$1,634,822.65
2700	Fines and Penalties	5,350.00
3003	Association License Fees	435,900.00
3004	Licenses and Registrations	76,045.00
4800	Assessments	769,757.18
5009	Unpaid Tickets	504,479.65
6900	Miscellaneous	13,389.89

TOTAL RECEIPTS:

\$3,439,744.37

EXPENDITURES

FISCAL YEAR 2012 APPROPRIATION (7006-0110)

Total Available

\$1,600,253.00

EXPENDITURES

AA	Regular Employee Compensation	785,939.28
BB	Regular Employee Related Expenses	6,008.42
CC	Contractor Payroll	224,680.26
DD	Pension/Insurance, Related Expenses	20,610.83
EE	Administration Expenses	45,316.19
FF	Laboratory Supplies	48,813.94
GG	Rent on Laboratory	88,999.00
JJ	Operational Services	77,934.92
LL	Equipment Lease/Maintenance	10,906.45
UU	Information Technology	<u>19,949.43</u>

TOTAL EXPENDITURES

\$1,329,158.72

REVENUES

\$3,515,255.80 IN REVENUES COLLECTED

In addition to licensing racetracks and participants, the Racing Commission has a primary responsibility to collect revenue in accordance with Chapters 128A and 128C of the General Laws. Each licensed racetrack pays a commission as determined by law in addition to license fees and other assessments. Commission Inspectors collect occupational license fees, badge fees and fines. The State Racing Commission collected \$3,515,255.80 from Massachusetts racetracks in 2012. This figure is \$157,205.51 less than what was collected in 2011. All Commission activities are revenue driven as Commission expenditures come from Commission revenue and are made in a priority order in accordance with Section 5(h) of Chapter 128A. The chart on the following page details the Commission's revenues and expenditures for 2011 and 2012.

MASSACHUSETTS GAMING COMMISSION Racing Development and Oversight Fund Statement of Program Revenue and Expenses Calendar years 2012 & 2011

	<u>2012</u>	<u>2011</u>
Program Revenue:		
Commissions	\$ 1,545,691	\$ 1,494,644
Occupational licenses	75,660	70,605
Assessments	752,055	750,579
Association licenses daily fee	414,900	378,600
Fines	6,750	4,350
Unclaimed tickets ("outs")	710,590	965,312
Total revenue by source	3,505,646	3,664,090
Program Expenses:		
Unclaimed tickets distributed to racetrack purse accounts	504,480	525,674
Unclaimed tickets transferred to Racing Stabilization Fund	206,110	439,638
Local aid (transfer to state)	1,070,039	852,448
Sub total	1,780,629	1,817,760
Available for Racing Commission operations	1,725,017	1,846,330
Racing commission operations (transfer to state)	1,403,733	1,261,232
Racing commission adjustment to expenditures	226,441	1,063
Racing commission operations (direct charges)	893,466	94,153
Total Racing commissions operations	1,523,640	1,356,448
Available for other program costs	201,377	489,882
Other programs costs -		
Health & welfare - stable & backstretch workers, The Eighth Pole	80,000	80,000
Economic assistance program	20,000	20,000
Compulsive gamblers - Dept. of Public Health	101,377	110,000
Total other program costs	201,377	210,000
Available for distributions to racetracks' purse accounts	0	279,882
Distributions to racetrack purse accounts	0	279,882
Fund balance, end of year	\$ 0-	\$ 0-

MASSACHUSETTS GAMING COMMISSION 2012 RACING DEVELOPMENT AND OVERSIGHT FUND COMMENTS

	Live and On Track	Revenue Collected	
Handle and Revenue by track:	Handle	Comm. & Fees	<u>OUTs *</u>
Sterling Suffolk Downs	\$ 142,764,361	\$ 1,206,154	356,764
Plainridge Racetrack	43,803,057	575,319	147,716
Taunton & Massasoit Dog Tracks	36,197,994	768,991	206,110
Wonderland Greyhound Park**	5,144,691	244,592	0
Total revenue by track	\$ 227,910,103	\$ 2,795,056	\$ 710,590

* Unclaimed wagers ("outs") collected from the horse tracks are distributed to the purse accounts of the licensees that generated the unclaimed wagers. At dog tracks unclaimed wagers are transferred to the Racing Stabilization Fund.

* * Wonderland ceased operations August 18, 2010 and reopened on June 2, 2011 at Suffolk Downs.

Local Aid - Transfers to State:

Local aid to host communities is the first priority expenditure of this calendar year program. It is paid quarterly at .35 percent times amounts wagered during the quarter ended six months prior to the payment. Included here as calendar year 2012 program expenses are local aid distributions paid for the quarters ended March, June, September and December 2012.

Operations of the SRC (direct charges):

The following expenses for the operations of the racing commission were charged directly to the Racing and Oversight Development Fund, account 70060001 during calendar year 2012.

	Direct Charges
Payroll, contract salaries stewards, judges, testing assist and vets.	\$582,758
Administration &,Indirect cost assessment,	67,467
Fringe benefits employee related and	
insurance	111,888
State police and courier	64,500
Laboratory rent & supplies	50,771
Equipment maintenance	6,133
Equipment purchases	2,799
I.T	7,149
Total direct charges for operations of the racing commission	\$ 983,465

	STATE				
	RACING CY12	Budgetary		Direct	
	EXPENSES	Appropriation		Charges	
			REG		
			10500110	MGC	
Sub./		REG 70060110	ISA	1050003 ISA	TOTAL CY 12
<u>Object</u>	<u>Component</u>	1/1/12 to 5/19/12	5/20/12 to 6/30/12	7/1/12 to12/31/12	1/1/12 to 12/31/12
	Regular				
AA	employee				
	compensation	275,821.81	116,608.73	385,721.52	778,152.06
A01	Regular payroll	276,000.11	116,114.71	385,238.97	777,353.79
A07	Shift differential	234.44	81.28	482.55	798.27
A08	Overtime Pay				
A10	Holiday Pay	(412.74)	412.74		
A12	Sick leave buy back	-			
A13	In lieu of vacation	-			
	Regular				
BB	employee				
BB	related				
	expenses	2,034.80	1,721.40	3,154.80	6,911.00
B01	Out of state travel	,		,	,
B02	In state travel	1,934.80	1,721.40	3,154.80	6,811.00
B05	Conferences, training & registrations	100.00			100.00
B06	Memberships, dues & license fees				
B10	Exigent job related expenses				
00	Contractor				
CC	payroll	31,341.26	68,740.00	197,036.25	297,117.51
000	Contract - Management		ŕ		
C23	Consultant/SRC Coordinator	31,151.26	13,845.00	44,996.25	89,992.51
C29	Contract payroll: stewards,& judges,				
023	testing and vets	190.00	54,895.00	152,040.00	207,125.00
DD	Pension &				
	insurance	6,502.34	3,595.56	108,733.03	118,830.93
D09	Fringe benefit reimbursement (charge	0 500 04			
	back)	6,502.34	3,595.56	107,728.03	4 000 00
D10	Fidelity bond	-		1,005.00	1,005.00
EE	Administrative	16,039.79	10 101 92	67 467 00	
	expenses	10,033.73	10,191.83	67,467.20	
E01	Office and administrative supplies	610.24	1,123.38	1,728.25	3,461.87
E02	Print expenses	-	.,	.,	-,,
E04	Central reprographic	-			
	(charge back)				

