

IN THE CIRCUIT COURT OF THE 11TH
JUDICIAL CIRCUIT IN AND FOR
MIAMI-DADE COUNTY, FLORIDA

SOUTH FLORIDA RACING
ASSOCIATION, LLC, a
Florida limited liability company,

CASE NO.: _____

Plaintiff,

vs.

FLORIDA QUARTER HORSE
RACING ASSOCIATION, INC.,
a Florida nonprofit corporation,

Defendant. _____/

COMPLAINT

Plaintiff SOUTH FLORIDA RACING ASSOCIATION, LLC, a Florida limited liability company, sues Defendant FLORIDA QUARTER HORSE RACING ASSOCIATION, INC., a Florida nonprofit corporation, and alleges as follows:

1. Plaintiff SOUTH FLORIDA RACING ASSOCIATION, LLC (“SFRA”), is a limited liability company, organized, existing and in good standing under the laws of the state of Florida. SFRA is the owner and holder of a pari-mutuel permit that authorizes it to conduct quarterhorse racing and pari-mutuel wagering thereon at Hialeah Park.
2. Defendant FLORIDA QUARTER HORSE RACING ASSOCIATION, INC., (“FQHRA”), is a Florida nonprofit corporation, organized, existing and in good standing under the laws of the State of Florida. FQHRA is an association whose membership is comprised of horsemen who own and train quarterhorses that race in the state of Florida, some of whom race their horses at Hialeah Park.

3. This is an action for declarations of rights, and for ancillary relief and for the recovery of damages in excess of the jurisdictional limits of this Court and for other relief for breach of contract. This Court has jurisdiction over this cause pursuant to Art. V, §5(b), of the Florida Constitution, and §26.012, Fla. Stat. Venue of this cause properly lies in Miami-Dade County, Florida, because the causes of action accrued in Miami-Dade County, Florida.

I. BACKGROUND

4. During 2009, a pari-mutuel permit was issued to SFRA, authorizing SFRA to conduct pari-mutuel wagering on quarterhorse races conducted at Hialeah Park. Thereafter, SFRA obtained a license to conduct quarterhorse racing at Hialeah Park on specified dates during the end of 2009, and the beginning of 2010.

5. On September 3, 2009, SFRA and FQHRA entered into a Memorandum of Agreement, a copy of which is attached as Exhibit "A" (the "First Agreement"). The First Agreement identifies the terms pursuant to which SFRA shall conduct quarterhorse meets at Hialeah Park for a term of three years, beginning in 2009 and concluding during 2012. Pursuant to the First Agreement:

- a. SFRA was to operate a forty day meet during the first year.
- b. SFRA was to pay a total of \$100,000.00 in purses during each day of the meet conducted during the first year.
- c. FQHRA was to retain 6% of the total purse funds, to be used for FQHRA administrative costs, advertising expense, and breeder awards.

6. During the first meet, issues arose between SFRA and FQHRA. These issues were resolved through the parties' execution of a Settlement Agreement, which terminated the First Agreement.

7. On or about August 30, 2010, SFRA and FQHRA executed two Memoranda of Agreements, one for a five year term beginning on July 1, 2010, and ending on June 30, 2015 (the "Five Year Agreement"), and a second for a one year term, commencing on July 1, 2015 and ending on June 30, 2016 (the "One Year Agreement"). The Five Year Agreement is attached as Exhibit "B". The One Year Agreement is attached as Exhibit "C". (The Five Year Agreement and One Year Agreement shall be collectively referred to as the "Agreements"). Through the Agreements FQHRA, acting on behalf, and for the benefit of the horsemen and trainers at Hialeah Park (the "Horsemen"), negotiated the terms pursuant to which quarterhorse meets would be conducted at Hialeah Park.

8. Pursuant to the Agreements:

- a. the parties set the terms applicable to the operation of six racing seasons at Hialeah Park, through June 30, 2016. The Agreements identify the number of race dates to be included in each meet.
- b. the parties agreed to the total purses to be paid to Horsemen during each live meet conducted during the term of the Agreements, which are to be funded on a weekly basis (the total purse funds to be paid during a meet referred to as the "Purse Funds"). During the last meet conducted, SFRA paid a total of \$3.6 million in Purse Funds. SFRA is required to pay a total of \$5.6 million of Purse Funds during the upcoming meet, which is scheduled to commence on November 29, 2013.
- c. SFRA is to deposit the weekly purse money into a horsemen's purse account (the "Horsemen's Account"), to be administered by a horsemen's bookkeeper retained, bonded and supervised by FQHRA.

- d. FQHRA was authorized to reimburse its administrative expenses incurred in connection with administering the Horsemen's Account, and direct expenses incurred at Hialeah Park, including having a representative on site (the "Direct Expenses"), from the purse funds deposited into the Horsemen's Account.
- e. FQHRA authorized SFRA to file the Agreements with the Division of Pari-Mutuel Wagering to establish SFRA's compliance with the provisions of Chapters 550, 551 and 849, Fla. Stat.

II. THE ESTABLISHMENT OF THE 5% HORSEMENS' FUND

9. After the execution of the Agreements, SFRA and FQHRA reached an oral agreement regarding the disbursement of the Purse Funds (the "Oral Agreement"). Pursuant to the Oral Agreement the parties agreed that instead of distributing 100% of the Purse Funds to the Horsemen as purses:

- a) 95% of the Purse Funds would be paid out as purses for races (the "Purses"), and
- b) FQHRA would retain 5% of the Purse Funds in the Horsemen's Account (the 5% referred to as the "Horsemen's Fund"), from which it would reimburse its Direct Expenses. The remaining balance of the Horsemen's Fund would be distributed to the Horsemen for benevolence and support (the balance of the Horsemen's Fund after payment of Direct Expenses, which is the sum to be distributed to the Horsemen, hereafter referred to as the "Benevolence Distributions").

FQHRA was responsible for the administration and distribution of all Purse Funds, including the Purses, the Direct Expenses and the Benevolence Distributions. FQHRA was obligated to distribute the Purses as directed by SFRA, and while obligated to distribute the full sum of the Benevolence Distributions, had discretion with respect to how to distribute the funds FQHRA was to account to SFRA with respect to the Horsemens' Fund, including its payment of its Direct Expenses and its distribution of the Benevolence Distributions.

