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CHRB NEWS RELEASE

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BOARD FILES OBJECTION TO MEC PLAN

SACRAMENTO, CA – The California Horse Racing Board filed an objection Thursday with the Delaware Bankruptcy Court to the recently filed Magna Entertainment Corp. (MEC) Disclosure Statement. The basis of the CHRB objection is the characterization by MEC that those entities designated by California statutes to receive a portion of the pari-mutuel wagering pools are debts of unsecured creditors.

California Horse Racing Law, as set forth in the Business and Professions Code (section 19400 et seq.), provides for racing associations to hold in trust and pay a portion of the pari-mutuel wagering pools to designated entities. At the time MEC filed for bankruptcy protection, the Los Angeles Turf Club and Pacific Racing Association were holding monies that were due to be paid to Southern California Off-Track Wagering, Inc., Northern California Wagering, Inc., and satellite wagering facilities throughout California. Rather than pay the monies as required by California law, MEC elected to include the monies in its bankruptcy estate. The MEC Disclosure Statement now seeks to have those monies shared with all other unsecured creditors.

In its objection, the CHRB asserts those monies were never the property of the MEC bankruptcy estate. Rather, under California law, those monies were and are the property of the entities entitled to receive them.

“We anticipated all along that the court would fully honor these statutory obligations, but the MEC reorganization plan would result in California horse racing’s satellite operations receiving pennies on the dollar,” said CHRB Chairman Keith Brackpool. “That clearly is unacceptable, and we strongly object to the MEC plan. This involves more than \$3 million, which California horse racing desperately needs.”

The disputed funds are those MEC was holding in trust when they filed for Chapter 11 bankruptcy on March 5, 2009. Since then, newly generated funds have been distributed in a timely manner to the California entities. Steps have since been taken to make certain that such funds would be protected should MEC or another licensed racing association file for bankruptcy.