MASSACHUSETTS GAMING COMMISSION

E05	Postage (charge back)	1,110.54	555.00		93,698.82
E12	Subscriptions and memberships	-	8,500.00		8,500.00
E13	Advertising expenses	-		418.11	418.11
E15	Bottled water	153.27	13.45	78.01	244.73
E16	Indirect cost recoupment	-		65,006.33	65,006.33
E27	Prior Year Deficiency				
E53	Liability management reduction fund	-		236.50	236.50
E56	IT Consolidation (chargeback)	13,980.04			
E98	Reimbursement for Board Travel	185.70			
FF	Laboratory				
	supplies	4,554.99	15,295.17	2,135.21	21,985.37
F05	Laboratory and testing supplies	4,554.99	15,295.17	2,135.21	21,985.37
GG	Rent on	40,364.00		49 626 00	80,000,00
004	IaboratoryRent on laboratory	-		48,636.00	89,000.00
G01	UMMS	40,364.00		48,636.00	89,000.00
JJ	Operational services	14,820.90	8,460.69	64,500.45	87,782.04
JJ2	Stenographic and courier services	18.75		317.91	336.66
J25	Medical procedures (autopsies on animals)	-			-
J28	Law enforcement - State Police overtime	14,802.15	8,460.69	64,182.54	87,445.38
	Programmatic				
KK	Equipment				
KOF	Purchase	2,798.35			2,798.35
K05	Office Equipment	2,798.35			2,798.35
LL	Equipment lease &				
LL	maintenance	4,668.00		6,133.41	10,801.41
L45	Office equipment	-		0,100.41	
	maintenance & repair Photocopy equipment	_			
L46	maintenance & repair Medical equipment	-		385.41	385.41
L49	maintenance & repair	4,668.00		5,748.00	10,416.00
UU	Information technology	7,585.07	1,827.58	7,149.40	16,562.05
U02	Telecommunication services - voice				-,
002	(formerly E08)	1,708.49	455.18	1,122.22	3,285.89
U03	Software and info tech licenses	228.54			228.54
U04	Information & technology chargeback	628.69	298.34		927.03
U05	Information technology professionals	2,040.00		2,805.00	4,845.00
	IT Cabling	160.49		1	160.49

MASSACHUSETTS GAMING COMMISSION

U07	IT Equipment Purchase Information technology	-			
U08	equipment lease and rentals	2,148.12	1,074.06	3,222.18	6,444.36
U09	IT equipment maintenance & repair	-			
U10	IT Equipment maintenance & Repair	670.74			670.74
	Total Spending for SRC	400 700 00			
	Operations	403,732.96	226,440.96	893,465.62	\$ 1,523,639.54

RACING COMMISSION BUSINESS

MEETINGS AND HEARINGS

During 2012, the Racing Commission held 4 business meetings at the main Commission Office in Boston or at other designated locations. Each meeting was called in compliance with the provisions of Chapter 372 of the Acts of 1978. As of May 19, 2012, all meetings were conducted by the Massachusetts Gaming Commission in compliance with the Gaming Act of 2011.

In addition, as required by Chapter 128A of the Massachusetts General Laws, the Commission held public hearings in the fall of 2012 on applications for two licenses to conduct running horse or harness racing meetings for calendar year 2013. The hearings were held in Boston and Plainville. The Commission approved the association licenses for Sterling Suffolk Racecourse, LLC, to conduct thoroughbred racing in 2013 and for Ourway Realty, LLC, to conduct harness horse racing in 2013 at their respective facilities.

The Racing Division in 2012 presided over 11 adjudicatory hearings as a result of appeals from rulings of the Stewards and Judges at the various racetracks in the Commonwealth.

DECISIONS APPEALED TO THE RACING DIVISION

The Gaming Commission, sitting as a quasi-judicial body pursuant to the Massachusetts Administrative Procedures Act, adjudicated 24 appeals. The Commission has taken extensive precautions to ensure licensees due process throughout the appeal process. The Commission initiated a Stay-of-Suspension process. This permits licensees suspended by the Stewards/Judges for a minor violation of the rules that does not compromise the integrity of racing to continue to participate in racing until the licensee has been provided a hearing by the Commission and a decision made. Procedural safeguards were adopted to prevent licensees from abusing the Stay privilege. Hearings are conducted as soon as practicable from the time of the granting of a Stay, thereby preventing a licensee from participating while on a Stay status for an extended period of time.

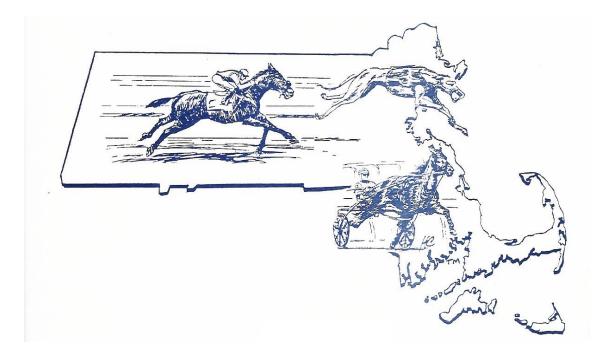
DUE PROCESS AFFORDED ALL LICENSEES

Licensees charged with a violation of the rules that may result in the loss of a license are entitled to a hearing pursuant to the Administrative Procedures Act (APA). Formal disciplinary hearings held by the Racing Division follow the requirements established in the Massachusetts APA. These requirements include issuing timely notice of hearings, providing the opportunity for an appellant to confront witnesses and to be represented by counsel.

COMMISSION DECISIONS APPEALED TO SUPERIOR COURT

In addition to hearing appeals, the Racing Division must prepare a complete record and legal decision for each case that is appealed to the Superior Court. When the record is completed and certified, it is forwarded to the Government Bureau of the Attorney General's Office and is assigned to an Assistant Attorney General who defends the case in court. The Commission and the Attorney General work closely together to present the best possible case in Superior Court. In calendar year 2012, there was only one case pending appellate review.

The Racing Division takes this opportunity to thank the Attorney General's Office for the diligent, professional and expert defense of Commission cases.



RACETRACKS

NOTES ON CHARTS AND GRAPHS

In this 2012 Annual Report, the following terminology is used in reporting simulcast events.

"Signal Received" is categorized as "On Track Simulcast," as this is the signal sent from a remote track being received locally.

"Signal Sent" is categorized as "Off-Track Simulcast," as this is the local signal being sent to a remote track.

