



Gaming Commission



2014 ANNUAL REPORT

To: **The Honorable Andrew M. Cuomo, Governor**
Members of the New York State Legislature
Mary Beth Labate, Director of the Budget
June 30, 2015

On behalf of the New York State Gaming Commission, I respectfully submit the Commission's 2014 Annual Report, as required by Chapter 346 of the Laws of 1973. Incorporated into this report is the Simulcast Report as required by the Racing, Pari-Mutuel Wagering and Breeding Law Section 1002.2.

The Division of the Lottery produced combined sales and net win from the traditional lottery and video lottery businesses of \$9.16 billion, producing a profit of \$3.11 billion for education in fiscal year 2014-1015.

In the Division of Horse Racing, the total betting at New York State tracks from all sources in 2014 was \$950,675,723. The Division imposed 1,079 sanctions for violations of racing laws, rules and regulations at both harness and Thoroughbred tracks. The rulings include, but are not limited to, driving and riding infractions, general conduct violations, human and equine drug violations, general business practice violations and several other rule and law violations. The main office of the Gaming Commission issued 375 violations that were not assigned to a specific track. Fines levied in 2014 totaled \$110,325. The Division issued 37,856 licenses to participate in racing in 2014, including multi-year licenses that were active during the year.

The Division of Gaming continued to provide oversight and monitoring of games at the State's nine video lottery facilities and five Class III Native American facilities. With the passage of a constitutional amendment to permit full casino gaming in the state in November 2013, the Commission will provide regulatory oversight of the future casinos in New York State. The Gaming Commission appointed the individuals to serve on the Gaming Facility Location Board, which is responsible for evaluating casino applications and making selections of who is eligible to apply for a commercial gaming license in New York.

In 2014, sixteen Applicants submitted complete bids for casino licenses in the three designated regions of the state. After a comprehensive and transparent process, the Gaming Facility Location Board selected three bids to apply to the Gaming Commission for a gaming facility license on December 17, 2014. The selected bids were:

- Lago Resort & Casino
- Montreign Resort Casino
- Rivers Casino & Resort at Mohawk Harbor

The Division of Charitable Gaming continued to be responsible for the investigation, audit and monitoring of bell jar ticket sales, and the verification of the lawful disbursement of bingo, bell jar, Las Vegas night, and raffle proceeds by licensees in New York State. In 2014, the total amount wagered for all games was \$233,624,334 and the profit to charities was \$38,521,491.

The New York State Gaming Commission looks forward to continuing to partner and collaborate with all our colleagues in state government and in the various gaming industries we regulate in order to make a better New York State.

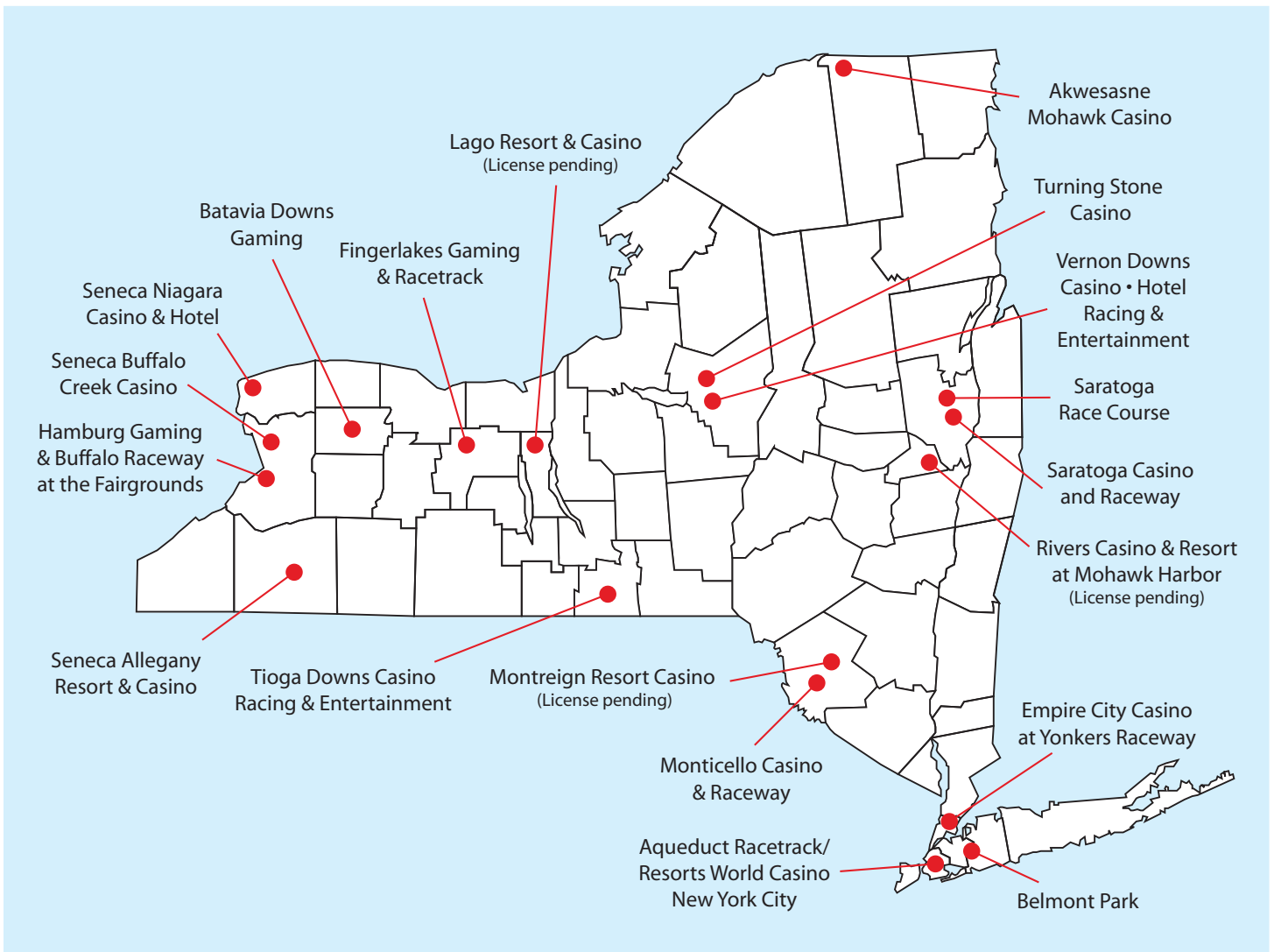
Respectfully Submitted,



Robert Williams
Executive Director

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Gaming Locations



About the New York State Gaming Commission

The New York State Gaming Commission regulates all aspects of gaming and gambling activity in the state, including horse racing and pari-mutuel wagering, Class III Indian Gaming, the state lottery (including video lottery terminals) and charitable gaming.

The New York State Gaming Commission was formally created via Chapter 60 of the Laws of 2012 as part of the 2012/2013 Enacted State Budget.

The measure merged the New York State Racing and Wagering Board with the New York State Division of Lottery into a single state agency. The law also consolidated the administration of the New York Thoroughbred Breeding & Development Fund and The Agriculture & New York State Horse Breeding Development Fund into the Office of Racing Promotion and Development under the umbrella of the Gaming Commission.

The New York State Gaming Commission became effective February 1, 2013.

Mission Statement

The New York State Gaming Commission's mission is to ensure that all lawful gaming and horse racing activity conducted in this State is of the highest integrity, credibility and quality. Operating in the most efficient and transparent manner, the Commission conducts the New York Lottery and serves the best interests of the public by providing responsive and effective state gaming regulation. The Commission strives to ensure that all stakeholders in the gaming and horse racing industries, including the consumers who wager on activities regulated or operated by the Commission, are treated in an equitable and responsible manner and to promote the health and safety of horses and all participants in racing. By consolidating various regulatory functions into one oversight body with broad powers, the Commission seeks to ensure fair and strict regulation of all gaming activity while reducing costs and regulatory burdens to the gaming industry. The Commission aspires to provide the regulatory structure necessary for New York gaming activity to operate effectively in a global, evolving and increasingly competitive marketplace to generate revenue for aid to education and for the support of government, and to contribute to overall economic development and job creation in New York.

Notable Milestones of Gaming in New York State

- 1894: NYS Constitution prohibited all gambling: "no lottery or sale of lottery tickets, pool-selling, bookmaking, or any other kind of gambling."
- 1939: Pari-Mutuel Horse Racing permitted: 'except pari-mutuel betting on horse races as may be prescribed by the legislature and from which the state shall derive a reasonable revenue for the support of government.'
- 1957: Charitable Bingo permitted: 'bingo or lotto, in which prizes are awarded on the basis of designated numbers or symbols on a card conforming to numbers or symbols selected at random.'
- 1966: State Lottery permitted: 'except lotteries operated by the state and the sale of lottery tickets in connection therewith as may be authorized and prescribed by the legislature, the net proceeds of which shall be applied exclusively to or in aid or support of education in this state as the legislature may prescribe.'
- June 1, 1967: The first day of sales for the New York Lottery. The first instant game tickets featured scenes from New York.

Notable Milestones of Gaming in New York State (continued)

- 1975: Charitable Games of Chance permitted: ‘games in which prizes are awarded on the basis of a winning number or numbers, color or colors, or symbol or symbols determined by chance from among those previously selected or played, whether determined as the result of the spinning of a wheel, a drawing or otherwise by chance.’
- October 11, 1976: The first \$1 million Lottery winner, Robert Netto of Watertown.
- 1981: Lottery subscriptions begin with *Lotto*.
- January 22, 1989: “Quick Pick” player option introduced.
- April 16, 1993: New York State enters into Class III Gaming Compact with the Oneida Indian Nation.
- July 20, 1993: Turning Stone Casino opens.
- October 15, 1993: New York State enters into Class III Gaming Compact with St. Regis Mohawk Tribe.
- September 6, 1995: The *Quick Draw* game started.
- April 12, 1999: Akwesasne Mohawk Casino opens.
- 2001: Video Lottery Terminal (VLTs) permitted via State Constitution.
- May 2002: New York Lottery joins *Mega Millions*.
- August 18, 2002: New York State enters into Class III Gaming Compact with Seneca Nation of Indians.
- December 31, 2002: The Seneca Niagara Casino opens.
- May 1, 2004: The Seneca Allegany Casino opens.
- July 3, 2007: The Seneca Buffalo Creek Casino opens.
- February 2010: New York Lottery joins *Powerball*.
- July 31, 2013: Governor Cuomo signs the Upstate New York Gaming and Economic Development Act.
- November 5, 2013: Constitutional Amendment permitting casino gaming approved: “and except casino gambling at no more than seven facilities as authorized and prescribed by the legislature.”
- June 30, 2014: Bids for Commercial Casino licenses due.
- December 17, 2014: The Gaming Facility Location Board unanimously approves its selections for three entities to apply for commercial gaming facility licenses in New York State.

Gaming Commissioners

Mark Gearan, *Chair*



Mark D. Gearan (5-year term expiring January 31, 2019) is the president of Hobart and William Smith Colleges in Geneva, N.Y., a position he has held since 1999. President Gearan previously served as Director of the Peace Corps and was Assistant to the President, Director of Communications and Deputy Chief of Staff to President Bill Clinton. In addition, President Gearan has held numerous leadership roles in public service, including multiple higher education committees and organizations with international reach. President Gearan is an appointee of the Bipartisan Policy Center's Commission on Political Reform, which focuses on policy recommendations on electoral system reform, congressional reform and encouragement of greater public service. He is a former member of the White House Council for Community Solutions, a group of cross-sector leaders appointed by President Barack Obama to recommend collaborative solutions to increase civic engagement. He is a member of the advisory

board of The Presidential Appointee Initiative, a project of the Brookings Institution that has worked to revamp the process through which U.S. Presidential appointees are chosen. President Gearan resides in Geneva, where he serves on the advisory councils of the Happiness House Foundation, Ontario ARC and the Geneva Community Center. A native of Gardner, Mass., President Gearan earned his B.A. in government cum laude at Harvard University and his law degree at Georgetown University. He is the recipient of 12 honorary degrees.

John A. Crotty



John A. Crotty (four-year term expiring January 31, 2017) is a founding member of Workforce Housing Advisors, a New York City-based development firm with a particular focus on repositioning distressed multifamily properties as affordable housing. In total, Mr. Crotty has nearly two decades of experience in housing, government and finance in a variety of capacities. Mr. Crotty is a former member of the Board of Directors of the New York City Off-Track Betting Corporation and was appointed by Governor Paterson to a panel to restructure the Off-Track Gaming system statewide. Mr. Crotty was also a member of the New York State Franchise Oversight Board, which oversees the finances of The New York Racing Association, Inc. Prior to founding Workforce Housing Advisors, Mr. Crotty was the Executive Director of JPMorgan Chase's municipal housing finance group, which he started in 2007. He was the Executive Vice President of the New York City Housing Development Corporation from 2004 to 2007

and was Mayor Michael Bloomberg's Director of City Legislative Affairs. Prior to joining the Bloomberg administration in 2002, he held a variety of financial management positions at MCI, PaineWebber, Winstar and Verizon from 1996 to 2002. Mr. Crotty is a Founding Member of Santa's Angels, a not-for-profit organization that raises money and distributes gifts to the poor during the holiday season. He was a member of the Citizen's Union Board of Directors. Mr. Crotty holds a MBA from Columbia Business School and a BA from the University of Rochester.

Peter J. Moschetti, Jr.



Peter J. Moschetti, Jr. (four-year term expiring January 31, 2017) is a founding member of the firm of Anderson, Moschetti and Taffany. He served as a prosecutor in the Nassau County District Attorney's Office from 1984 to 1987. Since then, Moschetti has focused on the trial of personal injury and wrongful death cases, including products liability and medical malpractice actions. He represents individuals and corporations in both state and federal courts and has been appointed as a special prosecutor in a number of high-profile criminal cases in the region. He also served as a member of the New York Temporary State Commission on Lobbying, a precursor of the Joint Commission on Public Integrity. Moschetti has been named one of the top 25 lawyers in the Hudson Valley by New York Super Lawyers Magazine every year since 2007 and has received the highest possible rating by Martindale Hubbell for both legal ability and ethical standards. He has lectured for continuing legal education in the areas of civil and

criminal law and has taught at Albany Law School. Moschetti graduated with Honors from both the University of New Haven Connecticut in 1981 and Albany Law School in 1984. He resides in Saratoga Springs.

Gaming Commissioners

John J. Poklemba



John J. Poklemba (five-year term expiring January 21, 2020) serves as General Counsel to American Transit Insurance Company, a New York City-based Commercial Automobile Insurer. Previously, Mr. Poklemba was the managing partner of his general practice in Saratoga County for more than a decade. Prior to that, Mr. Poklemba was principal attorney responsible for governmental relations and litigation for Bartlett, Pontiff, Stewart & Rhodes, P.C. in Glens Falls. Mr. Poklemba served as New York State Director of Criminal Justice and Commissioner of the New York State Division of Criminal Justice Services from 1987 to 1991. He also served as Counsel to the agency from 1984 to 1987. Prior to his work in New York's Criminal Justice division, Mr. Poklemba worked as a Chief Appellate Law Assistant to the New York State Appellate Division, Fourth Department in Rochester, Deputy Counsel for the New York State Office of Court Administration in Albany, Law Secretary to the Hon. Robert J. Sise in the New

York Court of Claims in Albany and as a Trial Preparation Assistant for the Office of the District Attorney in the Bronx. Mr. Poklemba began his law career as a litigation assistant for Dewey, Ballantine, Bushby, Palmer and Wood in New York City in 1972 and worked as a senior auditor for Travelers Insurance Company. Mr. Poklemba has been published several times in various legal journals. He received a B.A. in Economics from Boston College and graduated from St. John's School of Law.

Barry Sample



Barry Sample (five-year term expiring January 31, 2018) recently retired from Governor Cuomo's Administration as Deputy Director of State Operations where he handled the day-to-day management of state government following nearly two decades in service to New York State. In addition to his most recent experience, Mr. Sample served as Deputy Director at the New York State Division of Criminal Justice Services, Deputy Director at the New York State Division of Budget, and Director of Intergovernmental Affairs and Community Relations at the New York State Comptroller's Office. Mr. Sample also taught at SUNY Albany, where he was involved in their Center on Minorities and their School of Criminal Justice.

Todd R. Snyder



Todd R. Snyder (three-year term expiring January 31, 2016) is executive vice chairman of North American Global Financial Advisory and co-head of the debt and restructuring group at Rothschild, Inc., a leading international investment banking and financial advisory firm where he is also Senior Managing Director. Mr. Snyder has been an advisor for Rothschild Inc.'s companies for more than two decades, including work with Emerald Casino, Dow Corning and United Airlines. Mr. Snyder also served as part of Governor Cuomo's Labor Negotiating Team, where he was instrumental in forging new contracts with the state's public sector unions. He advised the Bush and Obama administrations on the restructuring of the auto industry. Prior to joining Rothschild Inc., Mr. Snyder held a series of positions in restructuring and reorganization. Prior to his move to investment banking, Mr. Snyder practiced law in the Business Reorganization department of Weil, Gotshal & Manges. Mr. Snyder graduated with honors from Wes-

leyan University and received a J.D. from the University of Pennsylvania Law School. In addition, Mr. Snyder is an adjunct professor at New York University Law School and New York University Leonard N. Stern School of Business.