10. During the meets conducted to date pursuant to the Agreements, FQHRA paid out 95% of the total Purse Funds as Purses, and has failed to expend and distribute the Horsemens' Fund as required pursuant to the Oral Agreement. Instead of only paying its Direct Expenses and distributing the Benevolence Distributions to the Horsemen, FQHRA has taken the entire Horsemens' Fund for itself. To date, FQHRA has wrongfully taken close to a total of \$500,000.00 from the Purse Funds paid by SFRA.

11. FQHRA was entrusted by SFRA to hold and administer the Horsemens' Fund for the benefit of the Horsemen, to distribute this money more equitably than paying it out as part of the Purses. SFRA has an interest in FQHRA's distribution of the Horsemens' Fund in accordance with the terms of the Oral Agreement.

12. FQHRA failure to distribute the Benevolence Distributions has a material adverse impact on SFRA because SFRA has contractually committed to pay this money to the Horsemen, and thus, is obligated to ensure that the Horsemen receive the funds. Further, the Horsemens' failure to receive the Benevolence Distributions negatively impacts the conditions under which the Horsemen operate at Hialeah Park, jeopardizing the Horsemen's willingness to return to Hialeah Park, and SFRA's ability to conduct quarterhorse meets and retain its permit and licensees.

II. THE HORSEMEN'S PURSE ACCOUNT

13. During SFRA's last quarterhorse meet, issues arose between SFRA and FQHRA. Among other issues, FQHRA was withholding the disbursement of Purses to horsemen from the Horsemen's Account, sometimes for in excess of 60 days after the conclusion of the race. FQHRA maintained that it would not pay Purses until blood tests of the winning horses were completed by the laboratory approved by the State, which was weeks behind in the testing process. FQHRA's withholding of payment of Purses was contrary to industry wide standards. Further, many Horsemen were struggling financially because FQHRA was withholding the Purses. Representatives of the Horsemen approached SFRA and expressed concern about their ability to remain at the track to continue to race horses due to FQHRA's refusal to disburse the Purses. This jeopardized SFRA's meet, thereby jeopardizing its quarterhorse permit and licenses.

14. Pursuant to Florida Division Florida Administrative Code Rule 61D-8.005(7), and (17), SFRA, as the permitholder, is obligated to maintain the Horsemen's Account, and any agreement to the contrary is void. SFRA is required to comply with these administrative rules, which would eliminate the issues created by FQHRA's refusal to timely disburse the purses.

15. On January 30, 2013, SFRA sent FQHRA the letter attached as Exhibit "D", advising that SFRA was going to establish a new Horsemen's Account, supervise the account, and make all purse payments from the account. SFRA demanded that FQHRA immediately return to SFRA all sums that SFRA had deposited into the Horsemen's Account, and to provide an accounting of all disbursements made and remaining due.

16. FQHRA refused to perform in accordance with SFRA's demands. Ultimately, all purses for the meet were belatedly disbursed. FQHRA has not agreed that SFRA is required to, and shall maintain and control the Horsemen's Account.

17. SFRA is scheduled to begin its upcoming quarterhorse meet on November 29, 2013. The issues regarding control of the Horsemen's Account and the disbursement of the Horsemen's Fund have not been resolved.

18. SFRA has performed all conditions precedent to the maintenance of this action.

COUNT I – DECLARATORY JUDGMENT – INTERPRETATION OF HORSEMENS ACCOUNT PROVISIONS OF AGREEMENTS

19. Plaintiff SFRA incorporates by reference paragraphs 1 through 18.

20. Paragraph 5 of the Agreements provides in relevant part:

[SFRA] agrees it will deposit the purse money required pursuant to paragraph 4 of this Agreement in a timely manner to the Horsemen's Purse Account that will be administered by a Horsemen's Bookkeeper retained, bonded by and supervised by the FQHRA.

21. A bona fide, present and actual controversy exists between SFRA and FQHRA regarding paragraph 5 of the Agreements and the Horsemen's Account. The parties are in need of an interpretation of these provisions of the Agreements, and, depending thereon, a declaration that these provisions are void and unenforceable.

22. Florida Administrative Code Rule 61D-8.005(7), provides in relevant part:

The horseracing permit holder shall maintain a separate account for purses and a separate account for Florida Owners Awards.

23. Florida Administrative Code Rule 61D-8.005(17), provides in relevant part:

Any contractual clause, agreement or unilateral action by a permit holder which is found to be contrary to the requirements in Chapter 550, F.S., or the provisions of this Rule shall be considered void.

24. FQHRA claims that pursuant to the Agreements it is to maintain the Horsemen's Account in its name, and that it is authorized to make decisions and establish rules regarding the disbursement of funds from the Horsemen's Account, including with respect to the timing of the disbursements.

25. Paragraph 5 of the Agreements is only valid and enforceable if it is interpreted to provide that the Horsemen's Account is to be maintained, or held in the name of SFRA. If paragraph 5 of the Agreements is interpreted to provide that the Horsemen's Account is to be maintained and held in the name of FQHRA, the first sentence of the paragraph is void and unenforceable.

26. Paragraph 5 of the Agreements must also be interpreted to provide that SFRA, and not FQHRA, has the authority to make all decisions regarding the operation of the Horsemen's Account, and to establish rules regarding the disbursement of funds from the Horsemen's Account, for the following reasons:

- a. The parties intended that SFRA, as the permitholder and entity who funds the Purses, would have decision making and rulemaking authority regarding the Horsemen's Account, and that FQHRA would perform the ministerial act of implementing SFRA's decisions and rules through its administration of the account and supervision of the Horsemen's Bookkeeper, and
- b. If paragraph 5 of the Agreements is interpreted to provide that FQHRA has the authority to make decisions and rules regarding the Horsemen's Account, the first sentence of paragraph 5 is invalid pursuant to

Administrative Rule, as improperly vesting the maintenance of the Horsemen's Account with FQHRA.

27. Pursuant to §86.01, Fla. Stat., Plaintiff SFRA is entitled to an interpretation of paragraph 5 of the Agreements regarding the Horsemen's Account, and to a determination of the validity of the provision.

WHEREFORE, SFRA demands judgment in its favor and against FQHRA:

- a. interpreting paragraph 5 of the Agreements to provide for the Horsemen's Account to be maintained and held by SFRA, and that SFRA has the authority to make decisions and establish rules regarding the Horsemen's Account,
- b. alternatively, declaring that if the provisions of the Agreements provide for FQHRA to maintain and control the Horsemen's Account, the provisions are void,
- c. awarding SFRA the costs of the maintenance of this action, and
- d. awarding SFRA such further relief as is deemed just and equitable.