HANDLE CALENDAR YEARS 2010, 2011, 2012

	2010	2011	2012
Live			
Raynham	0	0	0
Wonderland	0	0	0
Plainridge	1,584,498	1,476,452	1,358,788
Suffolk	8,878,836	7,725,019	7,691,012
Total Live	10,463,334	9,201,471	9,049,800
On-Track Simulcast			
Raynham	42,827,404	37,154,037	36,197,994
Wonderland	11,194,266	2,523,747	5,144,691
Plainridge	48,064,038	46,066,114	42,444,269
Suffolk	131,637,340	128,327,170	135,427,343
Total On- Track	233,723,048	214,071,068	218,860,402
Off-Track Simulcast			
Raynham	0	0	0
Wonderland	0	0	0
Plainridge	9,911,390	5,811,080	9,783,458
Suffolk	94,185,289	62,408,714	69,202,678
Total Off- Track	104,096,679	68,219,794	78,986,136
Total Handle	\$ 348,283,061	\$ 291,492,333	\$ 306,896,338

HANDLES 2011 vs. 2012 FINANCIAL VARIANCE REPORT

Category	2011	2012	Variance	% Variance
Live Performances	160	160	0	0%
	100	100	Ŭ	0,0
Live Handle	9,201,471	9,049,800	(151,671)	(1.64%)
Simulcast On-				
Track Simulcast Off-	214,071,068	218,860,402	4,789,334	2.23%
Track	68,219,794	78,986,136	10,766,342	15.78%
Total Simulcast	282,290,862	297,846,538	15,555,676	5.51%
Total Handle	291,492,333	306,896,338	15,404,005	5.28%
Commissions	1,494,643.53	1,545,691.35	51,047.82	3.41%
Assessments Association	750,578.90	752,354.98	1,776.08	0.12%
License Fee Occupational	378,600.00	414,900.00	36,300.00	9.58%
License Fee Outstanding	70,605.00	75,660.00	5,055.00	7.15%
Tickets	965,312.06	710,590.00	(254,722.06)	(26.38%)
Fines & Penalties	4,350.00	6,750.00	2,400.00	55.12%
Miscellaneous	<u>8,371.82</u>	<u>9,610.00</u>	1,238.88	14.78%

TOTAL

REVENUES \$ 3,672,461.31 \$ 3,515,556.33 (\$ 156,905.00) (4.27%)

Analysis of Purses Paid Compared to Statutory Requirements – 2011

	<u>Plainridge</u>	<u>Suffolk</u>	
Purses paid:			
Number of live performances 2010	100	101	
Purses paid 2010	\$ 2,471,815	\$ 8,728,896	
2010 Average purses per performance	\$ 24,718	\$ 86,425	
Number of live performances 2011	79	80	
Purses paid 2011	\$ 2,275,803	\$ 9,200,606	
2011 Average purses per performance	\$ 28,808	\$ 115,008	
Increase (decrease) in 2011 compared to 2010	\$ (196,012)	\$ 471,710	
Average change per performance	\$ 4,089	\$ 28,583	
% change per performance	 16.5%	33.1%	
Racing commission purse distributions made in 2011			
Purse 2010 distibution	\$ 	-	
April 2011 (2009 OUT's returned)	 171,079	354,595	
Total Chapter 139 distributions to track purse accounts	\$ 171,079	\$ 354,595	
Statutory purses Racing commission purse distributions applied to			
2011 purse account - See notes	\$ 171,079	\$ 354,595	
Purses as a percentage of handle	1,943,304	5,825,759	
Premiums received	 173,436	909,194	
Minimum purses required for 2011	2,287,819	7,089,548	
Actual purses paid by track for 2011	 2,275,803	8,828,656	
Variance - over / (under) statutory amounts	\$ (12,016)	\$ 1,739,108	
* Mass Breeders Purse not included			

* Mass Breeders Purse not included

STERLING SUFFOLK RACECOURSE, LLC

SUFFOLK DOWNS BOARD OF STEWARDS

Commission Stewards

Susan Walsh, Chief Commission Steward John H. Morrissey, Associate Steward

Association Steward

Russell G. Derderian

ADMINISTRATIVE HEARINGS

The primary responsibility of the Stewards is to interpret and enforce the rules of racing as promulgated by the Commonwealth of Massachusetts.

In carrying out this duty, the Stewards presided as judges, issuing 75 rulings in 2012 - resulting in 41 fines and 30 suspensions.

Suffolk 2012 vs. 2011 FINANCIAL VARIANCE REPORT

Category	2012	2011	Variance	%
Live Performances	80	80		0%
Live Handle	7,691,012	7,725,019	(34,007)	(4.4%)
Simulcast On-Track	135,073,348	128,327,170	6,746,178	5.25%
Simulcast Off- Track	69,202,678	62,408,714	6,793,964	10.88%
Total Simulcast	204,276,026	190,735,884	13,537,142	7.09%
Total Handle	211,967,038	198,460,903	13,506,135	6.80%
Commissions	564,179.05	539,175.22	24,973.00	4.63%
Assessments	453,982.74	422,939.27	31,043.47	7.33%
Association License Fee	99,000.00	100,200.00	(1,200.00)	(1.19%)
Occupational License Fee	51,125.00	47,745.00	3,380.00	7.07%
Outstanding Tickets	304,684.28	354,595.47	(49,911.19)	(14.07%)
Fines & Penalties	3,125.00	2,700.00	425.00	15.74%
Miscellaneous	<u>5,985.00</u>	<u>5,599.90</u>	<u>385.10</u>	6.87%
TOTAL REVENUES	\$ 1,482,081.07	\$ 1,472,954.86	\$ 9,126.21	7.00%

MASSACHUSETTS STATE RACING COMMISSION Summary of Pari-mutuel Activities at Suffolk

January 01, 2012 to December 31, 2012

Number of Events: 502

Type: All Track Groups	oundary	01, 2012 to Dec
Pools and Commissions		
Menu	Pools	Commissions
Win/Place/Show	\$23,450,234	3,977,549.12
Exotic	42,597,379	9,515,052.21
Total	\$66,047,613	3,492,601.33
Distribution of Breaks		
Association Breaks	\$0.	00
Breaks to Stabilization Fund	0.	00
Breaks to CIF	331,142.	86
Minus Breaks	44,372.	77
Net Breakage	\$286,770.	09
Premiums		
Suffolk	\$0.	00
Plainridge	105,940.	98
Raynham	0.	00
Wonderland	0.	00
Total Premiums	\$105,940.	98