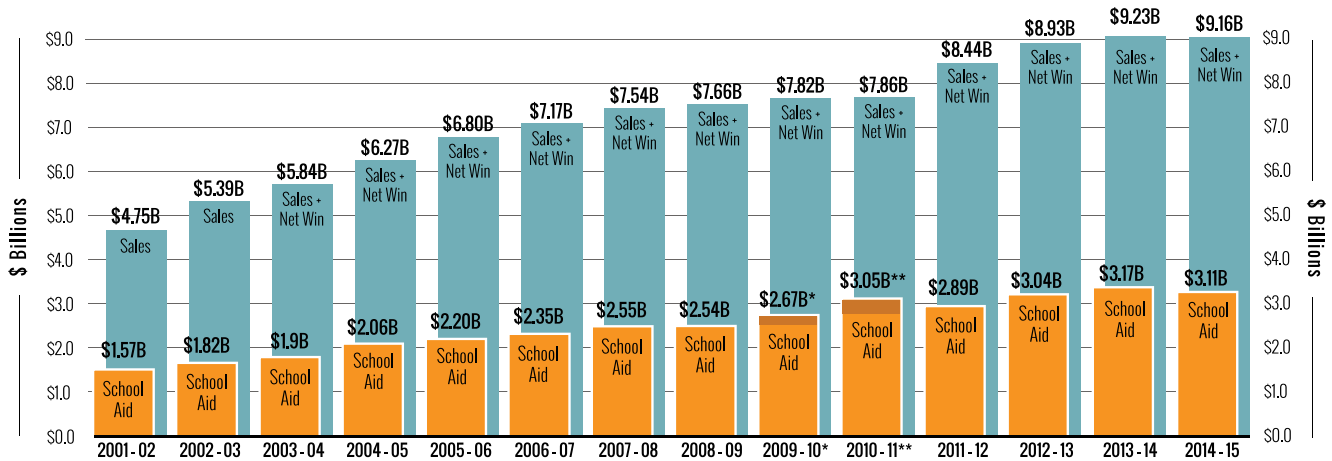
Fiscal Year 2014-2015 Year-End Review



The New York State Gaming Commission's Lottery Division is proud to offer this year-end overview of its Fiscal Year 2014-15 traditional and video lottery gaming operations. All profits, less prizes paid, retailer commissions and administrative expenses, from the Lottery's gaming businesses are used to support aid to education.

The Lottery's combined profits from its traditional and video gaming operations for Fiscal Year 2014-15 once again led the nation with a single contribution to education of \$3.11 billion. Combined sales and net win for the same time period totaled \$9.16 billion.

LEADING THE NATION IN AID TO EDUCATION



*Includes a one-time gain from investment bond swaps of \$63.1 million.

**Includes a \$380 million licensing fee from Resorts World New York and a one-time gain from investment bond swaps of \$15.3 million.

FUN, GAMES AND FUNDS RAISED BY GAME/VIDEO LOTTERY FACILITY

Jackpot Games



Total Sales: \$287,809,311
Education Aid: \$118,638,335



Total Sales: \$304,540,200
Education Aid: \$125,535,002



Total Sales: \$120,336,525
Education Aid: \$43,587,285



Total Sales: \$4,651,529
Education Aid: \$1,768,565



Total Sales: \$83,960,473
Education Aid: \$43,005,528



Total Sales: \$6,305,124
Education Aid: \$3,229,558

Daily Games



Total Sales: \$870,504,601
Education Aid: \$358,832,090



Total Sales: \$852,017,194
Education Aid: \$351,211,367



Total Sales: \$239,022,021
Education Aid: \$98,527,649



Total Sales: \$27,982,871
Education Aid: \$11,534,864



Total Sales: \$693,758,250
Education Aid: \$216,599,370

Instant Games



Total Sales: \$3,760,139,295
Education Aid: \$829,232,451

Video Gaming Facilities



Net Win: \$816,026,567
Education Aid: \$376,934,126



Net Win: \$540,413,770
Education Aid: \$284,953,669



Net Win: \$158,514,004
Education Aid: \$79,815,824



Net Win: \$122,983,149
Education Aid: \$60,456,800



Net Win: \$63,213,158
Education Aid: \$23,538,387



Net Win: \$58,540,445
Education Aid: \$24,113,631



Net Win: \$55,718,843
Education Aid: \$22,466,070



Net Win: \$40,883,523
Education Aid: \$15,205,156



Net Win: \$49,015,073
Education Aid: \$21,170,298

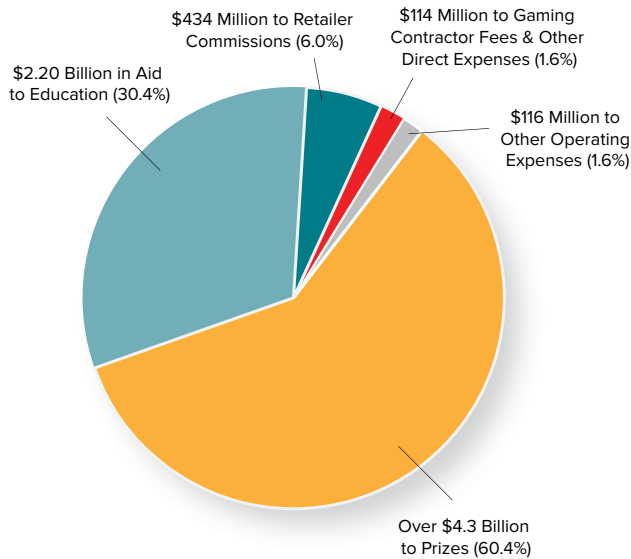
WHERE DO LOTTERY DOLLARS GO?

Total New York Lottery Sales & Net Win: **\$9.16 Billion** - Aid to Education: **\$3.11 Billion**



Traditional Lottery (FY 2014-2015)

\$7.251 Billion in Sales



Video Gaming (FY 2014-2015)

\$1.905 Billion in Video Gaming Net Win*



**Video gaming facilities are required by law to make horse racing support payments from their commissions. In FY 2014/15, approximately \$182 million (or 21% of the \$848 million in commissions paid) was used to fund increased racing purses and breeders fund contributions.

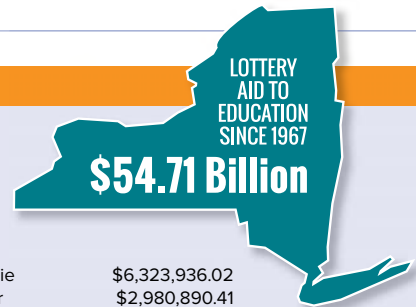
*Video gaming Net Win
Credits Played \$33.749 Billion
Credits Won \$31.844 Billion
Net Win \$1.905 Billion*

LOTTERY AID TO EDUCATION BY COUNTY (fiscal year 2014-2015)

| | |
|-------------|------------------|
| Albany | \$42,954,906.88 |
| Allegany | \$13,079,866.02 |
| Broome | \$43,111,744.53 |
| Cattaraugus | \$23,038,177.37 |
| Cayuga | \$14,888,232.29 |
| Chautauqua | \$32,741,492.62 |
| Chemung | \$19,041,003.94 |
| Chenango | \$14,818,404.39 |
| Clinton | \$17,019,770.28 |
| Columbia | \$5,958,119.52 |
| Cortland | \$11,055,392.49 |
| Delaware | \$7,119,261.72 |
| Dutchess | \$41,755,794.14 |
| Erie | \$193,794,512.82 |
| Essex | \$3,131,933.85 |
| Franklin | \$11,462,841.90 |
| Fulton | \$13,006,517.29 |
| Genesee | \$14,180,323.54 |
| Greene | \$6,922,489.50 |
| Hamilton | \$145,236.17 |
| Herkimer | \$16,228,344.08 |

| | |
|----------------|--------------------|
| Jefferson | \$28,525,177.11 |
| Lewis | \$6,937,150.07 |
| Livingston | \$12,629,013.36 |
| Madison | \$15,450,841.57 |
| Monroe | \$165,227,068.05 |
| Montgomery | \$13,230,314.11 |
| Nassau | \$133,620,578.92 |
| New York City* | \$1,265,576,988.95 |
| Niagara | \$47,647,140.42 |
| Oneida | \$54,710,045.26 |
| Onondaga | \$105,733,132.30 |
| Ontario | \$22,056,588.52 |
| Orange | \$82,318,023.16 |
| Orleans | \$11,304,644.04 |
| Oswego | \$32,088,614.17 |
| Otsego | \$10,594,906.79 |
| Putnam | \$12,171,384.60 |
| Rensselaer | \$29,225,555.02 |
| Rockland | \$29,982,316.76 |
| Saratoga | \$35,636,115.44 |
| Schenectady | \$31,678,597.61 |

| | |
|-------------|------------------|
| Schoharie | \$6,323,936.02 |
| Schuyler | \$2,980,890.41 |
| Seneca | \$7,121,193.26 |
| St Lawrence | \$25,994,513.84 |
| Steuben | \$26,637,529.63 |
| Suffolk | \$245,728,807.47 |
| Sullivan | \$10,828,725.73 |
| Tioga | \$13,443,713.24 |
| Tompkins | \$13,249,418.50 |
| Ulster | \$24,701,808.76 |
| Warren | \$8,735,598.79 |
| Washington | \$13,354,158.47 |
| Wayne | \$23,901,907.72 |
| Westchester | \$91,075,152.30 |
| Wyoming | \$7,155,707.08 |
| Yates | \$2,552,370.70 |



The above amounts are based on the New York State Education Department's Division of Aid to Localities for Education from the State Lottery Fund as required by law. For a complete listing visit nlottery.ny.gov.

Lottery revenue is distributed to local school districts by the same statutory formula used to distribute other state aid to education. It takes into account both a school district's size and its income level; larger, lower-income school districts receive proportionately larger shares of Lottery school funding.

*Includes Bronx, Kings, New York, Queens and Richmond Counties.

Division of Horse Racing

Officiating and Integrity

Each race conducted at a New York Thoroughbred racetrack is observed by three stewards: one employed by the Gaming Commission, one employed by the racing association and one employed by the Jockey Club. At the harness tracks, each race is observed by three judges who all serve as employees of the Gaming Commission. The stewards' and judges' viewing stand is located near the finish line of each racetrack and is equipped with several monitors to permit the viewing of multiple angles of each race. The stewards and judges observe the races to ensure that all conduct is in accordance with the rules and regulations.

Preparation to become a steward or presiding judge includes coursework and testing. Examples of the testing and preparation are:

- All presiding and associate judges and starters must be licensed by the United States Trotting Association (USTA) before being hired. A test must be passed to obtain each license.
- All full-time stewards must attend the Louisville Equine Steward Certification Class. They must also attend periodic seminars in order to keep their licenses valid.
- All current judges are retested periodically on the rules, equipment, medications and procedures and the training tests are updated frequently.
- New officials receive extensive on-the-job training at their new positions before being hired full-time.

Regulatory Activities

During calendar year 2014, the Gaming Commission imposed 1,079 sanctions for violations of racing laws, rules and regulations at both harness and Thoroughbred tracks. The rulings include, but are not limited to, driving and riding infractions, general conduct violations, human and equine drug violations, general business practice violations and several other rule and law violations. The main office of the Gaming Commission issued 375 violations that were not assigned to a specific track. Fines levied in 2014 totaled \$110,325.

Racing Licensing

Participants in New York State racing are required to obtain an occupational license. The character and integrity of all participants are important to the continuity of the sport. Every application is reviewed, updated and carefully processed by the Licensing unit before a license is issued. Also, by statute, fingerprinting is required of each applicant. Where it is believed that an applicant's background or licensee's conduct may warrant a finding that his/her participation in racing would be inconsistent with the public interest or the best interest of racing generally, a thorough investigation is conducted before action is taken in the form of a denial, suspension or revocation of his/her license.

The following chart reflects the total number of licenses issued to participate in racing in 2014, including multi-year licenses that were active during the year. Individuals that hold licenses for more than one occupation (i.e., owner/trainer or trainer/driver) are counted twice, once in each category.

| Occupation | 2014 Harness | 2014 Thoroughbred | Total |
|--------------------|---------------|-------------------|---------------|
| APPRENTICE JOCKEY | | 49 | 49 |
| ASST. TRAINER | | 473 | 473 |
| AUTHORIZED AGENT | | 153 | 153 |
| CLEANING SERVICE | 322 | 230 | 552 |
| DRIVER | 795 | | 795 |
| EXERCISE RIDER | 1 | 1,147 | 1,148 |
| FARRIER | 62 | 101 | 163 |
| FOOD SERVICE | 571 | 310 | 881 |
| GAP ATTENDANT | | 9 | 9 |
| GENERAL SERVICES | 4,893 | 5,435 | 10,328 |
| JOCKEY | | 276 | 276 |
| JOCKEY AGENT | | 71 | 71 |
| MATINEE DRIVER | 2 | | 2 |
| MUTUEL CLERK | 299 | 1,621 | 1,920 |
| OWNER ORIGINAL | 809 | 1,291 | 2,100 |
| OWNER RENEWAL | 5,246 | 5,414 | 10,660 |
| PEACE OFFICER | 224 | 438 | 662 |
| PRIVATE TRAINER | 10 | 5 | 15 |
| PROVISIONAL DRIVER | 141 | | 141 |
| QUALIFIED DRIVER | 69 | | 69 |
| RACING OFFICIAL | | 81 | 81 |
| SECURITY | 350 | 187 | 537 |
| STABLE EMPLOYEE | 4 | 2,009 | 2,013 |
| TOTE EMPLOYEE | 716 | 725 | 1,441 |
| TOTE OFFICER | 44 | 22 | 66 |
| TOTE OTB | 8 | 10 | 18 |
| TRACK MGT. | 208 | 79 | 287 |
| TRAINER | 2,123 | 650 | 2,773 |
| VETERINARIAN | 57 | 116 | 173 |
| TOTALS | 16,954 | 20,902 | 37,856 |

Office of Equine Medicine



Equine Medical Director
Scott E. Palmer, VMD

Scott E. Palmer, VMD, a renowned veterinarian with more than three decades of experience in providing medical care for horses, oversees the health and safety of horses at all New York State Thoroughbred and Standardbred racetracks.

Dr. Palmer is responsible for all aspects of equine health, safety, and welfare at New York racetracks and advises the Commission on equine medication policies as well as the safety and condition of racetrack facilities and surfaces. He supervises all on-track regulatory veterinarians as well as the New York State Equine Drug Testing Program laboratory. He oversees equine testing procedures, ensures compliance with regulatory veterinary protocols, investigates incidents and monitors the Commission’s necropsy program.

As New York’s Equine Medical Director, Dr. Palmer also serves as an Adjunct Professor at Cornell University’s College of Veterinary Medicine, where he is responsible for developing and coordinating continuing education programs for veterinarians and trainers related to medication and equine injuries. He coordinates research on equine sports medicine topics and collaborates with faculty on epidemiological studies to analyze equine safety issues.

Since his graduation from the University of Pennsylvania School of Veterinary Medicine in 1976, Dr. Palmer has worked as a staff clinician at the New Jersey Equine Clinic, serving as the Hospital Director since 1997. He is a two-time recipient of the New Jersey Equine Practitioners Veterinarian of the Year award, as well as a recipient of the AAEP President’s Award in 2009 and the AAEP Distinguished Service Award in 2010.

Dr. Palmer is board certified in equine practice by the American Board of Veterinary Practitioners. He has authored dozens of peer-reviewed publications and is a featured speaker at veterinary conferences worldwide. He is a member of several professional organizations and has held leadership positions in many, including the American Veterinary Medical Association, the American Association of Equine Practitioners, the American Board of Veterinary Practitioners, the New Jersey Veterinary Medical Association, and the New Jersey Association of Equine Practitioners.

Dr. Palmer chaired the New York Task Force on Racehorse Health and Safety, which was formed at the request of Governor Andrew M. Cuomo in 2012 in the wake of 21 equine fatalities during Aqueduct’s 2011-12 Winter Meet. The New York State Equine Medical Director position was established in 2013 as a key recommendation of that Task Force.

Dr. Palmer serves as a Board Member for the NTRA Safety and Integrity Alliance Advisory Board and the Thoroughbred Charities of America. He previously served on the ARCI Special Task Force on Medication and chaired the International Summit on Race Day Medication as well as the Ad-Hoc RMTC Committee on Race Day Security and served two terms as a member of the Grayson-Jockey Club Research Advisory Committee.

Equine Drug Testing

The Equine Drug Testing Program (EDTP) for all Thoroughbred and harness racing in New York State is performed by Morrisville State College in Morrisville, New York, under contract with New York State. The EDTP at Morrisville State College continues to be one of the leading equine drug testing programs in the world.