COUNT II – BREACH OF ORAL AGREEMENT

28. Plaintiff SFRA incorporates by reference paragraphs 1 through 18.

29. Pursuant to the Oral Agreement, FQHRA is entrusted to hold and distribute the Horsemen's Fund for the benefit of the Horsemen at Hialeah Park, and to use the funds solely to reimburse its Direct Expenses and to make the Benevolence Distributions. The Horsemen's Fund is being held constructively in the Horsemen's Account for the benefit of the Horsemen.

30. FQHRA has materially breached the Oral Agreement in manners including and not limited to each of the following:

- a. FQHRA expended portions of the Horsemens' Fund to reimburse FQHRA expenses that are not Direct Expenses, which do not relate to FQHRA's activities at Hialeah Park, and do not directly benefit the Horsemen.
- b. FQHRA has failed to disburse the Benevolence Distributions, and instead has taken the Horsemens' money.
- c. FQHRA has failed to account to SFRA with respect to its expenditure and distribution of the Horsemens' Fund.

31. SFRA has sustained damages as a proximate result of FQHRA's breaches of the Oral Agreement. The damages include all Horsemens' Funds wrongfully retained by FQHRA, for which SFRA remains liable to pay to the Horsemen.

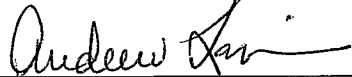
32. As a result of FQHRA's material breaches of the Oral Agreement, FQHRA has lost its right to receive and administer the Horsemens' Fund. Instead the Horsemens' Fund must be maintained by SFRA to make the Benevolence Distributions to ensure that the Horsemen receive all funds to which they are contractually entitled.

WHEREFORE, SFRA demands judgment in its favor and against FQHRA:

- a. determining that FQHRA has materially breached the Oral Agreement.
- b. determining that FQHRA lost its right to receive and administer the Horsemens' Fund,
- c. determining that the Horsemens' Fund should be retained and administered by SFRA, to be distributed to the Horsemen,
- d. entering judgment in favor of SFRA and against FQHRA for compensatory damages and prejudgment interest accruing thereon,
- e. awarding SFRA the costs of the maintenance of this action, and

f. awarding SFRA such further relief as is deemed just and equitable.

NAVON & LAVIN, P.A.
Counsel for Plaintiff
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Telephone: (954) 967-2788
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By: 

Andrew T. Lavin, Esq.
Florida Bar No. 260827

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MEMORANDUM OF AGREEMENT

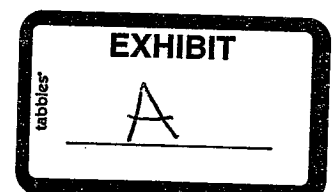
This agreement made and entered into this 3rd day of September, 2009 by and between South Florida Racing Association, LLC dba Hialeah Park (hereinafter referred to as Hialeah) and Florida Quarter Horse Racing Association, Inc. (hereinafter referred to as FQHRA) represents the understanding and agreement between the Parties with regard to the conduct of live race meets for Quarter Horses including but not limited to the allocation and distribution of purse money for the live race meets conducted by and at Hialeah for a term of three (3) years beginning in 2009 and concluding at the end of calendar year 2012.

WHEREAS, Hialeah is a duly constituted licensee under Florida law to conduct Quarter Horse race meeting(s) at its racetrack facility; and

WHEREAS, the FQHRA is the organization recognized to represent participants who own and/or train Quarter Horses participating in a Quarter Horse race meeting at Hialeah or to represent the majority of the horsemen participating in a Quarter Horse race meeting at Hialeah.

NOW, THEREFORE, in consideration of the covenants and promises made by each party, the parties hereto agree as follows:

1. The term of this agreement is three (3) years. The parties agree this agreement will be renegotiated at the end of the three year term.
2. The parties agree that a "race meet" shall be defined as the minimum number of race days described in SB 788 or by current Florida statute. Additionally the parties agree that a "race day" or performance as pursuant to this agreement shall consist of eight (8) live Quarter Horse races unless mutually agreed upon by both parties to have a different definition. The parties further agree that a "race week" will be defined as any seven consecutive day period during this agreement. With this agreement, Hialeah chooses to run forty (40) live race days in year one (1) of the agreement, (2009-2010) to satisfy conditions of current Florida legislation and/or anticipated conditions of pending legislation if necessary. Hialeah has the option to add an additional 10 days of QH racing to the end of this meet with an additional \$100,000 per day of racing (\$1,000,000) added to the horsemen's purse account. The second meet pursuant to this agreement will begin no later than December 2010 and will provide live racing on a minimum of 20 racing days. The parties further agree that a "race week" will be defined as any seven consecutive day period during a live meet. The third race meet pursuant to this agreement will begin no later than December 2011 and will provide live racing on a minimum of 30 racing days.
3. The initial live race meeting pursuant to this agreement shall commence live racing on November 28, 2009 and will continue operation with four live race days per week until its conclusion on February 2, 2010. The parties agree to mutually determine the proposed dates for the meet to be conducted in the next fiscal/calendar year on the date that the



Florida Department of Business and Professional Regulation approves the request for a racing license for that fiscal/calendar year.

4. Hialeah agrees that during the first two (2) live race meets conducted pursuant to this agreement it will provide an average of One Hundred Thousand Dollars (\$100,000) per live race day which will be used to provide purse money for participating horses, as FQHRA administrative fees, and as Quarter Horse Breeders awards. During the third (3rd) live race meet the amount guaranteed and provided by Hialeah will be an average of \$105,000 per live race day.

5. Hialeah Race Park agrees it will deposit the purse money required pursuant to Paragraph 4 of this agreement to the Horsemen's Purse Account which will be administered by a Horsemen's Bookkeeper retained, bonded by and supervised by the FQHRA. The purse money deposited by Hialeah pursuant to this agreement is in addition to, not in lieu of any and all other monies that may be deposited into the Horsemen's Purse Account, including but not limited to stakes nominations, AQHA sponsorship money, or other monies as may be deposited by individual horsemen or race sponsors. Hialeah is indemnifies from any and all disputes that may arise out of payment or lack thereof, for all purses and breeder's awards during the term of this agreement. Sponsorships developed by Hialeah are to be distributed with 50% going to the horsemen's purse account and 50% being retained by Hialeah. The aforementioned sponsorship percentage deposited to the horsemen's purse account will be in lieu of that same amount contributed by Hialeah.