Distribution of Commissions	WPS Take-Out	WPS Comm	Exotic Take-Out	Exotic Comm	Total
State Commission	0.00000	\$98,508.59	0.00000	\$173,462.57	\$271,971.15
Racing Stabilization Fund	0.00000	0.00	0.00000	0.00	0.00
Capital Improvement Fund	0.00000	0.00	0.00000	7,590.97	7,590.97
Promotional Fund	0.00000	32,251.05	0.00000	63,514.08	95,765,13
Purses	0.00000	1,064,720.12	0.00000	1,904,726.78	2,969,446,89
Breeders	0.00000	130,174.49	0.00000	235,078.91	365,253,40
In-State Host Fee	0.00000	2,898.17	0.00000	9,464,73	12,362.90
Premiums	0.00000	27,821.31	0.00000	85,276,77	113,098,08
Tufts Veterinary	0.00000	0.00	0.00000	18,296,53	18,296.53
Division of Fairs	0.00000	0.00	0.00000	0.00	0.90
Greyhound Adoption Fund	0.00000	0.00	0.00000	0.00	0.00
Out of State Host Fee	0.00000	2.075,459,52	0.00000	3,885,850.03	
Total Fees	0.00000	3,431,833,24		6,383,261.37	
Retained by Track	0.00000	545,715,88		3,131,790.84	
Total Commission		\$3,977,549.12		\$9,515,052.21	

State Commission	\$271,971.15	Promo Fund	\$95,765.13
Daily License Fee	99,000.00	Cap Fund	\$338,733.83
Assessment	453,982.74	Grey Adopt	\$0.00
Sub Total	\$824,953.89	Stabilization	\$0.00

MASSACHUSETTS STATE RACING COMMISSION Summary of Pari-mutuel Activities at Express Bets January 01, 2012 to December 31, 2012

Type: All Track Groups Pools and Commissions				Number of Ever	nts: 763	
Menu	Pools	Comm	issions			
Win/Place/Show	\$3,422,557					
Exotic	6,493,465					
Total	\$9,916,022	\$2,006	295.73			
Distribution of Breaks						
Association Breaks	\$0	.00				
Breaks to Stabilization Fund	0	.00				
Breaks to CIF	44,737	.43				
Minus Breaks	508	.15				
Net Breakage	\$44,229	.28				
Premiums						
Suffolk	\$0	.00				
Plainridge	0	.00				
Raynham	12,202	.73				
Wonderland	0	.00				
Total Premiums	\$12,202	.73				
Distribution of Commissions	WPS Tak	e-Out	WPS Comm	Exotic Take-Out	Exotic Comm	Total
State Commission	0.	00000	\$13,073.21	0.00000	\$24,759.06	\$37,832.27
Bacing Stabilization Fund	0.	00000	0.00	0.00000	0.00	0.00
Capital Improvement Fund	0.	00000	0.00	0.00000	2,178.69	2,178.69
Promotional Fund	0.	00000	4,124.65	0.00000	9,887.03	14,011.68
Purses	0.	00000	139,743.47	0.00000	265,613.09	405,356.56
Breeders	0.	00000	16,964.77	0.00000	34,101.42	51,066.19
In-State Host Fee	0.	00000	488.51	0.00000	2,591.93	3,080.44
Premiums	0.	00000	0.00	0.00000	0.00	0.00
Tufts Veterinary	0.	00000	0.00	0.00000	544.76	544.76
Division of Fairs	0.	00000	0.00	0.00000	0.00	0.00
Greyhound Adoption Fund	0.	00000	0.00	0.00000	0.00	0.00
Out of State Host Fee	0.	00000	266,962.76	0,00000	521,498.03	788,460.79
Total Fees	0.	00000	441,357.37	0.00000	861,174.00	1,302,531.37
Retained by Track	0.	00000	132,055.23	0.00000	571,709.13	703,764.36

0.00000 \$573,412.60

0.00000 \$1,432,883.13 \$2,006,295.73

State Commission	\$37,832.27	Promo Fund	\$14,011.68
Daily License Fee	0.00	Cap Fund	\$46,916.12
Assessment	0.00	Grey Adopt	\$0.00
Sub Total	\$37,832.27	Stabilization	\$0.00

Total Commission

MASSACHUSETTS STATE RACING COMMISSION Summary of Pari-mutuel Activities at Twin Spires

January 01, 2012 to December 31, 2012

Type: All Track Groups	
Pools and Commissions	
	1

Number of Events: 180

Menu	Pools	Commissions
Win/Place/Show	\$10,978,275	\$0.00
Exotic	16,443,382	5,491,726.59
Total	\$27,421,657	\$5,491,726.59
Distribution of Breaks		
Association Breaks	\$0.	.00
Breaks to Stabilization Fund	0.	.00
Breaks to CIF	120,383	.11
Minus Breaks	6,116	.71
Net Breakage	\$114,266	.40
Premiums		
Suffolk	\$0	.00
Plainridge	46,163	.22
Raynham	0	.00
Wonderland	0	.00
Total Premiums	\$46,163	.22

Distribution of Commissions	WPS Take-Out	WPS Comm	Exotic Take-Out	Exotic Comm	Total
State Commission	0.00000	\$41,687.34	0.00000	\$62,442.75	\$104,130.09
Racing Stabilization Fund	0.00000	0.00	0.00000	0.00	0.00
Capital Improvement Fund	0.00000	0.00	0.00000	7,467.37	7,467.37
Promotional Fund	0.00000	12,689.34	0.00000	26,414.77	39,104.11
Purses	0.00000	445,244.28	0.00000	669,004.24	1,114,248.52
Breeders	0.00000	53,170.24	0.00000	86,990.68	140,160.92
In-State Host Fee	0.0000	2,473.35	0.00,000	6,301.24	8,774.59
Premiums	0.00000	18,376.19	0.00000	27,837.25	46,213.44
Tufts Veterinary	0.00000	0.00	0.00000	1,078.23	1,078.23
Division of Fairs	0.00000	0.00	0.00000	0.00	0.00
Greyhound Adoption Fund	0.00000	0.00	0.00000	0.00	0.00
Out of State Host Fee	0.00000	502,329.27	0.00000	699,332.31	1,201,661.58
Total Fees	0.00000	1,075,970.01	0.00000	1,586,868.83	2,662,838.83
Retained by Track	0.00000	-1,075,970.01	0.00000	3,904,857.76	2,828,887.76
Total Commission	0.00000	\$0.00	0.00000	\$5,491,726.59	\$5,491,726.59

State Commission	\$104,130.09	Promo Fund	\$39,104.11
Daily License Fee	0.00	Cap Fund	\$127,850.48
Assessment	0.00	Grey Adopt	\$0.00
Sub Total	\$104,130.09	Stabilization	\$0.00

MASSACHUSETTS STATE RACING COMMISSION Summary of Pari-mutuel Activities at TVG

January 01, 2012 to December 31, 2012

Number of Events: 739

Type: All Track Group:	s
Pools and Commissions	

Menu	Pools	Commissions	
Win/Place/Show	\$16,507,758	\$2,747,098.41	
Exotic	22,871,311	5,025,001.29	
Total	\$39,379,069	\$7,772,099.70	
Distribution of Breaks			
Association Breaks	\$0	.00	
Breaks to Stabilization Fund	0	.00	
Breaks to CIF	168,542.50		
Minus Breaks	9,692	.23	
Net Breakage	\$158,850	.27	
Premiums			
Suffolk	\$0	.00	
Plainridge	69,392	.06	
Raynham	0	.00	
Wonderland	0	.00	
Total Premiums	\$69,392	.06	