Equine drug testing is mandated by Chapter 47-A of the Consolidated Laws of the State of New York, The Racing, Pari-Mutuel Wagering and Breeding Law in Section 902.

When the EDTP detects and confirms the presence of a prohibited substance, the laboratory immediately informs the Division of Horse Racing and Pari-Mutuel Wagering staff and the General Counsel’s office. Division staff will immediately inform the steward or presiding judge at the racetrack where the horse’s sample originated, along with other appropriate Gaming Commission staff. An investigation into the matter is begun after the horse and its trainer are identified by the steward or presiding judge.

The sample identifying numbers are matched by the steward or presiding judge to the previously locked documentation of collected samples. After identification, investigation into the circumstances including interviews with all involved parties begins. The trainer is afforded the option of having a “split” sample of the original tested at an approved laboratory of his/her choice at his/her expense. After the investigation is completed and all other information is gathered and studied, the licensee if appropriate, is assessed a penalty from the State steward or presiding judge. Should the licensee not agree with the penalty given, there is an appeals process that affords the licensee a full hearing before an appointed hearing officer. Upon receipt of the hearing officer’s completed report, a decision is rendered.

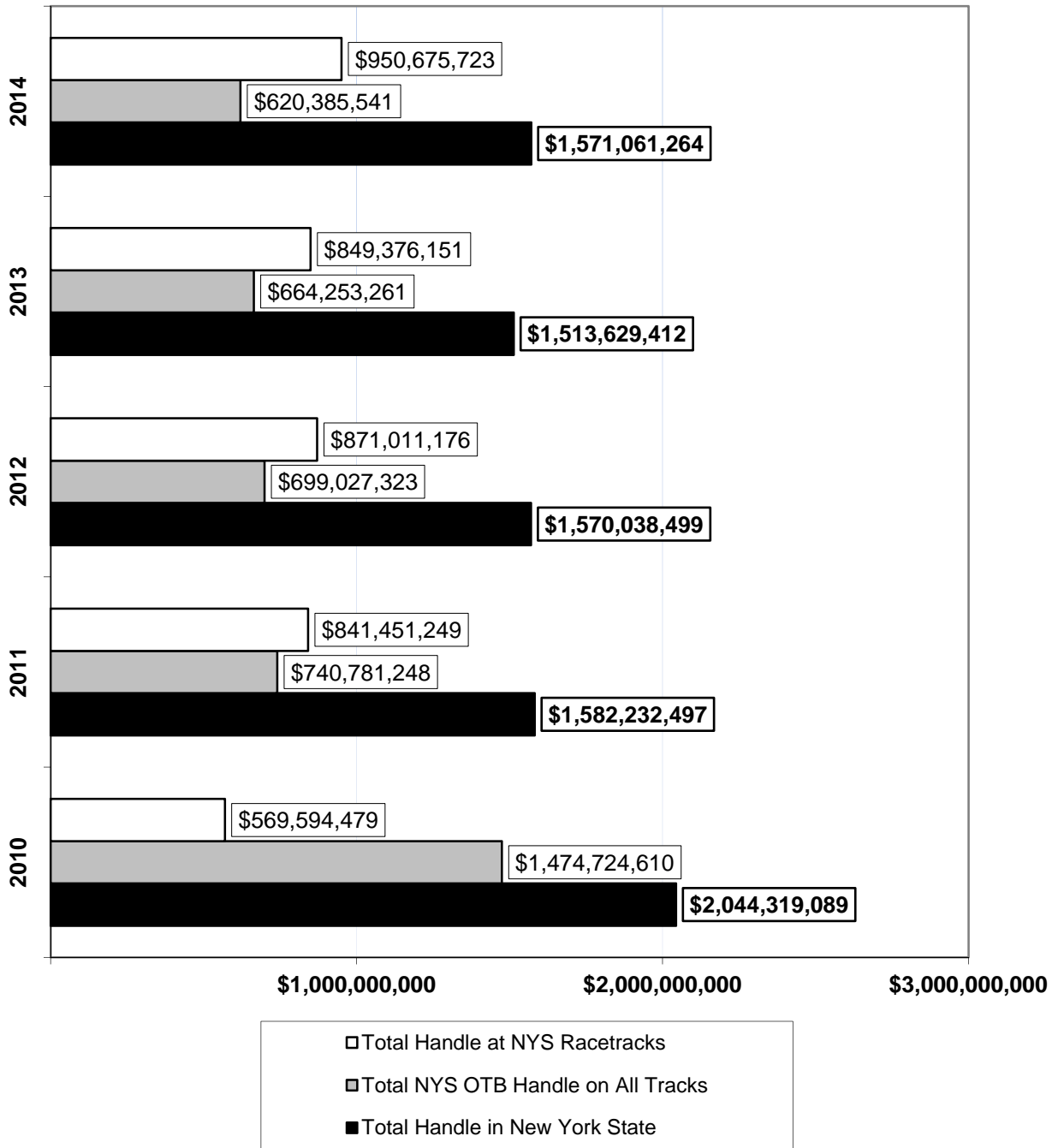
A listing of the most commonly used medicines in the equine racing world is contained within the applicable rules. Also contained are the number of hours “out” (before race day) that these listed drugs may be administered. The only allowable medication on race day in New York is furosemide and it is only permitted to be administered to horses properly enrolled in a furosemide medication program.

| Post-Race Positives By Track | 2013 | 2014 |
|-------------------------------------|------------|-----------|
| Aqueduct | 35 | 20 |
| Batavia Downs | 5 | 5 |
| Belmont Park | 7 | 8 |
| Buffalo Raceway | 3 | 4 |
| Finger Lakes Racetrack | 11 | 14 |
| Monticello Raceway | 11 | 7 |
| Saratoga Race Course (Thoroughbred) | 2 | 10 |
| Saratoga Raceway (Harness) | 5 | 2 |
| Tioga Downs | 3 | 3 |
| Vernon Downs | 13 | 2 |
| Yonkers Raceway | 5 | 6 |
| Gaming Commission Main Office | 2 | 0 |
| TOTAL | 102 | 81 |

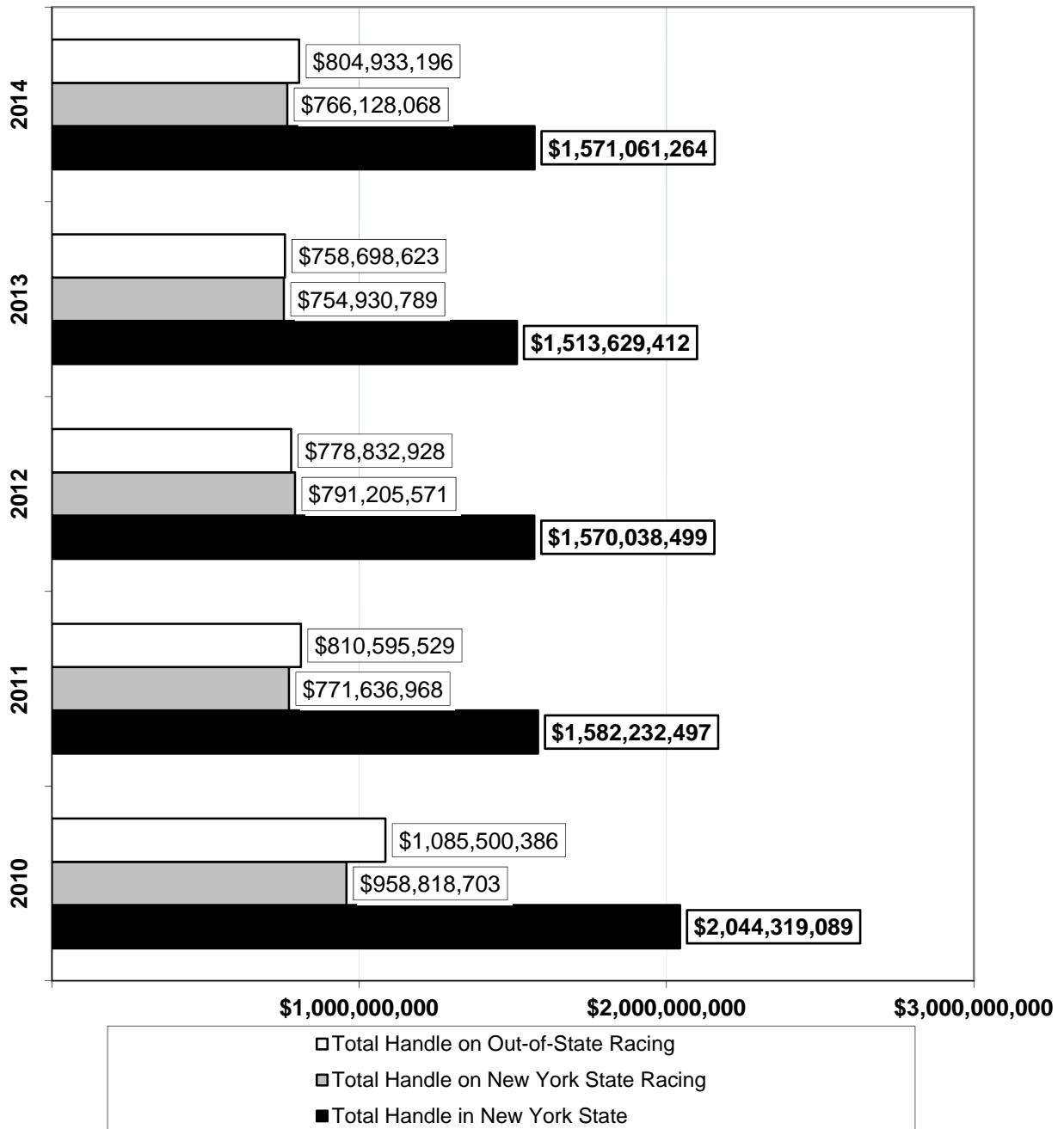
Summary Post-Race Drug Report for 2014

| Drug | Number of Positives |
|----------------------|---------------------|
| Betamethasone | 1 |
| Caffeine | 3 |
| Cortisol | 2 |
| Diclofenac | 3 |
| 1,7 Dimethylxanthine | 3 |
| Firocoxib | 1 |
| Flunixin | 36 |
| Furosemide | 19 |
| Guaifenesin | 1 |
| Hydroxymerprazole | 1 |
| Hydroxyphenytoin | 4 |
| Hydroxystanozolol | 1 |
| Hydroxyxylazine | 1 |
| Ketopofen | 1 |
| Methocarbamol | 2 |
| Methyl Salicylate | 1 |
| Naproxen | 1 |
| Norpseudoephedrine | 5 |
| Omeprazole | 1 |
| Omeprazole Sulfide | 1 |
| Orphenadrine | 8 |
| Oxyphenbutazone | 11 |
| Pentobarbital | 9 |
| Phenylbutazone | 13 |
| Phenytoin | 2 |
| Ponazuril | 1 |
| Prednisolone | 3 |
| Propoxyphene | 1 |
| Pseudoephedrine | 1 |
| Pyrimethamine | 1 |
| Stanzolol | 1 |
| Sulfamethoxazole | 1 |
| Theobromine | 3 |
| Theophylline | 3 |
| Toltrazuril | 1 |
| Torsemide | 2 |
| Trimethoprim | 1 |
| Tripelennamine | 1 |
| Vardenafil | 1 |
| Xylazine | 1 |
| Xylometazoline | 1 |
| TOTAL | 154 |

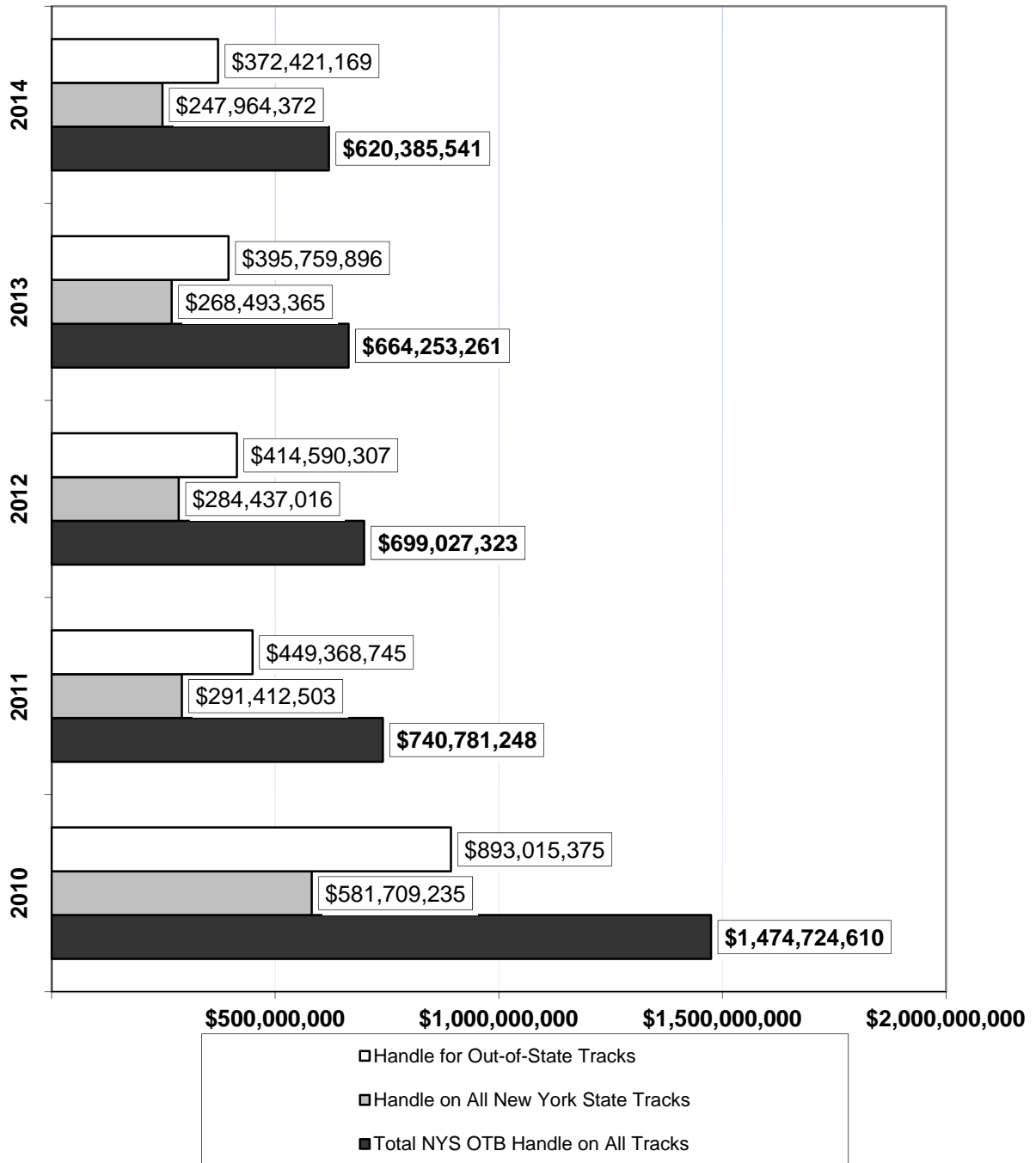
Annual Handle New York State Tracks and OTB's