6. The deposits by Hialeah will be made in a timely manner and except for an initial deposit pursuant to this agreement by the track prior to the start of the race meet, subsequent deposits for each week will be deposited not less than three days prior to the first day of racing for each week of the meet to the horsemen's purse account administered by FQHRA. The amount of the weekly deposit will be sufficient to cover the purses offered for the live race days of the week following the date of deposit, further agree that the weekly purse schedule will be consistent with the average daily purse level agreed to and provided by Hialeah for each day of live racing multiplied by the number of days of live racing to be conducted during the week following the deposit date. For the initial race meeting, Hialeah agrees to deposit a total of Seventy Two Thousand Dollars (\$72,000) with not less than Twenty Four Thousand Dollars (\$24,000) deposited on or prior to September 28, 2009 and an additional Twenty Four Thousand Dollars (\$24,000) deposited on or prior to October 28, 2009 and an additional Twenty Four Thousand (\$24,000) on or before November 23, 2009. The deposit schedule for the initial deposit for subsequent meets as provided for under this agreement as well as the amount of each initial deposit will be determined and agreed upon by the parties at the time the race dates are established for the subsequent live race meets. A copy of the check register administered by FQHRA will be provided to Hialeah on a weekly basis.

7. FQHRA as the official representative of participating horsemen will retain six percent (6%) of the total purse funds guaranteed to be deposited to the Horsemen's Purse Account by Hialeah. The funds will be used for FQHRA administrative costs,

advertising expense, and breeder awards. Not less than one sixth (1/6) of funds retained by FQHRA during each live race meet will be distributed at the conclusion of the live race meet as breeder awards for breeders of participating horses. The six percent (6%) deduction from the Horsemen's Purse Account will be paid to FQHRA for the initial meet will be as follows: Twenty Four Thousand (\$24,000.00) on or before September 28, 2009, an additional Twenty Four Thousand (\$24,000) on or before October 28, 2009 and an additional Twenty Four Thousand (\$24,000.00) on or before November 23, 2009 and the balance will be deducted from the Horsemen's Purse Account and paid by check to FQHRA in increments of Sixteen Thousand Eight Hundred Dollars (\$16,800) per week on the first race day of each race week during the live race meet.

8. Prior to each live race meet FQHRA and the Vice-President and General Manager or designee of Hialeah will jointly establish a schedule of Stake Races, Futurities, Derbies, and agree upon a general condition book for the live race meet. The parties agree that the desired ratio of added money allocated for stakes races will not exceed 25% of the total Horsemen's Purse Funds provided by Hialeah Race Park unless there are mutual agreements of the parties to exceed that ratio for a specific race meet. The parties will agree to establish the stakes schedule and proposed overnight purse levels sufficiently in advance of the live race meet to allow for a reasonable schedule of nomination and sustaining payments for futurities and derbies, and to provide maximum opportunity for both parties to promote and advertise the meet to encourage a high level of participation by horsemen with high quality stables of Quarter Horses.

9. Nomination payments, including initial nomination and sustaining payments, and or supplemental entry payments for futurities and derbies to be conducted during live meets at Hialeah will be collected by FQHRA. FQHRA may, pursuant to the conditions for such races, retain ten percent (10%) of these payments for administrative costs associated with the races. Not less than ninety percent (90%) of all payments collected for the futurities and derbies will be added to the purse for final of the appropriate races. FQHRA will be responsible for all administrative, advertising, and awards expense for these particular races including all costs associated with the preparation and publication of payment schedules, deadline reminders, eligibility lists, websites, etc. Hialeah is indemnified from any and all disputes that may arise from this process.

10. To the extent that Stake races including futurities, derbies, or AQHA sponsored Challenge races may require time trials to determine the finalists for these races, the time trials will be run as overnight races. The purses for all trial races will be paid from the Horsemen's Purse Account and will not be deducted from the nomination payments. Purse levels to be paid for trial races will be established by mutual agreement of FQHRA and Hialeah Race Park.

11. FQHRA will be responsible to employ and supervise the Horsemen's Bookkeeper. Hialeah will be responsible to employ and supervise all additional personnel required to conduct a live race meet. Hialeah will provide air-conditioned office space with electricity, telephone service, and internet connection for FQHRA personnel (including the Horsemen's Bookkeeper) beginning at least two (2) weeks prior to the first day of

racing and continuing for not less than one (1) week after the last day of the live meet. Hialeah will also provide access to racing office and horsemen's bookkeeper software necessary for the conduct of a live race meet and will authorize access to that program for designated FQHRA employees. Payment of utilities and fees in connection with racing office operating systems other than monthly charges for FQHRA internet service provider will be the responsibility of Hialeah. FQHRA will pay the cost of the book keeper's software up to \$65.00 but not more than \$85.00 per racing day to Hialeah for use of the horsemen's book keeper software portion of the InCompass software system.

12. The parties agree that for each live race meet conducted pursuant to this agreement the racetrack stable area will open for training beginning two (2) weeks prior to the first live race day and will remain open for the use of horsemen until one (1) week after the final day of live racing.

13. Hialeah Race Park agrees to provide adequate stabling and accommodations for backside workers which will include one thousand (1,000) stalls for Quarter Horse use during the live meet as well as adequate sleeping quarters for a minimum of one hundred twenty (120) backside workers. Hialeah also agrees to provide not less than 24 toilets and 24 showers for the use of workers during the time the backside is open for the live meet. There will be no rental fees assessed for Quarter Horse stalls or sleeping quarters, however, the parties agree that Hialeah may make available another 200 stalls during the Quarter Horse meet that may be leased by the track for the stabling of Thoroughbred race horses.

14. Hialeah will be responsible for providing workers compensation or other statutorily required coverage at its expense for participating Jockeys and exercise riders. Participating trainers will be responsible for their employees' workers compensation coverage.

15. Hialeah and FQHRA may deny stall assignments for a specific horse(s) if they determine a horse is lame or otherwise physically impaired so that it would be unable to participate in a live race for several weeks during the meet. Hialeah maintains the right to deny stall space to any trainers or owners as deemed necessary or exclude any horsemen, stable employee or association as deemed necessary.

16. Hialeah Race Park will determine and provide an adequate number of RV or Camper sites with utility hook up for water, electricity, and sewer as well as a designated area to empty and clean septic tanks for RV's as may be requested by eligible participants during the live meet.