Distribution of Commissions	WPS Take-Out	WPS Comm	Exotic Take-Out	Exotic Comm	Total
State Commission	0.00000	\$63,007.25	0.00000	\$87,238.29	\$150,245.54
Racing Stabilization Fund	0.00000	0.00	0.00000	0.00	0.00
Capital Improvement Fund	0.00000	0.00	0.00000	10,169.46	10,169.46
Promotional Fund	0.00000	19,350.16	0.00000	36,706.52	56,056.68
Purses	0.00000	673,548.20	0.00000	936,425.20	1,609,973.40
Breeders	0.00000	80,705.15	0.00000	121,402.45	202,107.60
In-State Host Fee	0.00000	0.00	0.00000	0.00	0.00
Premiums	0.00000	26,430.84	0.00000	40,671.82	67,102.66
Tufts Veterinary	0.00000	0.00	0.00000	1,961.16	1,961.16
Division of Fairs	0.00000	0.00	0.00000	0.00	0.00
Greyhound Adoption Fund	0.00000	0.00	0.00000	0.00	0.00
Out of State Host Fee	0.00000	606,857.26	0.00000	949,614.48	1,556,471.74
Total Fees	0.00000	1,469,898.85	0.00000	2,184,189.38	3,654,088.23
Retained by Track	0.00000	1,277,199.56	0.00000	2,840,811.91	4,118,011.47
Total Commission	0.00000	\$2,747,098.41	0.00000	\$5,025,001.29	7,772,099.70

State Commission	\$150,245.54	Promo Fund	\$56,056.68
Daily License Fee	0.00	Cap Fund	\$178,711.96
Assessment	0.00	Grey Adopt	\$0.00
Sub Total	\$150,245.54	Stabilization	\$0.00

MASSACHUSETTS GAMING COMMISSION

Sterling Suffolk Racecourse, LLC (6000177133)

Capital Improvement Trust Fund (7006 0022)

Statement of Activities

FY 2012 - July 2011 through May 19, 2012

Fund balance, Beginning of period	1,161,221.04	
Program revenue & interest	592,699.94	
Funds available	1,753,920.98	
Less expenditures	500,063.22	
Fund balance, end of period	1,253,857.76	Transferred
Funds required for approved projects	261,906.25	
Excess or (deficit) of funds available for approved projects	991,951.51	

Status of Individual Projects

		Balance @ 7/1/11,				Status/
	Project	Approved Reim.	<u>RFC</u>	<u>RFR</u>	FY2012	Funds
Work Item	Number	or RFR Amount			Expenditures	Required
Architect & engineering fees	none	n/a	n/a	n/a	12,150.90	
Replace dining room ceiling	SCI 10-1	26,432.37	У	У	26,432.37	-
Repair Racetrack Rail	SCI 2010-9	109,394.52	У	У	109,394.52	-
Emergency Repair Broken Pipes	SCI 2011-1	16,939.48	У	У	16,939.48	-
Fiber Optic Backbone	SCI 2011-2	4,916.49	У	У	4,916.49	-
New Roof Barn 9 & Dorms	SCI 2011-3	23,500.00	У	У	23,500.00	-
Emergency Poles & Wire	SCI 2011-4	4,749.92	У	У	4,749.92	-
Condemned Poles	SCI 2011-5	12,565.00	У	У	12,565.00	-
Replace Security Cameras & Equip	SCI 2011-6	17,380.35	У	У	17,380.35	-
Resurface Track	SCI 2011-7	75,000.00	У	n	-	75,000.00
Demolition Barn 1 + 3	SCI 2011-8	176,609.88	У	У	176,609.88	-
Escalator Repairs	SCI 2011-9	11,819.31	У	У	11,819.31	-
Replace Trane Compressor	SCI 2011-10	12,500.00	У	У	12,500.00	-
Pedestrian Ramp Reconstruction	SCI 2011-111	60,450.00	У	У	60,450.00	-
Replace Kitchen Equipment	SCI 2011-12	10,655.00	У	У	10,655.00	-
Barn Rehab	SCI 2011-13	150,000.00	У	n	-	150,000.00
Bobcat Skid-Steer Loader	SCI 2012-1	36,906.25	у	n	-	36,906.25
		\$ 749,818.57			\$ 500,063.22	261,906.25

Sterling Suffolk Racecourse, LLC (6000177133)

Capital Improvement Trust Fund (1005 0022)

Statement of Activities

FY 2012 - May 20, 2012 through June 30, 2012

	Fiscal year to date
Fund balance, beginning of period	1,253,857.76
Program revenue & interest	121,324.45
Funds available	1,375,182.21
Less expenditures	
Fund balance, end of period	1,375,182.21
Funds required for approved projects	261,906.25
Excess or (deficit) of funds available for approved projects	\$ 1,113,275.96

		Balance @ 5/20/12				Status/	
	Project	Approved Reim.	<u>RFC</u>	<u>RFR</u>	FY2012	Funds	
Work Item	Number	or RFR Amount			Expenditures	Required	
Architect & engineering fees	none	n/a	n/a	n/a	-	n/a	
Resurface Track	SCI 2011-7	75,000.00	У	n	-	75,000.00	
Barn Rehab	SCI 2011-13	150,000.00	У	n	-	150,000.00	
Bobcat Skid-Steer Loader	SCI 2012-1	36,906.25	У	n	-	36,906.25	
		\$ 261,906.25			-	\$ 261,906.25	

Sterling Suffolk Racecourse, LLC (6000177133) Promotional Trust Fund (7006 0021)

Statement of Activities

FY 2012 - July 2011 through May 19, 2012

	Fiscal year to date	
Fund balance, beginning of period	62,123.97	
Program revenue & interest	166,964.93	-
Funds available	229,088.90	
Less expenditures	171,000.00	_
Fund balance, end of period	58,088.90	Transferred
Funds required for approved projects	443,121.75	_
Excess (deficit) of funds available for approved projects	(385,032.85)	=

		Balance @ 7/1/11,			Status/	
	Project	Approved Reim.	RFR	FY2012	Funds	
Work Item	Number	or RFR Amount	Rec'd	Expenditures	Required	
2007 Spring Fall Campaign	SPT 07-1	171,000.00	RFR	171,000.00	-	
2008 Direct mail advertising	SPT 08-1	443,121.75	RFR	-	443,121.75	
	_					
	_	\$ 614,121.75		\$ 171,000.00	\$ 443,121.75	

Sterling Suffolk Racecourse, LLC (6000177133)

Promotional Trust Fund (1005 0021)