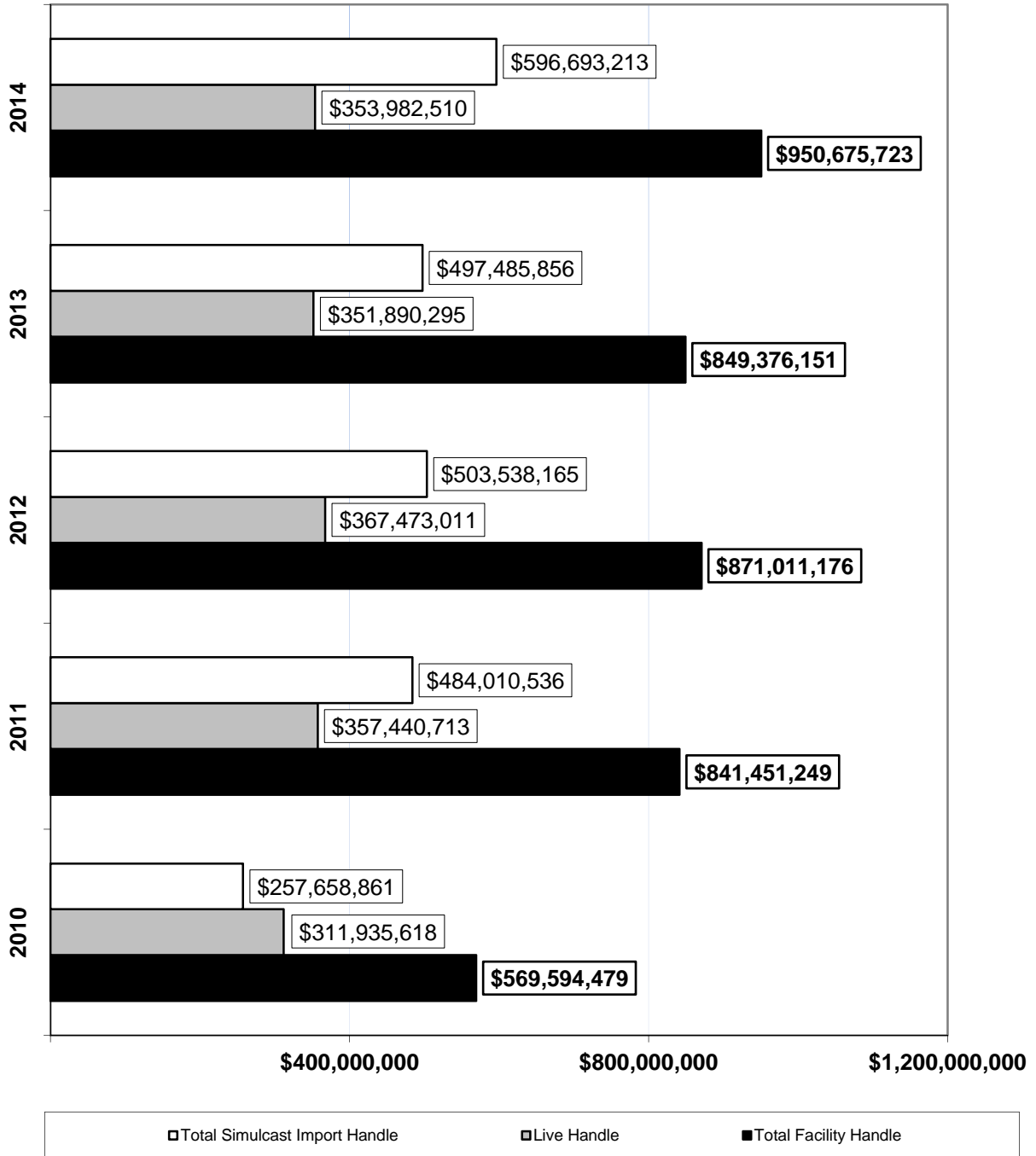
Annual Handle New York State Tracks and OTB's In-State vs. Out-of-State Tracks



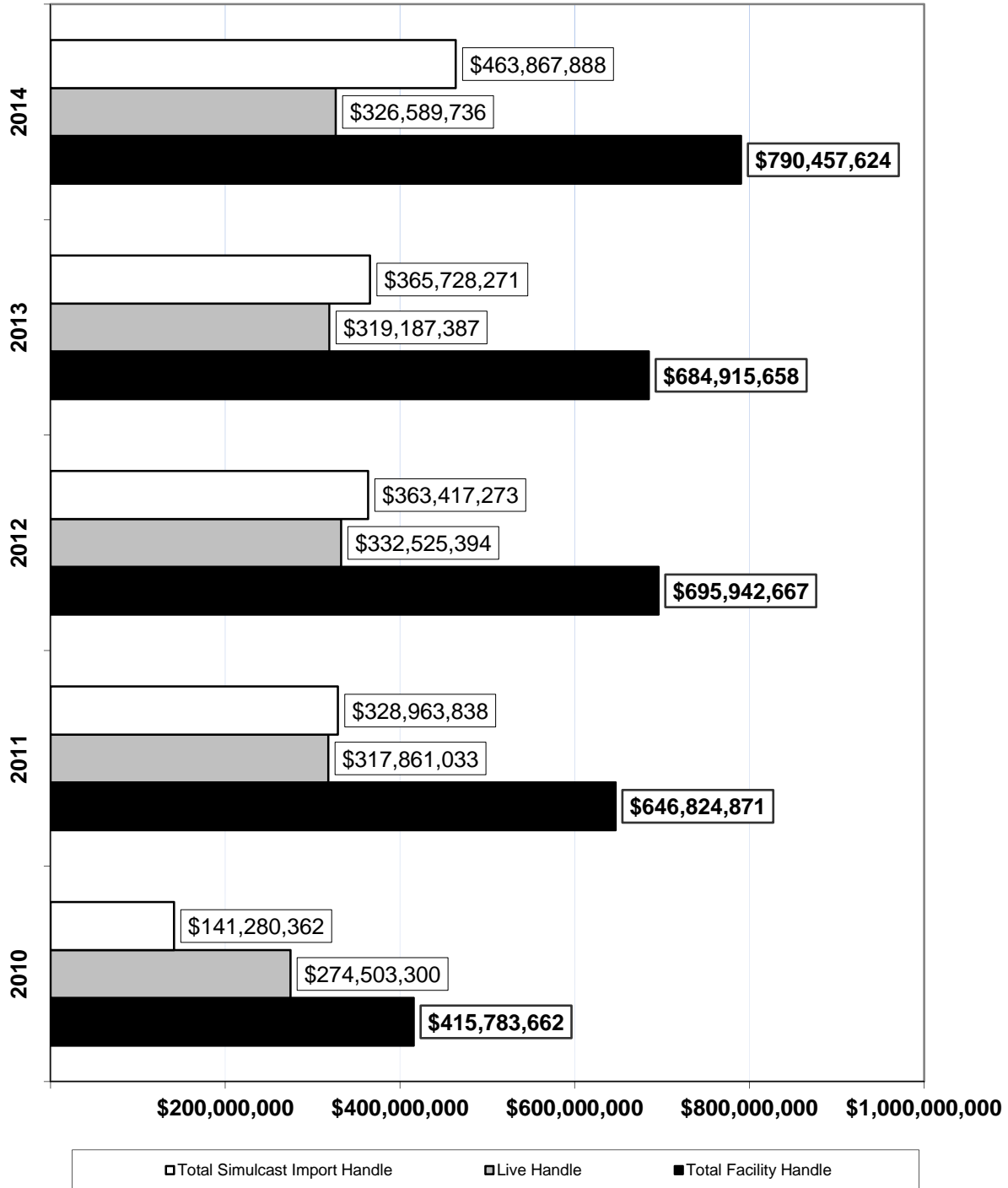
Total OTB Handle in New York State vs. New York State and Out-of-State Tracks



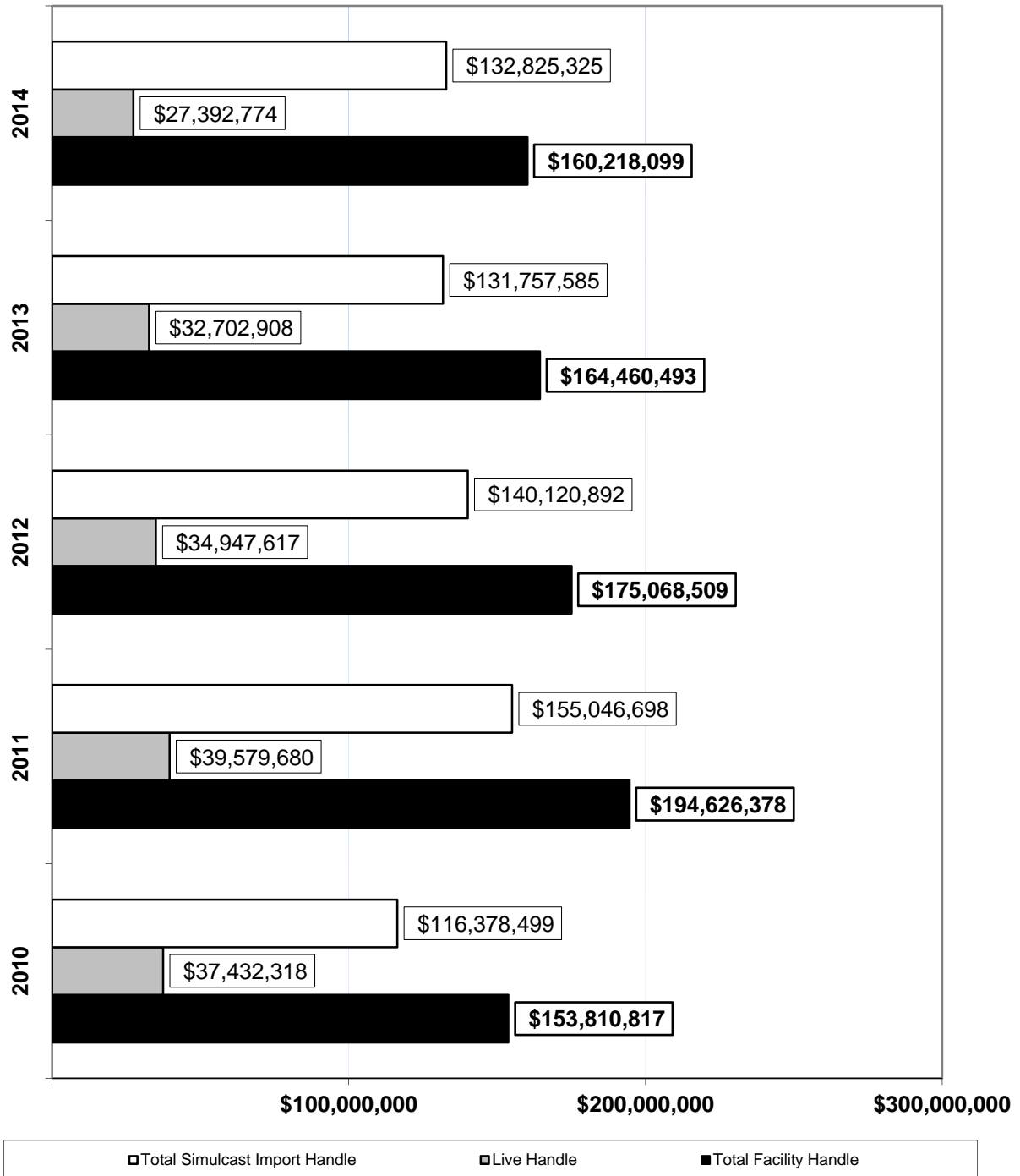
Annual Handle New York State Thoroughbred and Harness Tracks



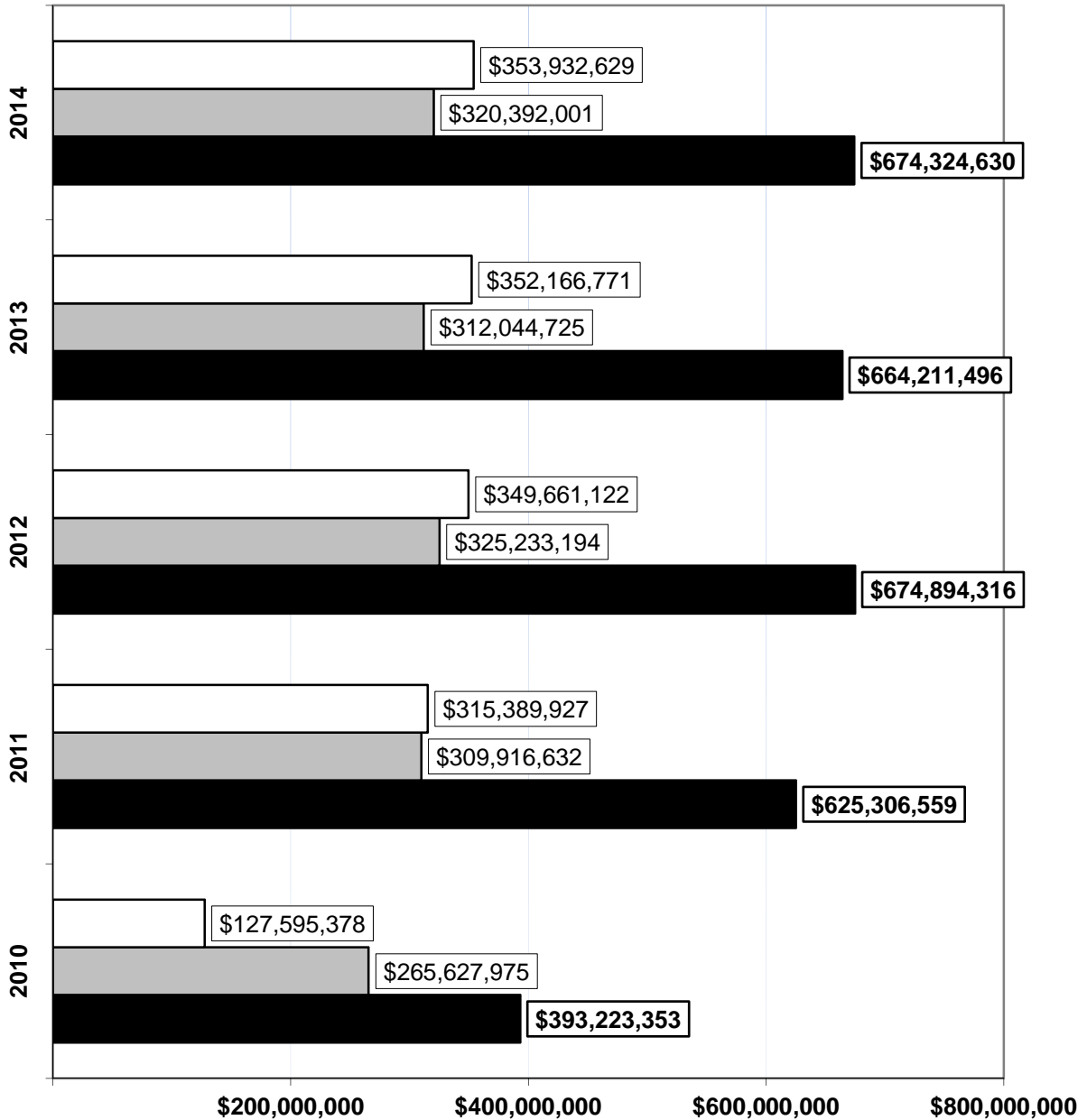
Annual Handle New York State Thoroughbred Tracks