17. Hialeah Race Park and FQHRA agree they will jointly promote and advertise all Quarter Horse meets in a reasonable manner including advertising the major stakes races (FQHRA) and the race meet (Hialeah) in the three (3) major recognized Quarter Horse industry publications - American Quarter Horse Racing Journal, Track Magazine, and Speedhorse Magazine. Advertising for each meet will commence not later than the October issues of those publications for the live race meet that begins in December 2009 ,

and shall continue in November, and December issues for that 2009 meets. Advertising for all subsequent meets will be no later than the July issue of the three (3) previously mentioned magazines. FQHRA will encourage the AQHA to promote the live race meet on its website and through use of the AQHA member email contact lists. FQHRA will also enlist the support of other industry web publications such as www.Stallionsearch.com and the FQHRA website for promotion of the live meet each year. It is recognized by both parties that the deadline for advertising in the October issues of these magazines is September 7, 2009. Both parties agree to place a full page ad in the October 2009 issue of all three magazines with Hialeah promoting the upcoming race meet and FQHRA promoting the futurities, derbies and other stakes races. FQHRA agrees to encourage AQHA to assist in establishing an export simulcasting network. FQHRA will provide blanket approval for all simulcasting (import and export) for the term of this agreement. The approval cannot be revoked at any time by FQHRA unless Hialeah is in breach of this agreement. FQHRA horsemen will make their best effort to fill races as displayed in the condition or stake schedule.

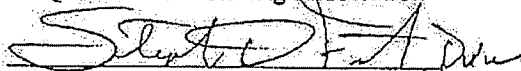
18. The parties further agree that any disputes arising from the execution of this agreement, or as a result of the some issue directly related to the conduct of the live Quarter Horse race meet will be settled by arbitration.

19. Both parties agree that the 2009/2010 meet will be completed on schedule regardless of impending legislation. Both parties agree that if Hialeah is not included in any gaming legislation (IE: Hialeah is legislatively prohibited from applying for a gaming license) that both parties are released from any further obligation to the other in regard to the future race meets described in section 2.0 in this agreement.

In Witness Thereof, the parties have caused this agreement to be executed by their duly authorized officers and become effective this 3rd day of September, 2009.

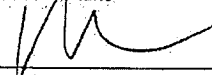
ATTEST:

Florida Quarter Horse Racing Association

By: 
President

ATTEST:

Hialeah Race Park

By: 
Authorized Representative of Hialeah Race Park

SIGNED
FIVE YEAR

MEMORANDUM OF AGREEMENT

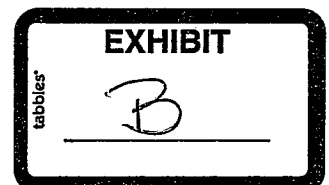
This Agreement made and entered into this 30th day of August, 2010 by and between South Florida Racing Association, LLC dba Hialeah Park (hereinafter referred to as "Hialeah") and Florida Quarter Horse Racing Association, Inc. (hereinafter referred to as "FQHRA") represents the understanding and agreement between the Parties with regard to the conduct of live race meets for Quarter Horses including but not limited to the allocation and distribution of purse money for the live race meets conducted by Hialeah for a term of five racing seasons beginning on July 1, 2010 and ending on June 30, 2015.

WHEREAS, Hialeah is a duly constituted permitholder and a current licensee under Florida law to conduct Quarter Horse Racing at its racetrack facility; and

WHEREAS, the FQHRA is the organization recognized to represent participants who own and/or train Quarter Horses participating in a Quarter Horse Race Meeting at Hialeah or to represent the majority of the horsemen participating in a Quarter Horse Race Meeting at Hialeah.

NOW, THEREFORE, in consideration of the covenants and promises made by each party, the parties hereto agree as follows:

I. The term of this Agreement is five racing seasons and sets forth the obligations and responsibilities of each party for each live race meet during the term of the Agreement at which Hialeah conducts Quarter Horse Racing under the authority of its Quarter Horse Racing



for such year.

2. The parties agree that, for the purposes of the Agreement, a "Live Race Meet" shall be defined as the specific number of race days described for each Live Race Meet conducted during the term of this Agreement. Additionally, the parties agree that a "Live Race Day" or "Performance" pursuant to this Agreement shall consist of eight live Quarter Horse races, unless mutually agreed upon by both parties to have different definitions. The parties further agree that a "Race Week" will be defined as any seven consecutive day period during this Agreement.

3. The parties agree to the following with regard to Live Race Meets during the term of this Agreement:

a) For the 2010-11 Florida Racing season, live racing shall start on December 3, 2010 and will continue for eight weeks with three Live Race Days per week until January 23, 2011, for a total of twenty-four (24) Live Race Days.

b) For the 2011-12 Florida Racing season; from November 1st forward, any Live Race Meet conducted shall consist of three Live Race Days per week for ten weeks, for a total of thirty (30) Live Race Days.

c) For the 2012-13 Florida Racing season; from November 1st forward, any Live Race Meet conducted shall consist of three Live Race Days per week for ten weeks, for a total of thirty (30) Live Race Days.

d) For the 2013-14 Florida Racing season; from November 1st forward, any Live Race Meet conducted shall consist of four Live Race Days per week for ten weeks, for a total of forty (40) Live Race Days.

e) For the 2014-15 Florida Racing season; from November 1st forward, any Live Race Meet conducted shall consist of four Live Race Days per week for ten weeks, for a total of forty (40) Live Race Days.

4. Hialeah agrees that, throughout each of the Live Racing Meets conducted during the term of this Agreement, it will deposit into the Horsemen's Purse Account the following amounts on each Wednesday of each Race Week:

2010-2011

\$300,000 for each Race Week for eight weeks for a total amount of \$2,400,000.

2011-2012

\$360,000 for each Race Week for ten weeks for a total amount of \$3,600,000.

2012-2013

\$360,000 for each Race Week for ten weeks for a total amount of \$3,600,000.

2013-2014

\$560,000 for each Race Week for ten weeks for a total amount of \$5,600,000.

2014-2015

\$560,000 for each Race Week for ten weeks for a total amount of \$5,600,000.