Statement of Activities

FY 2012 - May 20, 2012 through June 30, 2012

	Fiscal year to date
Fund balance, beginning of period	\$ 58,088.90
Program revenue & interest	34,240.41
Funds available	92,329.31
Less expenditures	
Fund balance, end of period	92,329.31
Funds required for approved projects	443,121.75
Excess or (deficit) of funds available for approved projects	\$ (350,792.44)

		Balance @ 5/20/12				Status/
	Project	Approved Reim.	<u>RFC</u>	FR	FY2012	Funds
Work Item	<u>Number</u>	or RFR Amount			Expenditures	Required
2008 Direct mail advertising	SPT 08-1	\$443,121.75	у	У	-	\$443,121.75
		\$443,121.75			-	\$443,121.75

PLAINRIDGE RACECOURSE

PLAINRIDGE BOARD OF JUDGES

Commission Judges

Lawrence Rooney, Chief Commission Judge Salvatore Panzera, Associate Judge

Association Judge

Peter Tomilla, presiding Judge

ADMINISTRATIVE HEARINGS

The primary responsibility of the Board of Judges is to interpret and enforce the rules of racing as promulgated by the Commonwealth of Massachusetts.

In carrying out this duty, the Judges issued 46 rulings in 2012 – resulting in 35 fines and 14 suspensions.

Plainridge 2012 vs. 2011 FINANCIAL VARIANCE REPORT

Category	2012	2011	Variance	% Variance
Live Performances	80	80		%
Live Handle	1,358,788	1,476,452	(117,664)	(7.96%)
Simulcast On-Track	42,444,269	46,066,114	(3,621,845)	(7.86%)
Simulcast Off- Track	9,783,458	5,811,080	3,972,378	68.35%
Total Simulcast	52,227,727	51,877,194	350,533	0.67%
Total Handle	53,586,515	53,353,646	232,869	0.43%
Commissions	313,807.05	335,745.57	(21,938.52)	(6.53%)
Assessments	146,637.90	155,960.74	(9,322.84)	(5.97%)
Association License Fee	108,900.00	110,400.00	(1,500.00)	(1.35%)
Occupational License Fee	24,535.00	22,800.00	1,735.00	7.60%
Outstanding Tickets	176,645.83	171,078.54	5,567.29	3.25%
Fines & Penalties	3,625.00	1,650.00	1,975.00	119.69%
Miscellaneous	<u>2,650.00</u>	<u>2,305.00</u>	<u>(345.00)</u>	14.96%
TOTAL REVENUES	\$ 776,800.78	\$ 799,939.85	(\$ 23,139.07)	(2.89%)

MASSACHUSETTS STATE RACING COMMISSION

Summary of Pari-mutuel Activities at Plainridge

January 01, 2012 to December 31, 2012

Number of Events; 1307

Pools and Commissions			
Menu	Pools		issions
Win/Place/Show	\$13,157,096	\$2,232	2,162.82
Exotic	30,645,961	6,946	5,576.69
Total	\$43,803,057	\$9,178	3,739.51
Distribution of Breaks			
Association Breaks	\$14,819	.65	
Breaks to Stabilization Fund	0	.00	
Breaks to CIF	181,033	.46	
Minus Breaks	21,344	.81	
Net Breakage	\$174,508	.30	
Premiums			
Suffolk	\$554,448	.13	
Plainridge	0	.00	
Raynham	204,097	.98	
Wonderland	0	.00	
Total Premiums	\$758,546	.11	
Distribution of Commissions	WPS Take	e-Out	WPS Co
State Commission	0	00000	\$60 9

Type: All Track Groups

Distribution of Commissions	WPS Take-Out	WPS Comm	Exotic Take-Out	Exotic Comm	Total
State Commission	0.00000	\$62,337.25	0.00000	\$251,469.80	\$313,807.05
Racing Stabilization Fund	0.00000	0.00	0.00000	0.00	0.00
Capital Improvement Fund	0.00000	1,377.07	0.00000	48,231.07	49,608.13
Promotional Fund	0.00000	14,632.78	0.00000	71,843.94	86,476.72
Purses	0.00000	536,082.65	0.00000	1,253,164.30	1,789,246.95
Breeders	0.00000	58,889.15	0.00000	143,372.50	202,261.65
In-State Host Fee	0.00000	27,278.68	0.00000	50,115.34	77,394.02
Premiums	0.00000	199,159.76	0.00000	354,354.93	553,514.69
Tufts Veterinary	0.00000	0.00	0.00000	0.00	0.00
Division of Fairs	0.00000	0.00	0.00000	1,138.99	1,138.99
Greyhound Adoption Fund	0.00000	0.00	0.00000	0.00	0.00
Out of State Host Fee	0.00000	572,342.40	0.00000	1,209,036.14	1,781,378.54
Total Fees	0.00000	1,472,099.73	0.00000	3,382,727.00	4,854,826.73
Retained by Track	0.00000	760,063.09	0.00000	3,563,849.69	4,323,912.78
Total Commission	0.00000	\$2,232,162.82	0.00000	\$6,946,576.69	\$9,178,739.51

State Commission	\$313,807.05	Promo Fund	\$86,476.72
Daily License Fee	108,900.00	Cap Fund	\$230,641.59
Assessment	146,637.90	Grey Adopt	\$0.00
Sub Total	\$569,344.95	Stabilization	\$0.00

Ourway Realty, LLC - Plainridge Race Course (0000120837) Capital Improvement Trust Fund (7006 0013)

Statement of Activities

FY 2012 - July 2011 through May 19, 2012

Fund balance, Beginning of period	\$ 19,048.40
Program revenue & interest	 207,958.89
Funds available	227,007.29
Less expenditures	 142,417.28
Fund balance, end of period	84,590.01
Funds required for approved projects	 899,120.41
Excess or (deficit) of funds available for approved projects	\$ (814,530.40)

		Balance @ 7/1/11,			Status/
	Project	Approved Reim.	RFR	FY2012	Funds
Work Item	<u>Number</u>	or RFR Amount	Rec'd	Expenditures	Required
Architect & engineering fees	none	n/a	n/a	497.10	n/a
Parking/Facility Renovation	PCI 10-03	1,041,040.59	RFR	141,920.18	899,120.41
		\$ 1,041,040.59		\$ 142,417.28	\$ 899,120.41

Ourway Realty, LLC - Plainridge Race Course (0000120837)

Capital Improvement Trust Fund (1005 0013)

Statement of Activities

FY 2012 - May 20, 2012 through June 30, 2012

	Fisc	al year to date
Fund balance, beginning of period	\$	84,590.01
Program revenue & interest		39,070.91
Funds available		123,660.92
Less expenditures		80,087.11
Fund balance, end of period		43,573.81
Funds required for approved projects		819,033.30
Excess or (deficit) of funds available for approved projects	\$ (775,459.49)