Annual Handle New York State Harness Tracks

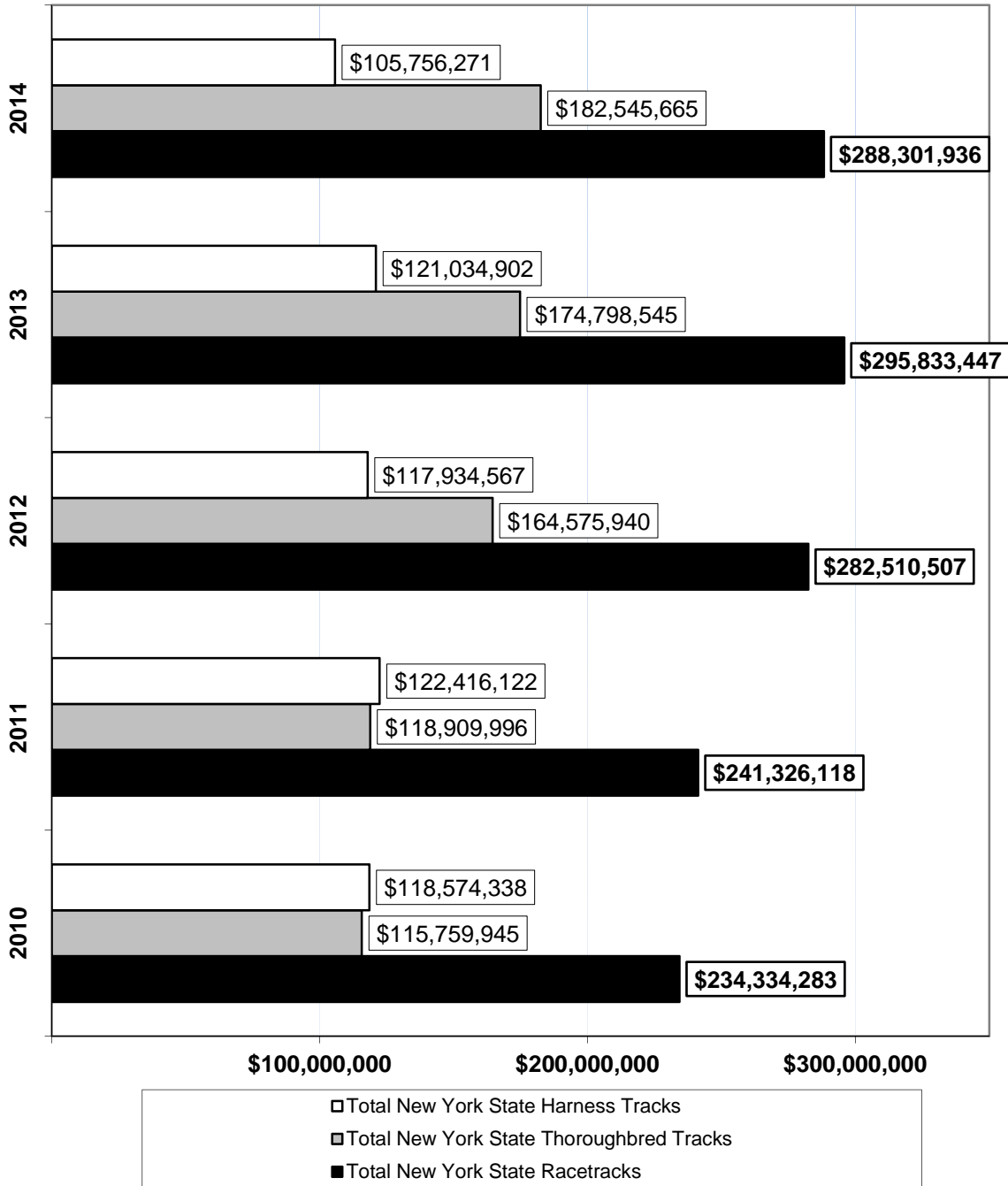


NYRA Annual Handle *Aqueduct, Belmont, Saratoga*



Total Simulcast Import Handle
 Live Handle
 Total Facility Handle

Gross Purses Paid at New York State Racetracks



2014 Gross Purses Paid New York State and Nationwide
2014 Nationwide Thoroughbred Purses

| State | Gross Purses | Races | Average Purse | Starters | Starts | Average Field | Average Starts per Runner |
|---------------|---------------|-------|---------------|----------|--------|---------------|---------------------------|
| New York | \$186,288,266 | 3,686 | \$50,539 | 5,899 | 27,050 | 7.3 | 4.6 |
| California | \$172,627,195 | 3,900 | \$44,263 | 6,195 | 28,768 | 7.4 | 4.6 |
| Pennsylvania | \$107,362,790 | 4,212 | \$25,490 | 6,758 | 30,311 | 7.2 | 4.5 |
| Florida | \$100,208,070 | 3,738 | \$26,808 | 7,510 | 30,781 | 8.2 | 4.1 |
| Louisiana | \$75,686,139 | 3,186 | \$23,756 | 6,041 | 26,799 | 8.4 | 4.4 |
| Kentucky | \$70,015,094 | 1,779 | \$39,356 | 5,779 | 14,482 | 8.1 | 2.5 |
| West Virginia | \$56,328,184 | 3,358 | \$16,774 | 6,096 | 26,361 | 7.9 | 4.3 |
| Maryland | \$48,271,273 | 1,411 | \$34,211 | 3,817 | 10,910 | 7.7 | 2.9 |
| Illinois | \$44,807,667 | 1,987 | \$22,550 | 3,093 | 14,841 | 7.5 | 4.8 |
| New Mexico | \$30,238,509 | 1,613 | \$18,747 | 2,627 | 12,673 | 7.9 | 4.8 |
| Ohio | \$29,284,528 | 2,361 | \$12,403 | 4,035 | 17,492 | 7.4 | 4.3 |
| New Jersey | \$24,451,772 | 719 | \$34,008 | 2,280 | 5,828 | 8.1 | 2.6 |
| Indiana | \$24,398,475 | 952 | \$25,629 | 2,471 | 7,781 | 8.2 | 3.1 |
| Oklahoma | \$22,639,584 | 1,052 | \$21,521 | 2,475 | 9,160 | 8.7 | 3.7 |
| Arkansas | \$20,705,900 | 481 | \$43,048 | 1,710 | 4,308 | 9 | 2.5 |

Data provided courtesy of the Jockey Club. Purses include monies not won and returned to state breeders and other funds. Not all states are presented.

2014 Nationwide Harness Purses

| State | Purses | Races | Average Purse |
|---------------|---------------|--------|---------------|
| New York | \$105,515,331 | 10,507 | \$10,042 |
| Pennsylvania | \$99,705,252 | 7,181 | \$13,885 |
| Ohio | \$39,866,202 | 5,803 | \$6,870 |
| New Jersey | \$34,958,081 | 2,236 | \$15,634 |
| Indiana | \$28,618,363 | 2,164 | \$13,225 |
| Delaware | \$27,317,228 | 2,715 | \$10,062 |
| Illinois | \$15,423,951 | 2,170 | \$7,108 |
| Kentucky | \$8,312,436 | 547 | \$15,196 |
| Florida | \$7,149,356 | 1,124 | \$6,361 |
| Maryland | \$7,014,492 | 1,186 | \$5,914 |
| Maine | \$5,885,293 | 1,462 | \$4,026 |
| California | \$2,617,036 | 783 | \$3,342 |
| Minnesota | \$2,558,523 | 473 | \$5,409 |
| Massachusetts | \$2,468,042 | 736 | \$3,353 |
| Michigan | \$2,095,294 | 379 | \$5,528 |
| Virginia | \$1,266,333 | 250 | \$5,065 |

Data courtesy of USTA. Does not include county fair style racing.

Statistics for Thoroughbred Tracks

| Aqueduct Racetrack | | | | | |
|--------------------|------------|------------|---------------|-------------------------|-----------------------|
| Year | Race Dates | Attendance | Live Handle | Simulcast Import Handle | Total Facility Handle |
| 2014 | 113 | 525,978 | \$ 87,075,560 | \$ 226,183,029 | \$ 313,258,589 |
| 2013 | 106 | 446,372 | \$ 82,743,128 | \$ 211,795,139 | \$ 294,538,267 |

| Belmont Park | | | | | |
|--------------|------------|------------|---------------|-------------------------|-----------------------|
| Year | Race Dates | Attendance | Live Handle | Simulcast Import Handle | Total Facility Handle |
| 2014 | 92 | 651,655 | \$103,651,226 | \$ 108,447,521 | \$ 212,098,747 |
| 2013 | 93 | 419,800 | \$103,257,082 | \$ 121,194,567 | \$ 224,451,649 |

| Saratoga Race Course | | | | | |
|----------------------|------------|------------|---------------|-------------------------|-----------------------|
| Year | Race Dates | Attendance | Live Handle | Simulcast Import Handle | Total Facility Handle |
| 2014 | 40 | 1,086,822 | \$129,665,215 | \$ 19,302,079 | \$ 148,967,294 |
| 2013 | 40 | 867,182 | \$126,044,515 | \$ 19,177,065 | \$ 145,221,580 |

| Finger Lakes Racetrack | | | | | |
|------------------------|------------|------------|--------------|-------------------------|-----------------------|
| Year | Race Dates | Attendance | Live Handle | Simulcast Import Handle | Total Facility Handle |
| 2014 | 158 | 136,484 | \$ 6,197,735 | \$ 109,935,259 | \$ 116,132,994 |
| 2013 | 161 | 148,779 | \$ 7,142,662 | \$ 13,561,500 | \$ 20,704,162 |

Statistics for Harness Tracks

| Batavia Downs | | | | | |
|---------------|------------|------------|--------------|-------------------------|-----------------------|
| Year | Race Dates | Attendance | Live Handle | Simulcast Import Handle | Total Facility Handle |
| 2014 | 68 | 169,507 | \$ 1,628,160 | \$ 3,841,188 | \$ 5,469,348 |
| 2013 | 72 | 177,289 | \$ 1,762,055 | \$ 4,318,361 | \$ 6,080,416 |

| Buffalo Raceway | | | | | |
|-----------------|------------|------------|--------------|-------------------------|-----------------------|
| Year | Race Dates | Attendance | Live Handle | Simulcast Import Handle | Total Facility Handle |
| 2014 | 95 | * | \$ 1,618,090 | \$ 7,391,598 | \$ 9,009,688 |
| 2013 | 99 | * | \$ 2,016,292 | \$ 7,828,025 | \$ 9,844,317 |

| Monticello Raceway | | | | | |
|--------------------|------------|------------|--------------|-------------------------|-----------------------|
| Year | Race Dates | Attendance | Live Handle | Simulcast Import Handle | Total Facility Handle |
| 2014 | 201 | 26,695 | \$ 2,453,940 | \$ 2,499,206 | \$ 4,953,146 |
| 2013 | 206 | * | \$ 4,138,990 | \$ 5,687,286 | \$ 9,826,276 |

| Saratoga Raceway | | | | | |
|------------------|------------|------------|--------------|-------------------------|-----------------------|
| Year | Race Dates | Attendance | Live Handle | Simulcast Import Handle | Total Facility Handle |
| 2014 | 160 | * | \$ 4,952,227 | \$ 35,033,894 | \$ 39,986,121 |
| 2013 | 170 | * | \$ 5,660,344 | \$ 32,653,340 | \$ 38,313,684 |

| Tioga Downs | | | | | |
|-------------|------------|------------|--------------|-------------------------|-----------------------|
| Year | Race Dates | Attendance | Live Handle | Simulcast Import Handle | Total Facility Handle |
| 2014 | 61 | 49,185 | \$ 1,276,654 | \$ 3,346,618 | \$ 4,623,272 |
| 2013 | 61 | 67,453 | \$ 1,410,700 | \$ 3,455,260 | \$ 4,865,960 |

| Vernon Downs | | | | | |
|--------------|------------|------------|--------------|-------------------------|-----------------------|
| Year | Race Dates | Attendance | Live Handle | Simulcast Import Handle | Total Facility Handle |
| 2014 | 90 | 95,537 | \$ 2,927,385 | \$ 6,996,886 | \$ 9,924,271 |
| 2013 | 88 | 83,388 | \$ 3,304,772 | \$ 7,475,142 | \$ 10,779,914 |

| Yonkers Raceway | | | | | |
|-----------------|------------|------------|---------------|-------------------------|-----------------------|
| Year | Race Dates | Attendance | Live Handle | Simulcast Import Handle | Total Facility Handle |
| 2014 | 232 | 28,211 | \$ 12,536,318 | \$ 73,715,935 | \$ 86,252,253 |
| 2013 | 231 | 22,489 | \$ 14,409,755 | \$ 70,340,171 | \$ 84,749,926 |

Free admission/No attendance figures

Statistics for OTBs

| Capital OTB | | | |
|--------------------|------------------------|----------------------------|---------------------|
| Year | In-State Handle | Out-of-State Handle | Total Handle |
| 2014 | \$ 65,048,848 | \$ 86,169,033 | \$ 151,217,881 |
| 2013 | \$ 66,262,171 | \$ 87,394,719 | \$ 153,656,890 |

| Catskill OTB | | | |
|---------------------|------------------------|----------------------------|---------------------|
| Year | In-State Handle | Out-of-State Handle | Total Handle |
| 2014 | \$ 29,020,539 | \$ 49,721,885 | \$ 78,742,424 |
| 2013 | \$ 33,516,218 | \$ 54,138,321 | \$ 87,654,539 |

| Nassau Downs OTB | | | |
|-------------------------|------------------------|----------------------------|---------------------|
| Year | In-State Handle | Out-of-State Handle | Total Handle |
| 2014 | \$ 74,189,215 | \$ 123,261,716 | \$ 197,450,931 |
| 2013 | \$ 82,860,582 | \$ 136,634,729 | \$ 219,495,311 |

| Suffolk OTB | | | |
|--------------------|------------------------|----------------------------|---------------------|
| Year | In-State Handle | Out-of-State Handle | Total Handle |
| 2014 | \$ 45,162,882 | \$ 59,348,563 | \$ 104,511,445 |
| 2013 | \$ 48,050,999 | \$ 61,149,646 | \$ 109,200,645 |

| Western OTB | | | |
|--------------------|------------------------|----------------------------|---------------------|
| Year | In-State Handle | Out-of-State Handle | Total Handle |
| 2014 | \$ 34,542,887 | \$ 53,919,974 | \$ 88,462,861 |
| 2013 | \$ 37,803,395 | \$ 56,442,481 | \$ 94,245,876 |

2014 Total Betting at New York State Racetracks On-Track, Off-Track and Out-of-State

| 2014 Total Betting at New York State Racetracks On-Track, Off-Track and Out-of-State | | | | | | | | | | |
|--|------------------------|----------------------|--------------------|----------------------------|---------------------|---------------------|--------------------|--------------------|----------------------|------------------------|
| | NYRA | Finger Lakes | Batavia | Track Holding Race Buffalo | Monticello | Saratoga Harness | Tioga | Vernon | Yonkers | TOTAL |
| ON-TRACK LIVE | \$374,387,425 | \$6,197,735 | \$1,628,160 | \$1,618,090 | \$2,453,940 | \$4,952,227 | \$1,276,654 | \$2,927,385 | \$12,536,318 | \$407,977,934 |
| SIMULCAST EXPORTS: | | | | | | | | | | |
| Exported to NYS Tracks: | | | | | | | | | | |
| NYRA | \$53,995,424 | \$7,507,101 | \$275,479 | \$442,334 | \$3,864,053 | \$1,264,570 | \$129,702 | \$173,304 | \$8,996,169 | \$76,648,136 |
| Finger Lakes | \$34,100,459* | \$1,335,216 | \$142,345 | \$272,455 | \$600,848 | \$445,767 | \$105,478 | \$148,707 | \$1,504,105 | \$38,655,380 |
| Batavia* | \$556,449 | \$133,079 | - | \$280,212 | \$194,252 | \$127,963 | \$20,540 | \$25,453 | \$111,315 | \$1,449,263 |
| Buffalo | \$1,710,107 | \$150,177 | \$194,619 | - | \$81,465 | \$150,257 | \$43,616 | \$51,384 | \$121,636 | \$2,503,261 |
| Monticello | \$955,095 | \$58,758 | \$12,047 | \$23,479 | - | \$124,942 | \$23,307 | \$20,745 | \$273,822 | \$1,492,195 |
| Saratoga Harness | \$11,048,126 | \$557,199 | \$43,101 | \$55,381 | \$344,627 | - | \$56,597 | \$95,108 | \$1,084,503 | \$13,284,642 |
| Tioga | \$604,870 | \$84,333 | \$12,427 | \$21,428 | \$96,386 | \$77,094 | - | \$76,436 | \$103,879 | \$1,076,853 |
| Vernon | \$1,620,557 | \$218,473 | \$22,287 | \$44,595 | \$288,229 | \$271,561 | \$83,682 | - | \$247,181 | \$2,796,565 |
| Yonkers | \$23,148,388 | \$951,189 | \$54,054 | \$121,041 | \$1,075,940 | \$695,650 | \$105,610 | \$123,018 | - | \$26,274,890 |
| TOTAL TO NYS TRACKS | \$127,739,475 | \$10,995,525 | \$756,359 | \$1,260,925 | \$6,545,800 | \$3,157,804 | \$568,532 | \$714,155 | \$12,442,610 | \$164,181,185 |
| EXPORTED TO NYS OTB's | | | | | | | | | | |
| Capital | \$53,461,187 | \$4,006,962 | \$91,454 | \$244,618 | \$2,031,568 | \$2,247,255 | \$90,634 | \$553,608 | \$2,321,562 | \$65,048,848 |
| Catskill | \$19,610,622 | \$1,949,026 | \$64,058 | \$164,478 | \$3,114,891 | \$717,677 | \$155,099 | \$80,213 | \$3,164,475 | \$29,020,539 |
| Nassau | \$61,526,472 | \$3,465,769 | \$101,130 | \$262,354 | \$2,788,279 | \$828,672 | \$104,956 | \$72,857 | \$5,038,724 | \$74,189,213 |
| Suffolk | \$38,135,604 | \$2,004,225 | \$45,990 | \$151,615 | \$1,661,060 | \$456,642 | \$38,416 | \$51,603 | \$2,617,727 | \$45,162,882 |
| Western | \$18,989,538 | \$5,416,313 | \$1,553,906 | \$2,042,898 | \$2,653,995 | \$1,083,298 | \$149,617 | \$344,875 | \$2,308,447 | \$34,542,887 |
| TOTAL TO NYS OTB'S | \$191,723,423 | \$16,842,295 | \$1,856,538 | \$2,865,963 | \$12,249,793 | \$5,333,544 | \$538,722 | \$1,103,156 | \$15,450,935 | \$247,964,369 |
| EXPORTED OUT-OF-STATE | \$1,507,040,824 | \$97,373,925 | \$3,189,780 | \$10,366,221 | \$40,426,066 | \$26,097,259 | \$4,821,729 | \$4,558,461 | \$128,658,074 | \$1,822,532,339 |
| TOTAL HANDLE ON NYS RACING | \$2,200,891,147 | \$131,409,480 | \$7,430,837 | \$16,111,199 | \$61,675,599 | \$39,540,834 | \$7,205,637 | \$9,303,157 | \$169,087,937 | \$2,642,655,827 |

* Exported handle does not include separate pools.

