

**NORTH DAKOTA RACING COMMISSION**

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**Winston E. Satran**  
Director of Racing

April 19, 2010

**Helen Tessmann**  
Administrative Staff Officer

Ohio State Racing Commission  
State Office Tower  
77 South High Street, 18<sup>th</sup> Floor  
Columbus, OH 43266-0416

Re: North Dakota Racing Commission

Dear Sirs:

The North Dakota Racing Commission has taken a constructive approach to finance horse racing within the State of North Dakota. In the 2009 legislative session a new tax law that affects the taxation on account wagering was passed. The law was signed by Governor John Hoeven and took effect on July 1, 2009. This new statute effectively reduces the tax withheld to the State of North Dakota and the funds available to the Racing Commission.

This new legislation was enacted in order to retain the all ready existing account deposit wagering businesses that were active in the state and to attract other business to set up their businesses in North Dakota. Since the law became affective the North Dakota Racing Commission has licensed three new ADW companies, one new totalisator firm, and renewed the licenses of three existing companies. This legislation was passed solely for the purpose of replenishing the funds that support live horse racing in North Dakota.

The ND Racing Commission is cognizant that this new activity will require increased scrutiny and accountability. Presently the ND Racing Commission consists of five individuals that are recommended by the Horsemen to the Governor for his appointment. The Commission members then serve a five year term.

The Commission is responsible for the appointment of a Director and one Administrative Staff Officer to regulate racing and wagering activities. The Racing Commission budget

is designed to contract other services such as investigative background checks, account deposit wagering monitoring, breed fund administration, auditing, and the employing of licensing personnel and stewards at ND race tracks.

The ND Racing Commission works in cooperation with the State Attorney General's office in reviewing and approving applications for licensing of ADW's, Tote Companies, and Simulcast providers and charities (site operators) in North Dakota. The Attorney General's office also assigns an Asst. Attorney General to be the Racing Commission's legal counsel in all regulatory matters.

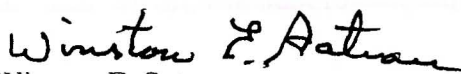
The North Dakota Racing Commission also receives current racing information from its membership in Association of Racing Commissioners International and formerly its membership in NAPRA.

North Dakota advantage of being a less populous State is afforded the opportunity to communicate directly with the Governor's staff on matters concerning horse racing and its subsidiary activities. The Racing Commission has taken the initiative to have periodic informative meetings with the Governor's and Attorney General's staff to keep them abreast of the current racing and wagering activities in North Dakota. This information is then conveyed to the Interim Legislative Committees by the Director of Racing.

We give you this information to allow you to be more knowledgeable concerning the regulatory status of account deposit wagering and horse racing in North Dakota. This information was recently communicated to the staff of the Thoroughbred Racing Protective Bureau. It is our hope that this information will be useful to you when you consider entering into business arrangements with companies that are licensed in North Dakota.

Please contact us if you require any other information concerning horse racing, account deposit wagering, simulcast wagering, in North Dakota.

Sincerely,

  
Winston E. Satran  
Director