5. Hialeah agrees it will deposit the purse money required pursuant to Paragraph 4 of this Agreement in a timely manner to the Horsemen's Purse Account that will be administered by a Horsemen's Bookkeeper retained, bonded by and supervised by the FQHRA. The purse money deposited by Hialeah pursuant to this Agreement is in total payment of all purse obligations, costs and expenses, including but not limited to, all statutory purse distributions to horsemen, FQHRA administrative expenses and retention, breeder awards, and to any and all purse obligations to horsemen participating in the Live Race Meetings created under applicable sections of statutes, as currently existing or as hereafter amended during the term of this Agreement. FQHRA shall indemnify Hialeah from any and all claims or disputes related to any and all statutory purse obligations to horsemen and related to expenses and other distributions made to FQHRA hereunder.

6. Prior to each live Race Meet FQHRA and the Vice-President and General Manager or designee of Hialeah will jointly establish a schedule of Stake Races, Futurities, Derbies, and agree upon a general condition book for the live race meet. The parties agree that the desired ratio of added money allocated for stakes races will not exceed 25% of the total Horsemen's Purse Funds provided by Hialeah unless there are mutual agreements of the parties to exceed that ratio for a specific Race Meet. The parties will agree to establish the stakes schedule and proposed overnight purse levels sufficiently in advance of the live Race Meet to allow for a reasonable schedule of nomination and sustaining payments for futurities and derbies, and to provide maximum opportunity for both parties to promote and advertise the meet to encourage a high level of participation by horsemen with high quality stables of Quarter Horses.

7. Nomination payments, including initial nomination and sustaining payments, and or supplemental entry payments for futurities and derbies to be conducted during live meets at Hialeah will be collected by FQHRA. FQHRA may, pursuant to the conditions for such races, retain ten percent (10%) of these payments for administrative costs associated with the races. Not less than ninety percent (90%) of all payments collected for the futurities and derbies will be added to the purse for final of the appropriate races. FQHRA will be responsible for all administrative, advertising, and awards expense for these particular races including all costs associated with the preparation and publication of payment schedules, deadline reminders, eligibility lists, websites, etc. Hialeah is indemnified by FQHRA from any and all claims and disputes that may arise from this process. FQHRA shall provide updated eligibility schedules after each payment date including added money totals.

8. To the extent that Stake races, including futurities, derbies, or AQHA sponsored Challenge races, may require time trials to determine the finalists for these races, the time trials will be run as overnight races. The purses for all trial races will be paid from the Horsemen's Purse Account and will not be deducted from the nomination payments. Purse levels to be paid for trial races will be established by Hialeah after consultation with FQHRA.

9. FQHRA will be responsible to employ and supervise the Horsemen's Bookkeeper. Hialeah will be responsible to employ and supervise all additional personnel required to conduct a live race meet. Hialeah will provide air-conditioned office space with electricity, telephone service, and internet connection for FQHRA personnel (including the Horsemen's Bookkeeper) beginning at least two (2) weeks prior to the first day of racing and continuing for

not less than one (1) week after the last day of any Live Race Meet. Hialeah will also provide access to horsemen's bookkeeper software necessary for the conduct of a live race meet and will authorize access to that program for designated FQHRA employees. Payment of utilities and fees in connection with racing office operating systems other than monthly charges for FQHRA internet service provider will be the responsibility of Hialeah. FQHRA will pay the cost of the bookkeeper's software up to \$65.00 but not more than \$85.00 per racing day to Hialeah for use of the Horsemen's Bookkeeper software portion of the InCompass software system, including those services required during the off-season.

10. The parties agree that for each Live Race Meet conducted pursuant to this Agreement the racetrack stable area will open for training beginning two (2) weeks prior to the first Live Race Day and will remain open for the use of horsemen until one (1) week after the final day of live racing.

11. Hialeah agrees to provide adequate stabling and accommodations for backside workers. There will be no rental fees assessed for Quarter Horses stalls or sleeping quarters, however, the parties agree that Hialeah may make available another 200 stalls during the Quarter Horse meet that may be leased by the track for the stabling of Thoroughbred race horses. Hialeah shall require a deposit for all sleeping quarters provided.

12. Hialeah will pay the premium for a standard accident insurance policy for jockeys and exercise riders that will provide coverage for certain injuries that occur on Live Race Days with limits of coverage not to exceed \$250,000.00. The parties recognize and agree that jockeys and

exercise riders are not employees of Hialeah but instead are independent contractors of the horse owner or trainer; that Hialeah is providing the premiums solely as an accommodation to FQHRA; and that Hialeah's decision to provide the premium for such coverage shall not impose any liability on Hialeah in excess of any insurance coverage provided under the insurance policy that will be purchased with the premium contribution made by Hialeah hereunder.

13. Hialeah may deny stall assignments for specific horses if they determine a horse is lame or otherwise physically impaired so that it would be unable to participate in a live race for several weeks during the meet. Hialeah maintains the right to deny stall space to any trainers or owners as deemed necessary or exclude any horsemen, stable employee or association as deemed necessary.

14. Hialeah will determine and provide an adequate number of RV or Camper sites with utility hook up for water, electricity, and sewer as well as a designated area to empty and clean septic tanks for RV's as may be requested by eligible participants during the live meet. The persons using the hook ups must provide their own adapters.

15. Hialeah and FQHRA agree they will jointly promote and advertise all Quarter Horse meets in a reasonable manner including advertising the major stakes races (FQHRA) and the Live Race Meets at Hialeah Park in the three major recognized Quarter Horse industry publications – American Quarter Horse Racing Journal, Track Magazine, and Speedhorse Magazine. For each Live Race Meet conducted under the terms of this Agreement, advertising will be scheduled based upon the actual racing dates that are licensed for that Race Meet, and

will provide for reasonable lead time for effective advertising in the various industry publications. FQHRA will encourage the AQHA to promote the Live Race Meets on its website and through use of the AQHA member email contact lists. FQHRA will also enlist the support of other industry web publications such as www.Stallionsearch.com and the FQHRA website for promotion of the live meet each year. Both parties agree to place a full-page ad in each of all three magazines for a minimum of 3 issues each with Hialeah promoting the upcoming race meet and FQHRA promoting the futurities, derbies and other stakes races.

16. FQHRA agrees to encourage AQHA to assist in establishing an export simulcasting network that will include all races conducted under this Agreement. For the express purpose of satisfying the simulcasting consent requirements of the federal Interstate Horseracing Act, FQHRA hereby grants blanket approval for all simulcasting (import and export) for the entire term of this Agreement. The approval cannot be revoked at any time by FQHRA unless Hialeah is in breach of this Agreement. FQHRA will use its best efforts to fill races as displayed in the condition book and stake schedule. FQHRA agrees that purses that Hialeah has agreed to pay as provided in paragraph 4 above is adequate and bargained for consideration for the blanket simulcast approval herein provided.