2014 Total Betting at New York State Racetracks Live and Simulcast Imports of All Races

| | 2014 | | | 2013 | | |
|----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | Simulcast Imports | Live Racing | On-Track Betting | Simulcast Imports | Live Racing | On-Track Betting |
| RECEIVING TRACK: | | | | | | |
| THOROUGHBRED: | | | | | | |
| Aqueduct | \$226,183,029 | \$87,075,560 | \$313,258,589 | \$211,795,139 | \$82,743,128 | \$294,538,267 |
| Belmont | \$108,447,521 | \$103,651,226 | \$212,098,747 | \$121,194,567 | \$103,257,082 | \$224,451,649 |
| Saratoga | \$19,302,079 | \$129,665,215 | \$148,967,294 | \$19,177,065 | \$126,044,515 | \$145,221,580 |
| NYRA* | \$353,932,629 | \$320,392,001 | \$674,324,630 | \$352,166,771 | \$312,044,725 | \$664,211,496 |
| Finger Lakes | \$109,935,259 | \$6,197,735 | \$116,132,994 | \$13,561,500 | \$7,142,662 | \$20,704,162 |
| THOROUGHBRED TRACKS | \$463,867,888 | \$326,589,736 | \$790,457,624 | \$365,728,271 | \$319,187,387 | \$684,915,658 |
| HARNESS: | | | | | | |
| Batavia | \$3,841,188 | \$1,628,160 | \$5,469,348 | \$4,318,361 | \$1,762,055 | \$6,080,416 |
| Buffalo | \$7,391,598 | \$1,618,090 | \$9,009,688 | \$7,828,025 | \$2,016,292 | \$9,844,317 |
| Monticello | \$2,499,206 | \$2,453,940 | \$4,953,146 | \$5,687,286 | \$4,138,990 | \$9,826,276 |
| Saratoga | \$35,033,894 | \$4,952,227 | \$39,986,121 | \$32,653,340 | \$5,660,344 | \$38,313,684 |
| Tioga | \$3,346,618 | \$1,276,654 | \$4,623,272 | \$3,455,260 | \$1,410,700 | \$4,865,960 |
| Vernon | \$6,996,886 | \$2,927,385 | \$9,924,271 | \$7,475,142 | \$3,304,772 | \$10,779,914 |
| Yonkers | \$73,715,935 | \$12,536,318 | \$86,252,253 | \$70,340,171 | \$14,409,755 | \$84,749,926 |
| HARNESS TRACKS | \$132,825,325 | \$27,392,774 | \$160,218,099 | \$131,757,585 | \$32,702,908 | \$164,460,493 |
| ALL TRACKS | \$ 596,693,213 | \$ 353,982,510 | \$ 950,675,723 | \$ 497,485,856 | \$ 351,890,295 | \$ 849,376,151 |

* Simulcast Imports for NYRA tracks includes \$53,995,424 of inter-track simulcasting of NYRA racing to other NYRA tracks.

NOTE: Increase (Decrease) represents the percentage change in On-Track Betting from 2014 to 2013.

2014 Total Betting at New York State Racetracks by Breed and Location of Race

| | 2014 | | | | | |
|--|----------------------|--------------------------|----------------------|---------------|----------------------|---------------|
| | Betting at NYS | | Betting at NYS | | Total | Percent |
| | Thoroughbred | Percent | Harness | Percent | | |
| SUMMARY OF ON-TRACK BETTING | Tracks | of Total Thoroughbred | Tracks | Harness | of Total | of Total |
| LIVE RACING: | | | | | | |
| NYRA | \$320,392,001 | 40.5% | \$0 | 0.0% | \$320,392,001 | 33.7% |
| Finger Lakes | \$6,197,735 | 0.8% | \$0 | 0.0% | \$6,197,735 | 0.7% |
| NYS Harness Tracks | \$0 | 0.0% | \$27,392,774 | 17.1% | \$27,392,774 | 2.9% |
| All Live Racing at NYS Tracks | \$326,589,736 | 41.3% | \$27,392,774 | 17.1% | \$353,982,510 | 37.2% |
| IN-STATE SIMULCASTING BETWEEN NYS TRACKS: | | | | | | |
| NYRA | \$88,095,883 | 11.0% | \$39,643,592 | 24.7% | \$127,739,475 | 13.4% |
| Finger Lakes | \$8,842,317 | 1.1% | \$2,153,208 | 1.3% | \$10,995,525 | 1.2% |
| NYS Harness Tracks | \$18,365,316 | 2.3% | \$7,080,871 | 4.4% | \$25,446,187 | 2.7% |
| All Simulcasts from NYS Tracks | \$115,303,516 | 14.6% | \$48,877,670 | 30.4% | \$164,181,186 | 17.3% |
| WAGERING ON NYS RACING AT NYS TRACKS | | | | | | |
| | \$441,893,252 | 55.9% | \$76,270,444 | 47.5% | \$518,163,696 | 54.5% |
| WAGERING ON OUT OF STATE RACES AT NYS TRACKS: | | | | | | |
| Thoroughbred Races | \$348,564,372 | 44.1% | \$64,050,339 | 40.1% | \$412,614,711 | 43.4% |
| Harness Races | \$0 | 0.0% | \$19,897,316 | 12.4% | \$19,897,316 | 2.1% |
| All Simulcasts from Out-of-State Tracks | \$348,564,372 | 44.1% | \$83,947,655 | 52.5% | \$432,512,027 | 45.5% |
| TOTAL BETTING AT NYS TRACKS FROM ALL SOURCES | | | | | | |
| | \$790,457,624 | 100.0% | \$160,218,099 | 100.0% | \$950,675,723 | 100.0% |

2014 DISTRIBUTION OF ON-TRACK BETTING

| | NYRA | Finger Lakes | Batavia | Buffalo | Monticello | Saratoga | Tioga | Vernon | Yonkers | All NYS Tracks |
|-------------------------------------|-----------------------|-----------------------|---------------------|---------------------|---------------------|----------------------|---------------------|---------------------|----------------------|-----------------------|
| Regular | \$ 236,348,416 | \$ 38,761,308 | \$ 1,406,503 | \$ 2,223,873 | 823,608 | \$ 12,481,134 | \$ 1,367,969 | \$ 2,784,578 | \$ 26,806,612 | \$ 323,004,001 |
| Multiple | 228,784,182 | 34,797,465 | 1,691,852 | 2,544,668 | 1,720,280 | 14,192,388 | 1,411,910 | 3,429,579 | 27,963,202 | 316,535,526 |
| Exotic | 209,192,032 | 42,574,220 | 2,356,951 | 4,159,788 | 2,409,258 | 12,962,666 | 1,843,393 | 3,710,114 | 31,482,439 | 310,690,861 |
| Super Exotic | - | - | 14,042 | 81,358 | - | 349,933 | - | - | - | 445,333 |
| Total Handle | \$ 674,324,630 | \$ 116,132,993 | \$ 5,469,348 | \$ 9,009,687 | \$ 4,953,146 | \$ 39,986,121 | \$ 4,623,272 | \$ 9,924,271 | \$ 86,252,253 | \$ 950,675,721 |
| Takeout | \$ 132,367,287 | \$ 21,904,090 | \$ 1,164,181 | \$ 1,883,676 | \$ 955,145 | \$ 8,082,067 | \$ 931,476 | \$ 2,066,771 | \$ 17,829,634 | \$ 187,184,326 |
| Breakage | 3,011,171 | 505,047 | 22,613 | 32,131 | 14,211 | 181,803 | 19,029 | 38,461 | 186,197 | 4,010,663 |
| Total Takeout and Breakage | \$ 135,378,458 | \$ 22,409,137 | \$ 1,186,794 | \$ 1,915,807 | \$ 969,355 | \$ 8,263,870 | \$ 950,506 | \$ 2,105,232 | \$ 18,015,831 | \$ 191,194,989 |
| State Tax on Handle | \$ 8,064,192 | \$ 1,723,650 | \$ 65,198 | \$ 118,614 | \$ 63,942 | \$ 478,555 | \$ 60,732 | \$ 138,573 | \$ 1,025,231 | \$ 11,738,687 |
| State Regulatory Fee | 3,371,596 | 580,667 | 27,347 | 45,051 | 24,768 | 199,931 | 23,116 | 49,621 | 431,249 | 4,753,346 |
| State Tax on Breakage | 1,045,669 | 208,867 | 9,381 | 13,509 | 6,052 | 71,819 | 8,174 | 15,539 | 139,591 | 1,518,601 |
| Total Tax and Regulatory Fee | \$ 12,481,457 | \$ 2,513,184 | \$ 101,926 | \$ 177,174 | \$ 94,762 | \$ 750,305 | \$ 92,022 | \$ 203,733 | \$ 1,596,071 | \$ 18,010,634 |
| Racetrack Commission | \$ 116,718,380 | \$ 19,003,007 | \$ 1,027,045 | \$ 1,657,695 | \$ 824,980 | \$ 7,151,560 | \$ 808,434 | \$ 1,796,217 | \$ 15,813,136 | \$ 164,800,454 |
| Racetrack Breakage | 1,965,502 | 296,180 | 13,232 | 18,622 | 8,159 | 109,984 | 10,855 | 22,921 | 46,606 | 2,492,061 |
| Total to Racetrack | \$ 118,683,882 | \$ 19,299,187 | \$ 1,040,277 | \$ 1,676,317 | \$ 833,139 | \$ 7,261,544 | \$ 819,289 | \$ 1,819,138 | \$ 15,859,742 | \$ 167,292,515 |
| Horse Breeders Fund Share | 4,213,119 | 596,765 | 44,591 | 62,315 | 41,455 | 252,021 | 39,193 | 82,360 | 560,018 | 5,891,837 |
| Racetrack Payouts | | | | | | | | | | |
| Paid to Simulcast Senders | \$ 15,730,505 | \$ 664,538 | \$ 131,675 | \$ 367,928 | \$ 116,148 | \$ 2,045,574 | \$ 159,524 | \$ 347,534 | \$ 3,860,772 | \$ 23,424,198 |
| Paid to NYRA and Finger Lakes | \$ - | \$ - | \$ 43,881 | \$ 115,397 | \$ 20,484 | \$ 596,231 | \$ 46,209 | \$ 97,540 | \$ 1,191,362 | \$ 2,111,104 |
| Gross Purses Paid | \$ 165,742,165 | \$ 16,803,500 | \$ 5,330,219 | \$ 6,953,500 | \$ 7,313,702 | \$ 15,677,656 | \$ 7,531,424 | \$ 7,650,084 | \$ 55,299,686 | \$ 288,301,936 |
| Minus Pool | \$ 2,765,611 | \$ 69,890 | \$ 3,787 | \$ 3,325 | \$ 4,136 | \$ 45,770 | \$ 2,546 | \$ 44,123 | \$ 279,448 | \$ 3,218,636 |
| Uncashed Tickets | \$ 2,164,048 | \$ 102,072 | \$ 477,926 | \$ 46,382 | \$ 27,903 | \$ 153,997 | \$ 24,175 | \$ 51,099 | \$ 398,641 | \$ 3,446,243 |
| State Admission Taxes | \$ 483,732 | \$ 411 | \$ - | \$ - | \$ - | \$ 396 | \$ - | \$ 607 | \$ 39,575 | \$ 524,721 |

NOTE: Handle includes on-track live racing and simulcast imports of all racing.

2014 New York State Regional OTBs Total Handle By Track and Region

| | <u>Capital</u> | <u>Catskill</u> | <u>Nassau</u> | <u>Suffolk</u> | <u>Western</u> | <u>All Regions</u> |
|--|-----------------------|----------------------|-----------------------|-----------------------|----------------------|-----------------------|
| <u>New York State Thoroughbred:</u> | | | | | | |
| NYRA: | | | | | | |
| Aqueduct | \$ 16,193,479 | \$ 7,029,073 | \$ 23,440,357 | \$ 14,517,121 | \$ 7,115,038 | \$ 68,295,067 |
| Belmont | \$ 19,600,646 | \$ 8,391,327 | \$ 25,398,865 | \$ 16,013,112 | \$ 7,880,346 | \$ 77,284,296 |
| Saratoga | \$ 17,667,062 | \$ 4,190,223 | \$ 12,687,250 | \$ 7,605,371 | \$ 3,994,154 | \$ 46,144,060 |
| Total NYRA | \$ 53,461,187 | \$ 19,610,622 | \$ 61,526,472 | \$ 38,135,604 | \$ 18,989,538 | \$ 191,723,423 |
| Finger Lakes | \$ 4,006,962 | \$ 1,949,026 | \$ 3,465,769 | \$ 2,004,225 | \$ 5,416,313 | \$ 16,842,295 |
| Handle on NYS Thoroughbred Tracks | \$ 57,468,149 | \$ 21,559,648 | \$ 64,992,241 | \$ 40,139,829 | \$ 24,405,851 | \$ 208,565,718 |
| <u>New York State Harness:</u> | | | | | | |
| Batavia | \$ 91,454 | \$ 64,058 | \$ 101,130 | \$ 45,990 | \$ 1,553,906 | \$ 1,856,538 |
| Buffalo | \$ 244,618 | \$ 164,478 | \$ 262,354 | \$ 151,615 | \$ 2,042,898 | \$ 2,865,963 |
| Monticello | \$ 2,031,568 | \$ 3,114,891 | \$ 2,788,279 | \$ 1,661,060 | \$ 2,653,996 | \$ 12,249,794 |
| Saratoga | \$ 2,247,255 | \$ 717,677 | \$ 828,672 | \$ 456,642 | \$ 1,083,298 | \$ 5,333,545 |
| Tioga | \$ 90,634 | \$ 155,099 | \$ 104,956 | \$ 38,416 | \$ 149,617 | \$ 538,722 |
| Vernon | \$ 553,608 | \$ 80,213 | \$ 72,857 | \$ 51,603 | \$ 344,875 | \$ 1,103,156 |
| Yonkers | \$ 2,321,562 | \$ 3,164,475 | \$ 5,038,724 | \$ 2,617,727 | \$ 2,308,446 | \$ 15,450,934 |
| Handle on NYS Harness Tracks | \$ 7,580,699 | \$ 7,460,890 | \$ 9,196,973 | \$ 5,023,053 | \$ 10,137,036 | \$ 39,398,652 |
| Handle on All New York State Tracks | \$ 65,048,848 | \$ 29,020,539 | \$ 74,189,215 | \$ 45,162,882 | \$ 34,542,887 | \$ 247,964,370 |
| Out-of-State Thoroughbred | \$ 70,118,730 | \$ 34,724,941 | \$ 99,459,472 | \$ 46,636,938 | \$ 33,951,030 | \$ 284,891,111 |
| Out-of-State Harness | \$ 12,049,104 | \$ 12,047,342 | \$ 19,534,723 | \$ 9,811,132 | \$ 16,486,618 | \$ 69,928,919 |
| Handle on Out-of-State Tracks | \$ 82,167,834 | \$ 46,772,283 | \$ 118,994,195 | \$ 56,448,070 | \$ 50,437,648 | \$ 354,820,030 |
| <u>Special Event Races:</u> | | | | | | |
| Kentucky Derby | \$ 1,707,181 | \$ 1,620,119 | \$ 2,163,528 | \$ 1,482,430 | \$ 1,970,968 | \$ 8,944,226 |
| Preakness Stakes | \$ 884,670 | \$ 848,939 | \$ 1,179,437 | \$ 805,343 | \$ 973,965 | \$ 4,692,354 |
| Breeders Cup | \$ 1,409,348 | \$ 480,544 | \$ 924,556 | \$ 612,720 | \$ 537,393 | \$ 3,964,561 |
| Handle on Special Event Races | \$ 4,001,199 | \$ 2,949,602 | \$ 4,267,521 | \$ 2,900,493 | \$ 3,482,326 | \$ 17,601,141 |
| Total NYS OTB Handle on All Tracks | \$ 151,217,881 | \$ 78,742,424 | \$ 197,450,931 | \$ 104,511,445 | \$ 88,462,861 | \$ 620,385,541 |