		Balance @ 5/20/12				Status/
	Project	Approved Reim.	<u>RFC</u>	<u>RFR</u>	FY2012	Funds
Work Item	Number	or RFR Amount			Expenditures	Required
Architect & engineering fees	none	n/a	n/a	n/a	-	n/a
Parking/Facility Renovation	PCI 10-03	899,120.41	У	У	80,087.11	819,033.30
		\$ 899,120.41			\$ 80,087.11	\$ 819,033.30

Ourway Realty, LLC - Plainridge Race Course (0000120837) Promotional Trust Fund (7006 0012)

Statement of Activities

FY 2012 - July 2011 through May 19, 2012

	Fiscal	year to date	
Fund balance, beginning of period	\$	9,466.59	
Program revenue & interest		77,982.76	
Funds available		87,449.35	Transferred
Less expenditures		-	
Fund balance, end of period		87,449.35	
Funds required for approved projects		-	
Excess (deficit) of funds available for approved projects	\$	87,449.35	

(NO ACTIVITY)

Ourway Realty, LLC - Plainridge Race Course (0000120837)

Promotional Trust Fund (1005 0012)

Statement of Activities

FY 2012 - May 20, 2012 through June 30, 2012

	Fisca	al year to date
Fund balance, beginning of period	\$	87,449.35
Program revenue & interest		14,170.04
Funds available		101,619.39
Less expenditures		-
Fund balance, end of period		101,619.39
Funds required for approved projects		-
Excess or (deficit) of funds available for approved projects	\$	101,619.39

(NO ACTIVITY)

STATUS OF GREYHOUND RACETRACKS IN 2012

As a result of Chapter 388 of the Acts of 2008, the two greyhound racetracks located in the Commonwealth were precluded from conducting greyhound races effective January 1, 2010. Therefore, no live greyhound races were conducted during 2012.

Chapter 167 of the Acts of 2009, and subsequently, Chapter 203 of the Acts of 2010 allowed these facilities to continue operations as simulcasting venues without conducting the minimum of 100 live racing performances mandated by Chapter 128C of the General Laws. These facilities offered pari-mutuel wagering on greyhound races conducted outside the Commonwealth as well as both instate and out of state thoroughbred and harness races, with conditions.

Massasoit Greyhound Association and Taunton Greyhound, Inc. continued simulcasting operations throughout 2012 at Raynham/Taunton Greyhound Park.

Wonderland Greyhound Park continued simulcasting operations, at their facility, until August 18, 2010, when it closed down its racing activities. On June 2, 2011 Wonderland reopened its simulcast operations at Suffolk Downs.

Chapter 194 of the Acts of 2011 (section 92) has extended greyhound simulcast racing through July 31, 2014.

Raynham 2012 vs. 2011 FINANCIAL VARIANCE REPORT

Category	2012	2011	Variance	%
Live Performances	0	0	0	0.00%
Live Handle	0	0	0	0.00%
Simulcast On-Track	36,198,094	37,154,037	(955,943)	(2.57%)
Simulcast Off- Track	0	0	0	0.00%
Total Simulcast	36,198,094	37,154,037	(955,943)	(2.57%)
Total Handle	36,198,094	37,154,037	(955,943)	(2.57%)
Commissions	539,087.90	556,628.99	(17,541.09)	(3.15%)
Assessments	121,288.74	149,059.45	(27,770.71)	(18.63%)
Association License Fee	108,300.00	106,800.00	1,500.00	1.40%
Occupational License Fee	210.00	30.00	(180.00)	(600%)
Outstanding Tickets	182,598.88	304,578.84	(121,979.96)	(40.04%)
Fines & Penalties	0.00	0.00	\$0.00	0.00%
Miscellaneous?	<u>105.00</u>	<u>309.99</u>	<u>(204.99)</u>	(66.12%)
TOTAL REVENUES	\$ 951,590.52	\$ 1,117,407.27	(\$ 165,816.70)	(14.83%)

MASSACHUSETTS STATE RACING COMMISSION Summary of Pari-mutuel Activities at Raynham January 01, 2012 to December 31, 2012

Number of Events: 115

Pools and Commissions		
Menu	Pools	Commissions
Win/Place/Show	\$6,303,214	\$1,076,165.22
Exotic	29,894,780	6,795,460.25
Total	\$36,197,994	\$7,871,625.47
Distribution of Breaks		
Association Breaks	\$0	.00
Breaks to Stabilization Fund	108,002	2.95
Breaks to CIF	0	0.00
Minus Breaks	2,791	.71
Net Breakage	\$105,211	.24
Premiums		
Suffolk	\$448,600	1.59
Plainridge	98,336	5.28
Raynham	(0.00
Wonderland	(0.00
Total Premiums	\$546,936	5.87

Type: All Track Groups

Distribution of Commissions	WPS Take-Out	WPS Comm	Exotic Take-Out	Exotic Comm	Total
State Commission	0.00000	\$57,203.30	0.00000	\$481,884.60	\$539,087.90
Racing Stabilization Fund	0.00000	0.00	0.00000	0.00	0.00
Capital Improvement Fund	0.00000	3,948.97	0.00000	50,701.99	54,650.96
Promotional Fund	0.00000	9,508.82	0.00000	64,519.11	74,027.93
Purses	0.00000	0.00	0.00000	0.00	0.00
Breeders	0.00000	0.00	0.00000	0.00	0.00
In-State Host Fee	0.00000	15,733.74	0.00000	52,439.86	68,173.60
Premiums	0.00000	146,183.34	0.00000	407,388.48	553,571.82
Tufts Veterinary	0.00000	0.00	0.00000	0.00	0.00
Division of Fairs	0.00000	0.00	0.00000	920.44	920.44
Greyhound Adoption Fund	0.00000	0.00	0.00000	0.00	0.00
Out of State Host Fee	0.00000	217,488.77	0.00000	902,804.11	1,120,292.88
Total Fees	0.00000	450,066.94	0.00000	1,960,658.59	2,410,725.53
Retained by Track	0.00000	626,098.28	0.00000	4,834,801.66	5,460,899.94
Total Commission		1,076,165.22	0.0000	\$6,795,460.25	\$7,871,625.47

State Commission	\$539,087.90	Promo Fund	\$74,027.93
Daily License Fee	108,300.00	Cap Fund	\$54,650.96
Assessment	121,288.74	Grey Adopt	\$0.00
Sub Total	\$768,676.64	Stabilization	\$108,002.95

Wonderland 2012 vs. 2011 FINANCIAL VARIANCE REPORT

Category	2012	2011	Variance	% Variance
Live Performances	0	0	0	0.00%
Live Handle	0	0	0	0.00%
Simulcast On-Track	5,144,691	2,523,747	2,620,944	103.85%
Simulcast Off- Track	0	0	0	0.00%
Total Simulcast	5,144,691	2,523,747	2,620,944	103.85%
Total Handle	5,144,691	2,523,747	2,620,944	103.85%
Commissions	128,617	63,093.75	(180,073.04)	(74.05%)
Assessments	17,275	22,619.44	(22,371.48)	(49.72%)
Association License Fee	98,700	61,200.00	(6,600.00)	(9.73%)
Occupational License Fee	0.00	30.00	(30.00)	(100.00%)
Outstanding Tickets	10,352.10	135,059.21	18,001.88	(13.32%)
Fines & Penalties	0.00	0.00	0.00	0.00%
Miscellaneous	<u>0.00</u>	<u>156.93</u>	<u>(156.93)</u>	<u>(100.00%)</u>
TOTAL REVENUES	\$ 254,844.10	\$ 282,159.33	\$ 27,315.23	(9.60%)

