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July 26, 2002

**THOROUGHBRED DIRECTIVE NUMBER 7 – 2002
RULES OF THOROUGHBRED RACING 2002**

The Ontario Racing Commission at its meeting of Thursday, July 25, 2002, resolved that the Rules of Thoroughbred Racing 2002 be amended by the promulgation of the following new rule, effective January 1, 2003.

CHAPTER 3
RACING ASSOCIATIONS AND ASSOCIATION OFFICIALS

Rule 3.15

(1) Associations shall:

- a) hold all monies received from any source for purposes of purses in trust in one or more accounts designated as Purse Accounts for disbursement as set out in (4);
- b) deposit only monies received for purposes of purses into the Purse Account(s); and
- c) deposit monies received for purposes of purses into the Purse Account(s) as follows:
 - i) from the Ontario Lottery and Gaming Corporation in accordance with the agreement between the Association and the Ontario Lottery and Gaming Corporation,
 - ii) from nomination, sustaining, starting or similar fees for added money events, immediately upon receipt,
 - iii) from pari-mutuel wagers (including the share of commissions on live, inter-track, export, simulcast and any other forms of betting authorized by a permit issued by the Canadian Pari-Mutuel Agency), within 10 business days of receipt, and
 - iv) from any other source, including reimbursement of a purse that is required to be repaid, within 10 business days of receipt.

(2) An Association may, where permitted in writing by the Director of Racing, deposit the monies received from the fees for added money events or from pari-mutuel wagers into another account designated for that purpose and hold the monies in that account subject to the terms imposed by the Director of Racing.

(3) Any interest earned on the monies received from any source for purposes of purses less reasonable banking charges incurred and paid for with respect to the Purse Account(s) shall be deemed to be monies received for purposes of purses.

(4) An Association shall disburse the monies from the Purse Account(s) only as follows:

- a) to pay purses in accordance with the Rules of Racing,
- b) with respect to any monies received from the Ontario Lottery and Gaming Corporation, in accordance with the provisions of an agreement between the Ontario Lottery and Gaming Corporation and the Association,
- c) to reimburse owners for races that are cancelled or races that are declared no contest only with the approval of the Commission, or
- d) for other purposes which are approved by the Commission that are for the benefit of racing or will provide benefits to all or a sizeable proportion of horsepeople who participate at meetings of the Association.

The Association, in a manner satisfactory to the Director of Racing, shall at the time of disbursement disclose or cause to be disclosed to owners, trainers and others who receive purse money, the purposes under (d) and the amount of any monies disbursed for such purposes.

(5) The costs for the management and administration of the Purse Account(s) or such other account as the Director of Racing may permit in writing shall not be paid from monies that have been received for purposes of purses.

(6) An Association shall manage and administer the Purse Account(s) or such other account as the Director of Racing may permit. The Association shall maintain the books and records related to the Purse Account(s) or such other account as the Director may permit in accordance with generally accepted accounting principles or such other standards as may be approved by the Director for use by that Association.

(7) An Association may retain the services of or delegate responsibilities that are permitted to be delegated under this Rule to a licensed Purse Account Manager provided that:

- a) there is a written agreement between the Association and the Purse Account Manager that has been filed with the Director of Racing,
- b) any payments for the performance of services under this agreement are paid directly by the Association from monies other than monies that are intended for purposes of purses,
- c) the Purse Account Manager's functions and activities are limited to clerical services related to the distribution of the purse monies,
- d) the Purse Account Manager shall be the agent of the Association in performing any services, and
- e) the Association remains responsible for the payment of all purses.

(8) The Association shall ensure that any person who is entitled to a purse or other payment from the monies that are intended for purposes of purses shall receive the purse or other payment. Where the person who is entitled to such purse or other payment cannot be located within one year of the end of the meeting, the Association may, with the permission of the Director, consider the monies as monies received for purposes of purses in the subsequent meeting.

(9) The Association shall provide statements to any association of horsepeople or person with whom it has an agreement for purposes of live racing or for purposes of the regulations under the *Criminal Code of Canada* with respect to the issuance of a pari-mutuel betting permit setting out the monies received for purposes of purses, the source of those monies and the disbursements made of those monies and for what purposes. The statements shall be provided either within 15 days of the end of the month in which racing occurred or within 15 days of the end of a period other than a month that has been approved by the Director.

(10) The Association shall cause the Purse Account(s) or such other account that has been permitted by the Director to be audited by an independent auditor in accordance with generally accepted auditing standards, or such other standards as may be approved by the Director for use by that Association, within 120 days of the end of the Association's fiscal year end. The Association shall file the report of the auditor annually with the Commission and shall provide a copy to the association of horsepeople within 30 days of receipt of the auditor's report. The audit shall be at the expense of the Association.

(11) Any Association, Purse Account Manager or person who contravenes, causes a contravention or acquiesces in a contravention of the Rules with respect to purses, may be fined and/or suspended by the Director.

BY ORDER OF THE COMMISSION

Jean Major
Executive Director