2014 New York State Regional OTBs Direct and Regional Payments to Tracks

| | <u>Capital</u> | <u>Catskill</u> | <u>Nassau</u> | <u>Suffolk</u> | <u>Western</u> | <u>TOTAL</u> |
|--|----------------------|---------------------|----------------------|---------------------|---------------------|----------------------|
| <u>New York State Thoroughbred:</u> | | | | | | |
| NYRA: | | | | | | |
| Aqueduct | \$ 1,095,959 | \$ 578,424 | \$ 1,809,250 | \$ 1,137,279 | \$ 308,617 | \$ 4,929,529 |
| Belmont | \$ 1,148,798 | \$ 684,579 | \$ 1,965,685 | \$ 1,185,214 | \$ 355,012 | \$ 5,339,288 |
| Saratoga | \$ 972,718 | \$ 272,136 | \$ 991,999 | \$ 581,343 | \$ 171,233 | \$ 2,989,429 |
| Total NYRA Direct | \$ 3,217,475 | \$ 1,535,139 | \$ 4,766,934 | \$ 2,903,836 | \$ 834,862 | \$ 13,258,246 |
| NYRA Regional | \$ 2,912,925 | \$ 1,504,257 | \$ 4,243,051 | \$ 2,069,853 | \$ 1,505,160 | \$ 12,235,246 |
| Finger Lakes Direct | \$ 230,061 | \$ 94,026 | \$ 144,296 | \$ 87,100 | \$ 387,732 | \$ 943,215 |
| Finger Lakes Regional | \$ 586,865 | \$ 275,461 | \$ 811,706 | \$ 372,503 | \$ 601,040 | \$ 2,647,575 |
| Total New York State Thoroughbred | \$ 6,947,326 | \$ 3,408,883 | \$ 9,965,987 | \$ 5,433,292 | \$ 3,328,794 | \$ 29,084,282 |
| <u>New York State Harness:</u> | | | | | | |
| Batavia Direct | \$ 2,222 | \$ 1,113 | \$ 1,721 | \$ 828 | \$ 86,400 | \$ 92,284 |
| Batavia Regional | \$ - | \$ - | \$ - | \$ - | \$ 464,223 | \$ 464,223 |
| Buffalo Direct | \$ 6,303 | \$ 2,891 | \$ 4,543 | \$ 2,694 | \$ 112,721 | \$ 129,152 |
| Buffalo Regional | \$ - | \$ - | \$ - | \$ - | \$ 856,231 | \$ 856,231 |
| Monticello Direct | \$ 55,237 | \$ 181,432 | \$ 375,563 | \$ 97,829 | \$ 67,037 | \$ 777,098 |
| Monticello Regional | \$ - | \$ 531,755 | \$ 706,688 | \$ 493,101 | \$ - | \$ 1,731,544 |
| Saratoga Direct | \$ 285,789 | \$ 13,925 | \$ 14,417 | \$ 8,204 | \$ 22,771 | \$ 345,106 |
| Saratoga Regional | \$ 2,064,074 | \$ - | \$ - | \$ - | \$ - | \$ 2,064,074 |
| Tioga Direct | \$ 2,094 | \$ 7,161 | \$ 5,637 | \$ 2,170 | \$ 3,055 | \$ 20,117 |
| Tioga Regional | \$ - | \$ 29,091 | \$ 44,220 | \$ 19,521 | \$ - | \$ 92,832 |
| Vernon Direct | \$ 24,019 | \$ 1,363 | \$ 1,239 | \$ 921 | \$ 12,797 | \$ 40,339 |
| Vernon Regional | \$ 588,585 | \$ 6,118 | \$ - | \$ - | \$ 179,496 | \$ 774,199 |
| Yonkers Direct | \$ 55,454 | \$ 196,592 | \$ 1,033,196 | \$ 146,562 | \$ 53,170 | \$ 1,484,974 |
| Yonkers Regional | \$ - | \$ 583,914 | \$ 689,294 | \$ 673,847 | \$ - | \$ 1,947,055 |
| Total New York State Harness | \$ 3,083,777 | \$ 1,555,355 | \$ 2,876,518 | \$ 1,445,677 | \$ 1,857,901 | \$ 10,819,228 |
| Total Payments to New York State Tracks | \$ 10,031,103 | \$ 4,964,238 | \$ 12,842,505 | \$ 6,878,969 | \$ 5,186,695 | \$ 39,903,510 |
| Out-of-State Thoroughbred | \$ 3,367,187 | \$ 1,490,221 | \$ 4,369,957 | \$ 2,044,748 | \$ 1,414,373 | \$ 12,686,486 |
| Out-of-State Harness | \$ 273,413 | \$ 266,316 | \$ 377,830 | \$ 221,420 | \$ 344,018 | \$ 1,482,997 |
| Total Payments to Out-of-State Tracks | \$ 3,640,600 | \$ 1,756,537 | \$ 4,747,787 | \$ 2,266,168 | \$ 1,758,391 | \$ 14,169,483 |
| Special Events: | | | | | | |
| Kentucky Derby | \$ 151,136 | \$ 102,987 | \$ 198,238 | \$ 131,196 | \$ 177,645 | \$ 761,202 |
| Preakness Stakes | \$ 57,773 | \$ 55,695 | \$ 74,854 | \$ 52,795 | \$ 64,551 | \$ 305,668 |
| Breeders Cup | \$ 108,654 | \$ 37,260 | \$ 69,493 | \$ 45,612 | \$ 41,825 | \$ 302,844 |
| Total Special Events | \$ 317,563 | \$ 195,942 | \$ 342,585 | \$ 229,603 | \$ 284,021 | \$ 1,369,714 |
| Total Payments to All Tracks | \$ 13,989,266 | \$ 6,916,717 | \$ 17,932,877 | \$ 9,374,740 | \$ 7,229,107 | \$ 55,442,707 |

2014 New York State Regional OTBs Distribution of Revenues

| | <u>Capital</u> | <u>Catskill</u> | <u>Nassau</u> | <u>Suffolk</u> | <u>Western</u> | <u>All Regions</u> |
|---|----------------------|----------------------|-----------------------|-----------------------|-----------------------|------------------------|
| Pari-Mutuel Revenue: | | | | | | |
| Statutory Take-Out | \$ 30,714,629 | \$ 16,604,013 | \$ 40,437,446 | \$ 21,465,063 | \$ 18,927,727 | \$ 128,148,878 |
| Breakage | \$ 651,628 | \$ 260,297 | \$ 783,615 | \$ 417,464 | \$ 293,718 | \$ 2,406,722 |
| Minus Pools | \$ (58,481) | \$ (11,043) | \$ (137,537) | \$ (23,235) | \$ (14,220) | \$ (244,516) |
| Missed Pools | \$ (1,165) | \$ 32 | | \$ - | \$ - | \$ (1,133) |
| Derived from Section 532.3.b.(iv) & 532.7 | \$ 922,134 | \$ 753,612 | \$ 1,429,652 | \$ 621,395 | \$ 989,009 | \$ 4,715,802 |
| Total Pari-Mutuel Revenue | \$ 32,228,745 | \$ 17,606,911 | \$ 42,513,176 | \$ 22,480,687 | \$ 20,196,234 | \$ 135,025,752 |
| Statutory & Simulcast Payments | | | | | | |
| New York State (Pari-Mutuel Tax & Breakage) | \$ 1,108,231 | \$ 650,746 | \$ 1,422,918 | \$ 842,069 | \$ 809,942 | \$ 4,833,906 |
| Racing Regulatory Fee | \$ 756,089 | \$ 393,712 | \$ 987,255 | \$ (27,326) | \$ 442,314 | \$ 2,552,045 |
| NYS Thoroughbred Development & Breeding Fund | \$ 699,751 | \$ 324,191 | \$ 937,536 | \$ 509,501 | \$ 346,032 | \$ 2,817,011 |
| Ag. & NYS Breeding & Dev. Fund Breeders' Fund - Harness | \$ 336,586 | \$ 240,478 | \$ 457,705 | \$ 245,630 | \$ 316,698 | \$ 1,597,097 |
| In-State Thoroughbred Tracks | \$ 6,947,326 | \$ 3,408,883 | \$ 9,965,987 | \$ 5,433,292 | \$ 3,328,794 | \$ 29,084,282 |
| Out-of-State Thoroughbred Tracks | \$ 3,367,187 | \$ 1,490,222 | \$ 4,369,955 | \$ 2,044,748 | \$ 1,414,374 | \$ 12,686,486 |
| In-State Harness Tracks | \$ 3,083,777 | \$ 1,555,354 | \$ 2,876,520 | \$ 1,445,677 | \$ 1,857,901 | \$ 10,819,229 |
| Out-of-State Harness Tracks | \$ 273,413 | \$ 266,316 | \$ 377,830 | \$ 221,420 | \$ 344,018 | \$ 1,482,997 |
| Special Events | \$ 317,563 | \$ 195,941 | \$ 342,585 | \$ 229,603 | \$ 284,021 | \$ 1,369,713 |
| Total Statutory & Simulcast Payments | \$ 16,889,923 | \$ 8,525,842 | \$ 21,738,291 | \$ 10,944,614 | \$ 9,144,094 | \$ 67,242,764 |
| Net Pari-Mutuel Revenue | \$ 15,338,822 | \$ 9,081,068 | \$ 20,774,885 | \$ 11,536,073 | \$ 11,052,140 | \$ 67,782,989 |
| Other Revenue | | | | | | |
| Admission Income & Tax | \$ 40,922 | \$ 85,145 | \$ 79,475 | \$ 84,472 | \$ - | \$ 290,014 |
| Lottery Income | \$ 244,041 | \$ 135,126 | \$ 38,733 | \$ 117,406 | \$ 287,650 | \$ 822,956 |
| Concession Income | \$ 73,898 | \$ 21,803 | \$ 10,863 | \$ 15,900 | \$ 17,842 | \$ 140,306 |
| Derived from Section 509-a(3) | \$ - | \$ - | | \$ 1,158,365 | | \$ 1,158,365 |
| Transfer from Section 509 Reserve Fund | \$ - | \$ - | | | | \$ - |
| Interest Income | \$ 8,371 | \$ - | | \$ 1,008 | \$ 2,387 | \$ 11,766 |
| Enterprise Fund - Net Revenue / (Loss) | \$ (1,677,350) | \$ - | | \$ (168,167) | \$ 5,290,453 | \$ 3,444,936 |
| Other Income | \$ 802,246 | \$ 616,059 | \$ 1,388,206 | \$ (21,181) | \$ 1,438,616 | \$ 4,223,946 |
| Net Revenue from Operations | \$ 14,830,950 | \$ 9,939,201 | \$ 22,292,162 | \$ 12,723,878 | \$ 18,089,088 | \$ 77,875,279 |
| Operating Expenses | | | | | | |
| Branch Expenses | \$ 11,448,919 | \$ 8,260,130 | \$ 25,357,867 | \$ 9,365,496 | \$ 12,462,907 | \$ 66,895,319 |
| General & Administrative Expenses | \$ 4,290,245 | \$ 2,272,078 | \$ 3,461,629 | \$ 9,125,295 | \$ 6,816,790 | \$ 25,966,037 |
| Total Operating Expenses | \$ 15,739,164 | \$ 10,532,209 | \$ 28,819,496 | \$ 18,490,791 | \$ 19,279,697 | \$ 92,861,357 |
| Section 516 Net Revenues from Operations | \$ (908,214) | \$ (593,007) | \$ (6,527,334) | \$ (5,766,913) | \$ (1,190,609) | \$ (14,986,078) |
| Less: Section 509-a(ii) Contributions to Capital Acquisition Fund | - | - | - | - | - | - |
| Section 509 Contributions to Reserve Fund | - | - | - | - | - | - |
| Section 527.6 Obligations | - | - | - | - | - | - |
| Section 516 Net Revenue for Distribution | \$ (908,214) | \$ (593,007) | \$ (6,527,334) | \$ (5,766,913) | \$ (1,190,609) | \$ (14,986,078) |

2014 New York State Regional OTBs Supplemental Information/Definitions

Revenue:

Enterprise Fund: Net revenue or loss from the corporations' business enterprise. For Capital OTB the amounts relate to the operation of a simulcast television channel. For Western OTB the amounts relate to the operation of Batavia Downs Gaming.

Operating Expenses:

GASB 45: Certain expenses include amounts relating to the Government Accounting Standards Board Statement 45 (GASB 45) GASB 45 requires the recognition of Other Post Employment Benefits (OPEB).

| <u>Expense</u> | <u>Capital</u> | <u>Catskill</u> | <u>Nassau</u> | <u>Suffolk</u> | <u>Western</u> | <u>Total</u> |
|--------------------------|-----------------|------------------|--------------------|--------------------|------------------|--------------------|
| Enterprise Fund | \$7,350 | \$0 | \$0 | \$0 | \$142,816 | \$150,166 |
| Branch Expenses | \$49,245 | \$127,235 | \$1,705,962 | \$437,275 | \$809,288 | \$3,129,005 |
| General & Administrative | \$35,046 | \$59,628 | \$301,052 | \$672,714 | \$0 | \$1,068,440 |
| Total | \$91,641 | \$186,863 | \$2,007,014 | \$1,109,989 | \$952,104 | \$4,347,611 |

Section 516 Net Revenue Available for Distribution: Amounts available after payment of allowable expenses that must be distributed to participating localities on a quarterly basis.

General Notes:

Reference to "section" relates to sections within the New York State Racing, Pari-Mutuel Wagering and Breeding Law.

Distributable Surcharge:

In addition to Section 516 Net Revenue, corporations are required to distribute surcharges levied on winning payoffs to participating and other localities on a monthly basis. The following is a summary of the surcharges available for distribution as of **12/31/2014** for each corporation.

| | <u>Capital</u> | <u>Catskill</u> | <u>Nassau</u> | <u>Suffolk</u> | <u>Western</u> | <u>Total</u> |
|--------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| Participating Localities | \$1,583,011 | \$1,215,195 | \$2,440,596 | \$1,072,099 | \$1,579,914 | \$7,890,815 |
| Other Localities | \$647,959 | \$362,069 | \$1,010,944 | \$486,593 | \$607,021 | \$3,114,586 |
| Total Surcharge | \$2,230,970 | \$1,577,264 | \$3,451,540 | \$1,558,692 | \$2,186,935 | \$11,005,401 |

The above does not include surcharges retained by the corporations for corporate purposes or the capital acquisition fund.

Participating Localities are local governments within the Off-Track Betting Region that have elected to participate under Section 502 of the Racing, Pari-Mutuel Wagering and Breeding Law. Other Localities are local governments which have racetracks located within their borders and receive a portion of the surcharge.

Office of Racing Promotion and Development

New York State Thoroughbred Breeding and Development Fund

The New York State Thoroughbred Breeding and Development Fund encourages the breeding and maintenance of Thoroughbred horses in New York by distributing financial incentives to breeders and owners whose horses compete successfully in New York-based races.

In 2014, the Thoroughbred Fund paid:

- \$12,823,774 in Breeder Awards
- \$3,031,327 in Stallion Awards
- \$1,968,200 in Open-Company Owner Awards

During 2014, 2,821 mares participated in the New York program. In addition, 2,281 mares were bred, and 1,603 foals were produced in the calendar year.

Video Lottery Terminal revenues in 2014:

| | |
|---------------|--------------|
| Resorts World | \$12,119,832 |
| Finger Lakes | \$1,928,903 |
| | \$14,048,735 |

The Agriculture and New York State Horse Breeding Development Fund

The Agriculture and New York State Horse Breeding Development Fund fosters the state’s agriculture through the promotion of Standardbred horse breeding and the conduct of equine research.

The Fund endeavors to fulfill that mission by distributing purse money for the New York Sires Stakes program and year-end breeders’ awards.

The Fund receives money from the pari-mutuel handle at the New York licensed tracks, New York Off-Track Betting Corporations and from the video lottery terminals located at the New York-based harness tracks.

In 2014, the fund awarded \$716,485 to Standardbred breeders. The Fund also provided purse support in the following races:

- \$8,860,752 in Sire Stakes purses
- \$3,063,000 in Excelsior purses
- \$657,750 in Town and County Fair purses
- \$350,000 in State Fair purses
- \$200,000 added to the Empire Breeders Classic purses

The video lottery terminals at New York-based harness tracks contributed more than \$12.0 million to the Fund in 2014, which is distributed to the breeding industry in the form of additional awards and purses.

Division of Gaming

Class III Indian Gaming

Class III gaming compacts have been forged between the State of New York and the Oneida Indian Nation of New York, the Saint Regis Mohawk Tribe, and the Seneca Nation of Indians. These compacts, which uniquely guarantee the State specific regulatory authority regarding Class III gaming operations, met the State's three goals deemed critical to its agreements with the tribes: *to ensure public order and safety; to protect the integrity of the games authorized by the compacts; and to gain agreement on a sound system of fiscal and auditing controls over casino gaming operations to protect the interests of the wagering public, the tribes and the State of New York.*

Contained in each compact and appendices are standards and specifications for each game permitted to be played at an Indian casino, the rules and internal controls governing the operation of the gaming facility, procedures for certification and/or registration of gaming employees and companies transacting business with the casino, and a system of mediation of disputes.

In 2014, inspectors employed by the Division of Gaming maintained a constant, 24-hour presence within each of the five Class III gaming facilities in New York, monitoring and confirming that gaming is operated pursuant to the respective Class III gaming compact. In general, each compact requires that all gaming employees and each of the representatives of the companies transacting business with a Class III gaming facility be found suitable prior to employment or the transaction of business.

Gaming inspectors conducted compliance examinations to ensure that gaming operations such as dealing procedures, internal accounting and other controls strictly conformed to the applicable provisions of the respective Class III gaming compact.

Video Lottery Gaming

The nine video lottery gaming facilities showed a 1.4 percent decrease in net win versus 2013. Only Resorts World Casino New York City and Batavia Downs achieved year over year growth. Hamburg had a disappointing year due to the continued competitive effects of the new Seneca Buffalo Creek casino and other factors.









The ETG segment of the video lottery gaming program has grown to 1,319 seats statewide. More importantly, net win per day increased from \$595 to \$631 in spite of no new themes being introduced in 2014.

Notable events at video lottery gaming facilities include:

Batavia Downs Gaming – Batavia Downs Gaming continues to show higher net win resulting from their fully renovated gaming floor.

Resorts World Casino New York City – Resorts World Casino New York City set records again in 2014 reaching a total of \$69.6 million in credits played in a single day. Resorts World also saw a one day net win record of \$3.76 million on March 1, 2014. Resorts World actively works to improve the gaming floor to meet customer needs. In 2014, Resorts World recorded credits played over \$65 million seven different times and net win over \$3.5 million twice.