MASSACHUSETTS STATE RACING COMMISSION Summary of Pari-mutuel Activities at Wonderland January 01, 2012 to December 31, 2012

Number of Events: 926

Menu	Pools	Commissions
Win/Place/Show	\$684,697	\$124,304.01
Exotic	4,459,994	1,048,763.99
Total	\$5,144,691	1,173,068.00
Distribution of Breaks		
Association Breaks	\$0.	.00
Breaks to Stabilization Fund	14,601	.56
Breaks to CIF	0.	.00
Minus Breaks	262	.10
Net Breakage	\$14,339	.46
Premiums		
Suffolk	\$0	.00
Plainridge	0	.00
Raynham	0	.00
Wonderland	0	.00
Total Premiums	\$0	.00

Distribution of Commissions	WPS Take-Out	WPS Comm	Exotic Take-Out	Exotic Comm	Total
State Commission	0.00000	\$17,117.43	0.00000	\$111,499.85	\$128,617.28
Racing Stabilization Fund	0.00000	0.00	0.00000	0.00	0.00
Capital Improvement Fund	0.00000	1,711.74	0.00000	11,149.99	12,861.73
Promotional Fund	0.00000	1,711.74	0.00000	11,149.99	12,861.73
Purses	0.00000	0.00	0.00000	0.00	0.00
Breeders	0.00000	0.00	0.00000	0.00	0.00
In-State Host Fee	0.00000	0.00	0.00000	0.00	0.00
Premiums	0.00000	0.00	0.00000	0.00	0.00
Tufts Veterinary	0.00000	0.00	0.00000	0.00	0.00
Division of Fairs	0.00000	0.00	0.00000	0.00	0.00
Greyhound Adoption Fund	0.00000	0.00	0.00000	0.00	0.00
Out of State Host Fee	0.00000	29,119.55	0.00000	164,616.74	193,736.29
Total Fees	0.00000	49,660.46	0.00000	298,416.56	348,077.02
Retained by Track	0.00000	74,643.55	0.00000	750,347.43	824,990.98
Total Commission	0.00000	\$124,304.01	0.0000	\$1,048,763.99	1,173,068.00

State Commission	\$128,617.28	Promo Fund	\$12,861.73
Daily License Fee	98,700.00	Cap Fund	\$12,861.73
Assessment	17,275.20	Grey Adopt	\$0.00
Sub Total	\$244,592.48	Stabilization	\$14,601.56

LABORATORY ANNUAL REPORT

The Commonwealth of Massachusetts State Racing Commission Laboratory 305 South Street Jamaica Plain, MA 02130

QUALITY RACING

The State Racing Commission Laboratory is an important link in the Racing Commission's effort to ensure the integrity of pari-mutuel racing, to guard the health of the race animals and to safeguard the interest of the wagering public and racing participants within the Commonwealth. The primary function of the State Racing Commission Laboratory is to analyze samples of urine and blood for the presence of any drug which is of such character as could affect the racing condition of the animal. Samples are taken from every winning horse and any other horse designated by Racing Commission officials in cooperation with track officials. In the calendar year 2012, 2,617 samples were tested from Plainridge Racecourse and Suffolk Downs. Testing is performed by a specially trained staff at modern facilities located within the State Laboratory Institute, University of Massachusetts Medical School, Jamaica Plain Campus.

LABORATORY STAFF

Chief of Laboratory

Vacant

Assistant Chemists

Lucille Saccardo, B.S., Animal Science Melchor S. Layon, A.S.

INTEGRITY OF SAMPLES ENSURED

Special precautions are taken at all Massachusetts race tracks when post race urine and blood samples are collected to ensure that no tampering can take place. In order to assure the continuity-of-evidence, every winning horse and all designated horses are under the surveillance of a uniformed Massachusetts State Police officer and a Racing Commission Testing Assistant from the finish of the race until specimens are obtained. All equine samples are properly identified and transported immediately after the close of each racing performance by a uniformed Massachusetts State Police officer to the Racing Commission Laboratory in Jamaica Plain and placed in a locked and refrigerated laboratory locker for analysis the following day.

Responsibility for the custody of samples is assumed by the State Racing Commission Laboratory personnel once the samples have been placed in the laboratory locker or upon receipt of locked boxes. To eliminate bias, the chemist identifies the sample by number only. After analyses are completed, any positive results are reported directly to the State Racing Commission.

DRUG FINDINGS

In the calendar year 2012, the State Racing Commission Laboratory analyzed the following numbers of samples for the presence of drugs:

SOURCE	URINE	BLOOD	POSITIVES*
Thoroughbred Harness	970 918	430 299	0 6
TOTALS	1888	729	6

* Not including Controlled/Bleeder Medication Program violations.

CONTROLLED MEDICATION PROGRAM

All equine urine samples submitted were subjected to screening for phenylbutazone and/or its metabolites as per the Massachusetts State Racing Commission rules with the following results: No violations of the controlled medication program were found.

DRUG FOUND IN SAMPLES

The following prohibited drug was reported in post-race samples:

SOURCE	DRUG FOUND	#SAMPLES	
Plainridge	Flunixin	6	

BLEEDER MEDICATION PROGRAM

All equine urine samples submitted were subjected to screening for the presence of furosemide as per the Massachusetts State Racing Commission Bleeder Medication Program Rules with the following results:

Source	Lasix Found Not On Program	No Lasix Found On Program
Thoroughbred	-0-	-0-
Harness	-0-	-0-

SUMMARY

Official Urine & Blood Samples Analyzed for 2012

	Su	ffolk	Plair	nridge	Monthly	<u>/ Totals</u>
Month	Urine	Blood	Urine	Blood	Urine	Blood
January February March April May June July August September October November December	206 205 178 201 163 17	57 96 98 99 77 3	44 148 112 147 122 118 115 112	17 36 40 43 44 44 34 41	0 0 44 148 318 352 300 319 278 129	0 0 17 36 97 139 142 143 111 44
Totals	970	430	918	299	1888	729

CONTACT INFORMATION

MASSACHUSTTES GAMING COMMISSION

BOSTON OFFICE	(617) 979-8400
FAX	(617) 725-0258
WEB SITE	www.massgaming.com
PLAINRIDGE	(508) 643-2500 Ext. 109
RAYNHAM/TAUNTON	(508) 824-4071 Ext. 105
SUFFOLK DOWNS	(617) 568-3336