17. FQHRA hereby authorizes Hialeah to file this Agreement with the Division of Pari-Mutuel Wagering evidencing compliance by Hialeah with the provisions of Chapters 550, 551 and 849 that require the filing of this Agreement with the Division of Pari-Mutuel Wagering.

18. The parties further agree that any disputes arising from the execution of this Agreement, or as a result of the some issue directly related to the conduct of the live Quarter Horse Race Meet will be settled by arbitration under the provisions of the Florida Arbitration Code with venue for any such arbitration being in Miami-Dade County, Florida.

In Witness Thereof, the parties have caused this Agreement to be executed by their duly authorized officers effective this 30th day of August, 2010.

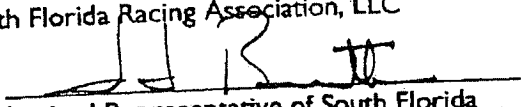
ATTEST:

Florida Quarter Horse Racing Association

By: 
President

ATTEST:

South Florida Racing Association, LLC

By: 
Authorized Representative of South Florida
Racing Association, LLC

SIGNED
ONE YEAR

MEMORANDUM OF AGREEMENT

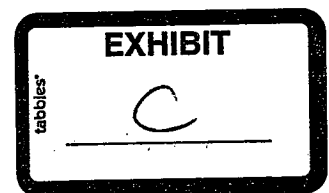
This Agreement made and entered into this 30th day of August, 2010 by and between South Florida Racing Association, LLC dba Hialeah Park (hereinafter referred to as "Hialeah") and Florida Quarter Horse Racing Association, Inc. (hereinafter referred to as "FQHRA") represents the understanding and agreement between the Parties with regard to the conduct of a live race meet for Quarter Horses including but not limited to the allocation and distribution of purse money for the Live Race Meet conducted by Hialeah beginning on July 1, 2015 and ending on June 30, 2016.

WHEREAS, Hialeah is a duly constituted permitholder and a current licensee under Florida law to conduct Quarter Horse Racing at its racetrack facility; and

WHEREAS, the FQHRA is the organization recognized to represent participants who own and/or train Quarter Horses participating in a Quarter Horse Race Meeting at Hialeah or to represent the majority of the horsemen participating in a Quarter Horse Race Meeting at Hialeah.

NOW, THEREFORE, in consideration of the covenants and promises made by each party, the parties hereto agree as follows:

1. The term of this Agreement is one racing season and sets forth the obligations and responsibilities of each party for the Live Race Meet during the term of the Agreement at which Hialeah conducts Quarter Horse Racing under the authority of its Quarter Horse Racing



Permit and the annual Quarter Horse Racing License issued for the conduct of the Race Meet for such year.

2. The parties agree that, for the purposes of the Agreement, a "Live Race Meet" shall be defined as the specific number of race days described for each Live Race Meet conducted during the term of this Agreement. Additionally, the parties agree that a "Live Race Day" or "Performance" pursuant to this agreement shall consist of eight live Quarter Horse races, unless mutually agreed upon by both parties to have different definitions. The parties further agree that a "Race Week" will be defined as any seven consecutive day period during this Agreement.

3. The parties agree to the following with regard to the Live Race Meet conducted during the term of this Agreement:

a) For the 2015-2016 Florida Racing season; from November 1st forward, any Live Race Meet conducted shall consist of four Live Race Days per week for ten weeks, for a total of forty (40) Live Race Days.

4. Hialeah agrees that, for the Live Racing Meet conducted during the term of this Agreement, it will deposit into the Horsemen's Purse Account the following amounts on each Wednesday of each Race Week:

2015-2016

\$560,000 for each Race Week for ten weeks for a total amount of \$5,600,000.

5. Hialeah agrees it will deposit the purse money required pursuant to Paragraph 4 of this Agreement in a timely manner to the Horsemen's Purse Account that will be administered by a Horsemen's Bookkeeper retained, bonded by and supervised by the FQHRA. The purse money deposited by Hialeah pursuant to this Agreement is in total payment of all purse obligations, costs and expenses, including but not limited to, all statutory purse distributions to horsemen, FQHRA administrative expenses and retention, breeder awards, and to any and all purse obligations to horsemen participating in the Live Race Meeting created under applicable sections of statutes, as currently existing or as hereafter amended during the term of this Agreement. FQHRA shall indemnify Hialeah from any and all claims or disputes related to any and all statutory purse obligations to horsemen and related to expenses and other distributions made to FQHRA hereunder.

6. Prior to the live Race Meet FQHRA and the Vice-President and General Manager or designee of Hialeah will jointly establish a schedule of Stake Races, Futurities, Derbies, and agree upon a general condition book for the live race meet. The parties agree that the desired ratio of added money allocated for stakes races will not exceed 25% of the total Horsemen's Purse Funds provided by Hialeah unless there are mutual agreements of the parties to exceed that ratio for a specific Race Meet. The parties will agree to establish the stakes schedule and proposed overnight purse levels sufficiently in advance of the live Race Meet to allow for a reasonable schedule of nomination and sustaining payments for futurities and derbies, and to provide maximum opportunity for both parties to promote and advertise the meet to encourage a high level of participation by horsemen with high quality stables of Quarter Horses.

7. Nomination payments, including initial nomination and sustaining payments, and or supplemental entry payments for futurities and derbies to be conducted during the Live Race Meet at Hialeah will be collected by FQHRA. FQHRA may, pursuant to the conditions for such races, retain ten percent (10%) of these payments for administrative costs associated with the races. Not less than ninety percent (90%) of all payments collected for the futurities and derbies will be added to the purse for final of the appropriate races. FQHRA will be responsible for all administrative, advertising, and awards expense for these particular races including all costs associated with the preparation and publication of payment schedules, deadline reminders, eligibility lists, websites, etc. Hialeah is indemnified by FQHRA from any and all claims and disputes that may arise from this process. FQHRA shall provide updated eligibility schedules after each payment date including added money totals.

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Bookkeeper) beginning at least two (2) weeks prior to the first day of racing and continuing for not less than one (1) week after the last day of the Live Race Meet. Hialeah will also provide access to horsemen's bookkeeper software necessary for the conduct of a Live Race Meet and will authorize access to that program for designated FQHRA employees. Payment of utilities and fees in connection with racing office operating systems other than monthly charges for FQHRA internet service provider will be the responsibility of Hialeah. FQHRA will pay the cost of the bookkeeper's software up to \$65.00 but not more than \$85.00 per racing day to Hialeah for use of the Horsemen's Bookkeeper software portion of the InCompass software system, including those services required during the off-season.