Video Gaming Report for Calendar Year 2014

| |  |  |  |  |  |  |  |  |  |
|---|---|---|---|---|---|---|---|---|---|
| | Saratoga | Finger Lakes | Hamburg | Batavia Downs | Monticello | Tioga Downs | Empire City | Vernon Downs | Resorts World |
| | Casino & Raceway | Gaming & Racetrack | Gaming | Gaming | Casino & Raceway | Casino | Casino | Casino | Casino |
| Opening Date | 1/28/04 | 2/18/04 | 3/17/04 | 5/18/05 | 6/30/04 | 7/4/06 | 10/11/06 | 10/26/06 | 10/28/11 |
| Owner | Saratoga Harness Racing, Inc | Delaware North, Inc | Erie County Agricultural Society | Western Region Off-Track Betting Corporation | Empire Resorts, Inc | Southern Tier Acquisition, LLC | Yonkers Racing Corporation | Southern Tier Acquisition, LLC | New York State |
| Operator/Mgt Company | Saratoga Harness Racing, Inc | Delaware North, Inc | Delaware North, Inc | Western Region Off-Track Betting Corporation | Monticello Raceway Mgt, Inc. | American Racing & Entertainment | Yonkers Racing Corporation | American Racing & Entertainment | Genting NY, LLC |
| Location | Saratoga Spr, NY | Farmington, NY | Hamburg, NY | Batavia, NY | Monticello, NY | Nichols, NY | Yonkers, NY | Vernon, NY | Jamaica, NY |
| Gaming Floor Square Footage | 57,016 sq ft | 44,220 sq ft | 28,161 sq ft | 44,500 sq ft | 40,000 sq ft | 18,400 sq ft | 177,189 sq ft | 24,300 sq ft | 174,080 sq ft |
| CY 2014 Net Win: | | | | | | | | | |
| Credits Played | \$2,135,807,895 | \$1,698,582,024 | \$804,080,333 | \$602,500,066 | \$854,101,567 | \$744,109,655 | \$8,051,764,902 | \$515,281,312 | \$18,051,402,596 |
| Free Play Allowance | \$17,740,497 | \$14,283,184 | \$5,794,578 | \$5,156,818 | \$8,375,706 | \$6,435,850 | \$58,854,508 | \$4,685,267 | \$90,398,589 |
| Credits Won | \$1,959,302,060 | \$1,559,947,472 | \$734,113,186 | \$548,353,288 | \$786,583,469 | \$681,759,823 | \$7,455,418,784 | \$469,076,349 | \$17,153,015,202 |
| Net Win | \$158,765,338 | \$124,351,368 | \$64,172,569 | \$48,989,960 | \$59,142,392 | \$55,913,982 | \$537,491,610 | \$41,519,696 | \$807,988,805 |
| Avg Daily VGM's | 1,782 | 1,549 | 940 | 779 | 1,110 | 802 | 5,343 | 767 | 5,003 |
| Win/VGM/Day | \$244 | \$220 | \$187 | \$172 | \$146 | \$191 | \$276 | \$148 | \$442 |
| Statutory Allocation of Net Win: | | | | | | | | | |
| Education Contribution | \$76,470,322 | \$58,432,170 | \$22,873,229 | \$20,085,884 | \$23,065,533 | \$21,584,863 | \$271,620,721 | \$14,531,894 | \$355,515,074 |
| Agent Commission | \$33,340,721 | \$26,113,787 | \$19,893,496 | \$12,247,490 | \$18,334,142 | \$15,318,365 | \$112,873,238 | \$12,871,106 | \$177,757,537 |
| Purses ¹ | \$13,891,967 | \$10,880,745 | \$5,615,100 | \$4,286,622 | \$5,174,959 | \$4,892,473 | \$47,030,516 | \$3,632,973 | \$60,599,160 |
| Breeding Fund | \$1,984,567 | \$1,554,392 | \$802,157 | \$612,375 | \$739,280 | \$698,925 | \$6,718,645 | \$518,996 | \$12,119,832 |
| NYRA Operations | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$24,239,664 |
| NYRA Capital Expenditures | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$32,319,552 |
| Marketing Allowance | \$14,701,227 | \$12,435,137 | \$6,417,257 | \$4,898,996 | \$5,914,239 | \$5,591,398 | \$42,999,329 | \$4,151,970 | \$64,639,104 |
| Gaming Floor & Admin | \$15,876,534 | \$12,435,137 | \$6,417,257 | \$4,898,996 | \$5,914,239 | \$5,591,398 | \$53,749,161 | \$4,151,970 | \$80,798,881 |
| Capital Award (\$2.5M cap) ² | \$2,500,000 | \$2,500,000 | \$2,154,073 | \$1,959,598 | \$0 | \$2,236,559 | \$2,500,000 | \$1,660,788 | \$0 |
| | \$158,765,338 | \$124,351,368 | \$64,172,569 | \$48,989,960 | \$59,142,392 | \$55,913,982 | \$537,491,610 | \$41,519,696 | \$807,988,805 |
| ¹ Legislation allows facility operators to enter into agreements with representatives of the horsemen to reduce contributions to purses from the statutory amount. One percent of purse contributions from VLT proceeds are refunded to the Gaming Commission for equine health & safety programs. | | | | | | | | | |
| ² All facility operators, except Resorts World Casino and Monticello Casino & Raceway, receive 4% of net win for capital expenditures (\$2.5 million annual cap). | | | | | | | | | |
| Local Assistance Funding: ³ | | | | | | | | | |
| Eligible County | Saratoga | Ontario | Erie | Genessee | Sullivan | Tioga | n/a | Oneida | n/a |
| | \$775,198 | \$591,174 | \$288,560 | \$200,392 | \$308,570 | \$285,008 | \$0 | \$256,796 | \$0 |
| Eligible City | Saratoga Springs | n/a | n/a | Batavia | n/a | n/a | Yonkers | n/a | n/a |
| | \$2,325,592 | \$0 | \$0 | \$440,789 | \$0 | \$0 | \$19,600,000 | \$0 | \$0 |
| Eligible Town | n/a | Farmington | Hamburg | Batavia | Thompson | Nichols | n/a | Vernon | n/a |
| | \$0 | \$1,777,573 | \$865,679 | \$160,388 | \$634,506 | \$160,846 | \$0 | \$231,788 | \$0 |
| Eligible Village | n/a | n/a | n/a | n/a | Monticello | n/a | n/a | Vernon | n/a |
| | \$0 | \$0 | \$0 | \$0 | \$291,205 | \$0 | \$0 | \$137,103 | \$0 |
| ³ Eligible municipalities hosting a video lottery gaming facility receive local assistance funding per State Finance Law, Section 54-L. | | | | | | | | | |

Destination Resort Casinos

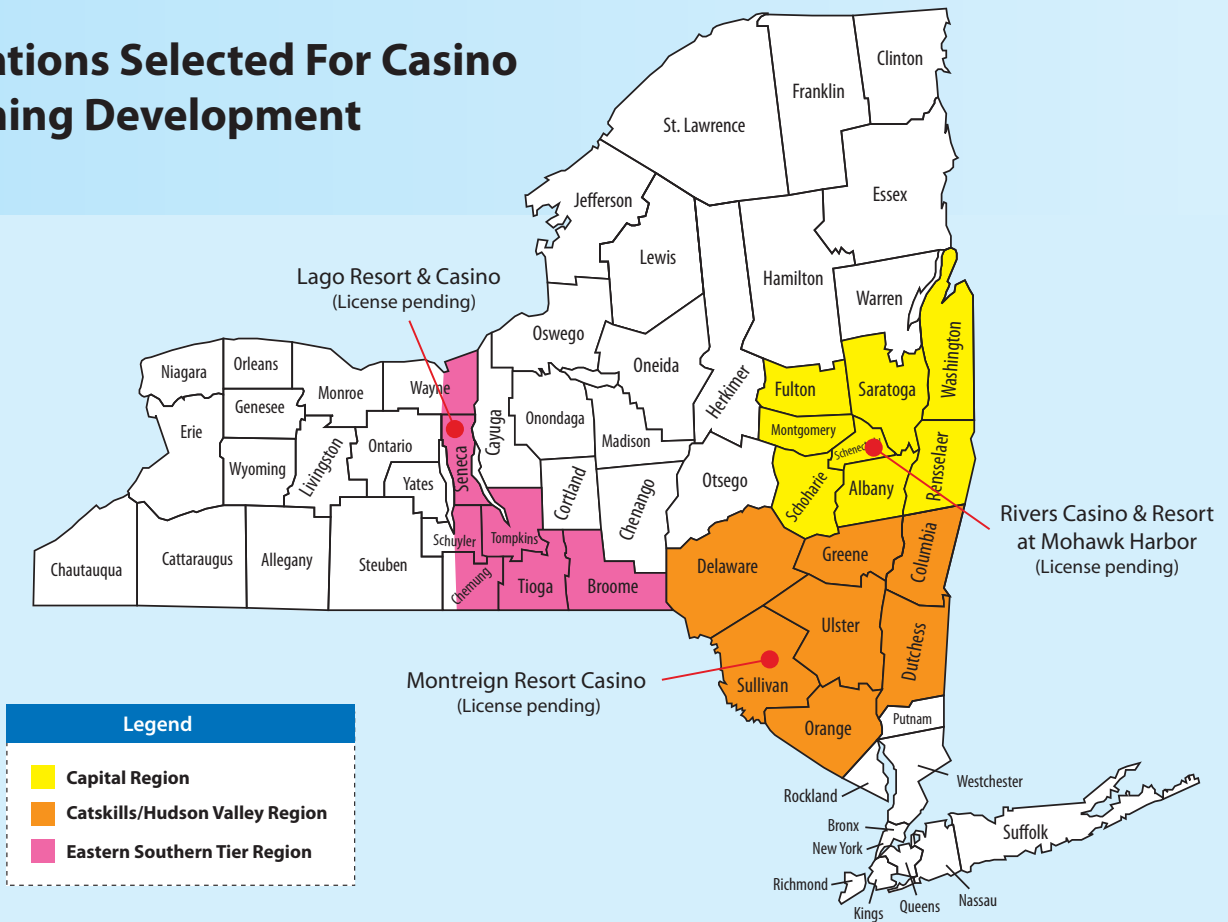
The Upstate New York Gaming Economic Development Act (Chapters [174](#) and [175](#) of the Laws of 2013) outlines the procedure and process for siting destination gaming resorts in New York State. The primary provisions of the Act are included in Article 13 of New York's [Racing, Pari-Mutuel Wagering and Breeding Law](#).

In 2014 sixteen applicants submitted complete bids for casino licenses in the three designated regions of the state. After an arduous process, the Gaming Facility Location Board selected three bids to apply to the Gaming Commission for a gaming facility license. The selected bids were:

- Lago Resort & Casino
- Montreign Resort Casino
- Rivers Casino & Resort at Mohawk Harbor

The selected bidders are now working with the Commission and their local jurisdictions to complete permitting and environmental requirements, and necessary licensing requirements. By law, a facility must open for business within two years of receipt of a formal gaming license.

Locations Selected For Casino Gaming Development



Division of Charitable Gaming

Charitable gaming occurs in the form of bingo, bell jar sales, the conduct of Las Vegas nights, and operation of raffles in each of the 62 counties of New York.

The Gaming Commission’s Division of Charitable Gaming is responsible for the investigation, audit and monitoring of bell jar ticket sales, and the verification of the lawful disbursement of bingo, bell jar, Las Vegas night, and raffle proceeds by licensees in New York State.

The Division of Charitable Gaming issues licenses to bingo and games of chance manufacturers and suppliers; collects the license fees paid by those licensees; determines that commercial bingo hall rental fees are fair and reasonable as a prerequisite to licensure by municipalities; approves bell jar ticket games each year; and issues bingo and games of chance identification numbers to applicant organizations as a prerequisite to their licensing by municipalities.

The Division of Charitable Gaming assists members of licensed authorized organizations and manufacturers and distributors of gambling equipment and supplies by helping them to comply with State law and the Commission’s rules, and conducts training seminars for municipal clerks and law enforcement.

The Division of Charitable Gaming also helps qualified organizations comply with the laws authorizing the conduct of profitable gaming fundraisers. Gaming Commission staff play a proactive role in the registration and training of authorized organizations conducting bingo, bell jar, raffle and table games at casino nights, carnivals and field days.

Identification Numbers Issued

Games of chance: 291

Bingo: 49

Bell Jar Ticket Approval

6,897 games submitted and reviewed

6,897 games approved

0 games denied

Bell Jar 5 Percent Additional License Fee

\$1,762,184

Bingo Halls – Rent Determinations

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Suppliers

Games of Chance

44 games of chance supplier licenses issued

\$199,279 games of chance license fees to the Commission

\$9,140,223 in gross sales of bell jar, Las Vegas night and raffle supplies and equipment

Bingo

34 bingo supplier licenses issued

\$15,095 bingo license fees to the Commission

\$3,694,978 in gross sales of bingo supplies and equipment

Investigations

- Complaints - 138
- Inspections - 376
- Investigations - 40
- Meetings - 66
- Training Seminars - 180

Compliance

- 46 compliance conferences conducted
- 769 previously unreported bell jar deals
- \$23,211 collected in 5 percent additional license fees owed to the Commission

Licenses Issued by Municipal Clerks¹

- Bell Jar – 462
- Bingo – 197
- Las Vegas Nights – 158
- Raffles – 132

License Fees Collected by Municipal Clerks

- Bell Jar - \$11,525
- Bingo - \$233,314
- Las Vegas Nights - \$7,287
- Raffles - \$711

Additional License Fees Collected by Municipal Clerks and the Commission

- Bell Jar (Commission) - \$1,762,184
- Bingo (municipality) - \$114,447
- Las Vegas Nights (municipality) - \$4,742
- Raffles (municipality) - \$9,546

Wagering and Profits to Charities

| Program | Amount Wagered | Profit to Charities |
|------------------|----------------------|---------------------|
| Bell Jar | \$209,324,321 | \$33,629,182 |
| Bingo | \$20,798,630 | \$3,553,056 |
| Las Vegas Nights | \$200,395 | \$149,649 |
| Raffles | \$3,300,988 | \$1,189,604 |
| Total | \$233,624,334 | \$38,521,491 |

¹There are 1,528 municipal clerks required to annually report charitable gaming licensing activity to the Commission. The figures reflected are compiled from reports filed by municipal clerks who have complied with the mandatory reporting requirements.

2014 Bell Jar Net Proceeds by County

| County | Net Proceeds |
|-------------|----------------|
| Albany | \$763,732.22 |
| Allegany | \$960,437.85 |
| Bronx | \$13,115.89 |
| Broome | \$603,300.81 |
| Cattaraugus | \$1,173,210.78 |
| Cayuga | \$458,124.92 |
| Chautauqua | \$2,873,211.53 |
| Chemung | \$470,247.62 |
| Chenango | \$66,474.45 |
| Clinton | \$567,438.26 |
| Columbia | \$36,043.78 |
| Cortland | \$313,379.28 |
| Delaware | \$135,802.35 |
| Dutchess | \$202,147.41 |
| Erie | \$1,850,291.21 |
| Essex | \$124,194.99 |
| Franklin | \$389,183.57 |
| Fulton | \$359,566.98 |
| Genesee | \$125,881.20 |
| Greene | \$25,330.18 |
| Herkimer | \$520,745.29 |
| Jefferson | \$1,220,201.51 |
| Kings | \$9,425.39 |
| Lewis | \$455,648.70 |
| Livingston | \$292,736.27 |
| Madison | \$252,724.95 |
| Monroe | \$1,595,339.68 |
| Montgomery | \$230,866.94 |
| Nassau | \$117,394.21 |
| New York | \$6,850.68 |
| Niagara | \$810,144.33 |
| Oneida | \$2,103,955.04 |
| Onondaga | \$796,273.01 |
| Ontario | \$555,823.11 |
| Orange | \$258,547.72 |
| Orleans | \$449,783.26 |
| Oswego | \$485,464.69 |
| Otsego | \$178,679.37 |

2014 Bell Jar Net Proceeds by County

| County | Net Proceeds |
|--------------|----------------|
| Putnam | \$94,934.77 |
| Queens | \$27,771.51 |
| Rensselaer | \$740,932.52 |
| Richmond | \$36,550.11 |
| Rockland | \$193,071.44 |
| Saratoga | \$694,134.27 |
| Schenectady | \$570,995.91 |
| Schoharie | \$62,825.79 |
| Schuyler | \$304,386.29 |
| Seneca | \$454,397.76 |
| St. Lawrence | \$1,234,029.01 |
| Steuben | \$1,604,813.14 |
| Suffolk | \$557,060.63 |
| Sullivan | \$6,196.28 |
| Tioga | \$137,755.34 |
| Tompkins | \$244,625.10 |
| Ulster | \$163,638.89 |
| Warren | \$188,844.89 |
| Washington | \$227,471.80 |
| Wayne | \$606,091.11 |
| Westchester | \$293,707.58 |
| Wyoming | \$325,608.17 |
| Yates | \$487,457.28 |