10. The parties agree that for the Live Race Meet conducted pursuant to this Agreement the racetrack stable area will open for training beginning two (2) weeks prior to the first Live Race Day and will remain open for the use of horsemen until one (1) week after the final day of live racing.

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12. Hialeah will pay the premium for a standard accident insurance policy for jockeys and exercise riders that will provide coverage for certain injuries that occur on Live Race Days with

limits of coverage not to exceed \$250,000.00. The parties recognize and agree that jockeys and exercise riders are not employees of Hialeah but instead are independent contractors of the horse owner or trainer; that Hialeah is providing the premiums solely as an accommodation to FQHRA; and that Hialeah's decision to provide the premium for such coverage shall not impose any liability on Hialeah in excess of any insurance coverage provided under the insurance policy that will be purchased with the premium contribution made by Hialeah hereunder.

13. Hialeah may deny stall assignments for specific horses if they determine a horse is lame or otherwise physically impaired so that it would be unable to participate in a live race for several weeks during the meet. Hialeah maintains the right to deny stall space to any trainers or owners as deemed necessary or exclude any horsemen, stable employee or association as deemed necessary.

14. Hialeah will determine and provide an adequate number of RV or Camper sites with utility hook up for water, electricity, and sewer as well as a designated area to empty and clean septic tanks for RV's as may be requested by eligible participants during the live meet. The persons using the hook ups must provide their own adapters.

15. Hialeah and FQHRA agree they will jointly promote and advertise all Quarter Horse meets in a reasonable manner including advertising the major stakes races (FQHRA) and the Live Race Meet at Hialeah Park in the three major recognized Quarter Horse industry publications – American Quarter Horse Racing Journal, Track Magazine, and Speedhorse Magazine. For the Live Race Meet conducted under the terms of this Agreement, advertising

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16. FQHRA agrees to encourage AQHA to assist in establishing an export simulcasting network that will include all races conducted under this Agreement. For the express purpose of satisfying the simulcasting consent requirements of the federal Interstate Horseracing Act, FQHRA hereby grants blanket approval for all simulcasting (import and export) for the entire term of this Agreement. The approval cannot be revoked at any time by FQHRA unless Hialeah is in breach of this Agreement. FQHRA will use its best efforts to fill races as displayed in the condition book and stake schedule. FQHRA agrees that purses that Hialeah has agreed to pay as provided in paragraph 4 above is adequate and bargained for consideration for the blanket simulcast approval herein provided.

17. FQHRA hereby authorizes Hialeah to file this Agreement with the Division of Pari-Mutuel Wagering evidencing compliance by Hialeah with the provisions of Chapters 550, 551 and 849 that require the filing of this Agreement with the Division of Pari-Mutuel Wagering.

18. The parties further agree that any disputes arising from the execution of this Agreement, or as a result of the some issue directly related to the conduct of the live Quarter Horse Race Meet will be settled by arbitration under the provisions of the Florida Arbitration Code with venue for any such arbitration being in Miami-Dade County, Florida.

In Witness Thereof, the parties have caused this agreement to be executed by their duly authorized officers and become effective this 30th day of August, 2010.

ATTEST:

Florida Quarter Horse Racing Association

By:

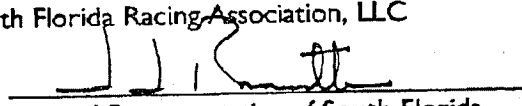


President

ATTEST:

South Florida Racing Association, LLC

By:



Authorized Representative of South Florida
Racing Association, LLC

NAVON & LAVIN, P.A.

ATTORNEYS AT LAW

Emerald Park Office Center
2699 Stirling Road • Suite B-100
Fort Lauderdale, Florida 33312
Telephone (954) 967-2788
Facsimile (954) 983-7021
E-Mail staff@navonlavin.com

Andrew T. Lavin

Writer's Direct E-Mail: alavin@navonlavin.com

January 30, 2013

**VIA: EMAIL TRANSMISSION
CERTIFIED MAIL, RETURN
RECEIPT REQUESTED
RECEIPT #7003 0500 0001 4007 8137
AND REGULAR U.S. MAIL**

Dr. Stephen D. Fisch, DVM
Florida Quarter Horse Racing Association, Inc.
AVS Equine
9085 Magnolia Hill Drive
Tallahassee, Florida 32309
sfischdvm@avsequinehospital.com

Re: South Florida Racing Association, LLC ("SFRA") - Florida Quarter Horse Racing Association, Inc. ("FQHRA")

Dear Dr. Fisch:

Our firm represents SFRA.

Pursuant to the Agreements between SFRA and FQHRA (collectively the "Agreements"), SFRA agreed to deposit specified sums during Live Race Meets¹ into a Horsemen's Purse Account. This account is an FQHRA owned account, administered and supervised by FQHRA.

In the interests of the horsemen, the State and SFRA, and in accordance with the Florida Division of Pari-mutuel Wagering, Florida Administrative Code Rule 61D-8.005(7) and (17), SFRA hereby notifies FQHRA that, effective today, SFRA shall establish a new Horsemen's Purse Account, supervise the account, and make all purse payments from the account.

Therefore, demand is made for FQHRA to immediately return to SFRA all sums that SFRA deposited into FQHRA's Horsemen's Purse Account which have not been distributed to horsemen, for SFRA to deposit into its Horsemen's Purse Account and immediately pay out to the horsemen. Please also provide an accounting of all funds deposited into FQHRA's Horsemen's Purse account during the 2012-2013 Florida Racing season, identifying the individuals and entities to whom purse

¹ All capitalized terms that are not defined herein have the same definition as in the Agreements.

EXHIBIT

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Stephen D. Fisch, DVM

January 30, 2013

Page 2

distributions have been made, and in what amounts, and to whom distributions are due, and in what amounts. Please also provide copies of any consents executed by horsemen in connection with their receipt of purse payments.

FQHRA's failure to immediately comply with the terms of this letter shall constitute another default of the Agreements.

We trust that FQHRA shall promptly proceed as described herein.

Sincerely,

NAVON & LAVIN, P.A.



Andrew T. Lavin

ATL/mmt

cc: South Florida Racing Association, LLC (via email)

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